

Guide to Choosing a Lender

Stafford Loan Process for New Borrowers

<p>From the Student Financial Services section of the www.pointloma.edu website, select your program (Undergraduate, Teaching Credential or Graduate), click on “Loans,” then “Apply for your Stafford Loan” to find Step 1.</p>	
OR	<p>From the “Students” section of the my.pointloma.edu Portal, click on “Financial Services” in the left menu, then “Financial Aid Awards,” then “Loans,” and click on the “Stafford Loan New Borrower” link to find Step 1.</p>
Step 1	<p>This link takes you to www.edfund.org/EdTest to complete your Stafford Loan Entrance Interview. Click on the Elm Select resource at the end of this test to advance to Step 2.</p>
Step 2	<p><i>This link takes you to our Lender List at www.elmselect.com to compare Stafford Lender information. The “Apply Now” column directs you to Step 3.</i></p>
Step 3	<p>This link takes you to EdFund’s WEBapp site www.edfund.org/WEBapp to complete your Stafford loan Master Promissory Note and choose a lender.</p>

PLUS, GPLUS and Private Loan Process

Step 1	<p>Meet with an SFS Advisor to discuss your loan options and determine the amount of additional funds needed.</p>
Step 2	<p>From the Student Financial Services section of the www.pointloma.edu website, select your program (Undergraduate, Teaching Credential or Graduate), click on “Loans,” then select the “Apply for...” link for the appropriate loan to find the Lender List. This link takes you to www.elmselect.com to compare lender information. Select the appropriate Loan Program tab (PLUS, GPLUS or Private), review the lender information, and click the “Apply Now” link to advance to Step 3.</p>
Step 3	<p>This link takes you to your lender’s website. Complete your lender’s online Master Promissory Note and print the completed form for your records. After your credit review is approved, you will be notified by your lender when funds are disbursed to the school.</p>

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Federal Stafford Loans, Parent PLUS Loans, and Graduate/Professional PLUS Loans

When choosing a lender, it is important to recognize you may have a business relationship with this lender for 10 or more years after you leave school. While all lenders offer Federal Stafford loans at the same beginning interest rate, many lenders offer discounts on loan fees as well as rebates and other incentives once you receive your loan disbursement or enter repayment.

We have provided a lender list for you, and recommend that you review the various lenders and compare borrower benefits, but you may ultimately select any lender of your choosing. You may also want to call two or three lenders and ask them why you should choose them as your student loan lender. By investing a little time in comparing lenders' policies and services, you may save money over the life of your loan. It pays to shop around before selecting a lender.

Use this guide to make a comparison that will help you choose a lender. Consider these important eligibility terms and potential borrower benefits:

General Eligibility and Loan Terms

- Federal terms and conditions of eligibility and repayment are regulated and must be applied consistently by all participating lenders. For example, annual and aggregate loan limits are set by the government and interest rates are set annually for each period of July 1 through June 30. There also are specific repayment plans, deferment options and cancellations that are offered. Such items are the same for all lenders.
- A prior or current banking relationship is not required; education loans are handled separately from other types of banking business, such as checking or savings accounts.
- Once you choose a lender for your first loan, a Master Promissory Note (MPN) is signed; loans in subsequent years are added to that original note. If you decide to switch lenders, a new MPN is needed. Changing lenders is not recommended. It results in your having multiple loans to manage and handle in repayment. Usually it is best (and simpler) to continue borrowing from the same lender, even if you change schools or are continuing enrollment in another degree program. The only time changing lenders is necessary is if you are transferring from a Direct Lending school.

Front-End Benefits (save at the beginning of your loan)

Fees may be charged when you first take out a loan. Some lenders charge an origination fee and some guaranty agencies charge a federal default fee – others do not.

- Guaranty fee - A guaranty fee of up to 1% may be charged to insure your loan.
- Origination fee - The U.S. government charges lenders a 1% origination fee on Federal Subsidized and Unsubsidized Stafford Loans; this fee may be passed on to the Stafford (student) borrowers, but the 3% origination fee must be passed on to (parent) PLUS borrowers and (student) Grad PLUS borrowers. In some cases, lenders may charge Stafford borrowers only part or none of this fee.

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Back-End Benefits (save during repayment)

Find out if there are ways to reduce costs when you start to repay your loan. Here are a few examples of possible incentives or benefits:

- “On-time repayment incentives” - These may be offered in the form of rebates or interest rate discounts. To remain eligible, your loan(s) must not become delinquent more than a certain number of days. One late payment may disqualify you from some or all of your benefits.
- “Automatic debit interest discount” - You may be offered an immediate interest reduction if you authorize payments to be debited from your bank account. Participating would ensure you qualify for any on-time repayment incentive.
- Repayment plan options - Some lenders may offer options beyond those already built into the federal programs. These options could lengthen the repayment period or modify monthly loan payments. With the Federal Stafford Loans, there is no prepayment penalty. In some cases, it may be less costly to pay the loan off quickly rather than following an incentive plan. Another option may be to consolidate your loans (pay off old loans with a new loan). The former incentives would no longer apply; however, a consolidation loan may come with new incentives.

Servicer

A lender might do all the servicing of your loan or they might employ another company to do the work. Know what to expect while your loan is in repayment.

- Lenders have different models of how they manage their portfolios. They may hold or sell the loans; it may be beneficial to find out your preferred lender’s procedures for servicing loans.
- Lenders can hold your loan until it is paid in full. Or your lender may sell your loan, usually to a secondary market. (Secondary markets purchase loan portfolios from education lenders thus providing those lenders with capital.) If the lender sells the loan, you should know at what point it will be sold and if the new holder will honor the borrower benefits. You must be notified by your lender if your loan is sold.

Other areas to consider are:

- Round-the-clock customer service with a toll-free number and/or online access to your account information
- Instant credit approval (for PLUS, GPLUS or Private loans)
- Resolution for adverse credit (for PLUS, GPLUS or Private loans)
- Deferment/forbearance options while student is in school to postpone repayment
- In-school interest accrual statements to facilitate interest-only payments and avoid capitalization (accrued interest converting to principal).
- Combined billing for federal and private loans
- Consolidation loan option
- Local banking or online banking services

Remember to borrow only what you need, and feel free to contact your local Student Financial Services Office with any questions.

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