
NORTHWESTERN HEALTH SCIENCES UNIVERSITY SCHOOL AS LENDER PROGRAM

Questions & Answers

Q What is the “Northwestern Graduate School as Lender Program”?

A This program is set up for Northwestern Health Sciences University to be a Federal Stafford student loan lender rather than using an outside lending bank/agency of student loans.

Q Why is Northwestern moving to this type of student loan program?

A Lenders (and in this case Northwestern) earn a small premium for every Stafford student loan processed. These net premiums earned by Northwestern will be used to fund campus-based scholarships and grants, help reduce loan burden, and keep tuition costs down.

Q What is the net premium that will be earned by Northwestern?

A The net premium is the amount of the premium paid for the loan less any costs associated to the school for loan origination, servicing and administration. All of these duties are performed by outside contractors.

Q What type of upfront benefits will the students see in this program?

A Northwestern students will have their origination fee and guarantee fee reduced in this program. Normally the origination fee charged by the federal government is 3.0% and the guarantee fee is 1.0%. Under this program, the origination fee will be reduced to 2.0% and Education Assistance Corporation (EAC), the guarantor, has agreed not to charge the customary 1.0% guarantee fee. This will reduce the student’s up-front costs by at least \$100 per loan.

Q Are there any other benefits associated with this program?

A Yes. The University has contracted with Sallie Mae (servicer) with your current student loans to offer you an interest reduction of 0.25% should you choose the “Electronic Payment” option and another 2.0% interest reduction after making 48 consecutive on-time payments.

Q Does having Northwestern as the lender mean we can have our loan limits increased?

A No. The federal government regulates the loan limits on the Stafford program.

Q Will this have any effect when I go into repayment since students will have multiple lenders?

A Northwestern has contracted with Sallie Mae, who services the majority of your graduate loans, to reduce the number of lenders/servicers you will need to deal with during repayment. Most graduates choose to consolidate their loans after graduation; therefore, all your loans would eventually end up with one lender/servicer.

Q How does a student sign up for the Northwestern's Stafford Loan Program?

A Stop by Student Records/Financial Services (Room 114/115) to receive information on how you can save money on your student loan fees and sign a new Federal Stafford Master Promissory Note.

Q How does this affect the internal administration of Stafford loans?

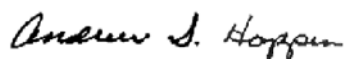
A Essentially no changes will take place as we continue to process loans electronically (efficient and effective), but it will be more streamlined with less "glitches."

BOTTOM LINE

The students will see no significant changes in the Federal Stafford Loan Program. The process will be smoother and the University will benefit by receiving the processing fee that normally would go to a bank or other lender (Wells Fargo, U.S. Bank, TCF, etc.). These fees will be used to fund University scholarships and grants.

Finally, your origination fee will be reduced, resulting in less cost of borrowing. The student will also benefit from more advantageous consolidation and repayment options.

Sincerely,



Andrew Hoppin
Director of Financial Aid
Northwestern Health Sciences University