



FEDERAL FAMILY EDUCATION LOAN PROGRAMS

Your award letter indicates your eligibility for a loan from the Federal Family Education Loan Program (subsidized Federal Stafford Loan, unsubsidized Federal Stafford Loan, and Federal Grad Plus). In order to serve you better, Chapman University is pleased to offer an electronic loan application processing service, which enables faster delivery of funds, a simpler loan application, and fewer processing errors.

Please read the following information carefully to determine if using this electronic processing service is appropriate for your personal situation. There also are instructions for applying for a loan using non-electronic procedures.

LENDER SELECTION

One of the most important decisions you will be making in the loan application process is choosing a lender because you will be establishing a relationship that likely will last for more than 10 years. Federal law has mandated maximum interest rates, repayment terms, and other conditions, but lenders differ in the quality of service they provide.

Loan applications that are processed electronically are easy to complete, and properly completed applications take less than two weeks to process. Non-electronic applications are more complicated and take from four to eight weeks to process. Since electronic applications from our recommended lenders are crosschecked electronically, there is also much less likelihood of delays due to processing errors.

Most lenders process loans at one central location that may be located outside California. A toll free telephone number is available to obtain information about your student loan, but local bank branches probably will not have knowledge of your application status.

Prompt, accurate information from your lender is important, especially if you need to know whether your loan application has been approved, or if you need to know the due date and amount of your next payment.

You also should know that many lenders sell student loans to secondary markets, and you may be required to repay your loan to a company different from the one that originally lent you the funds. Selling your loan in no way

alters the terms of the loan, and your payment schedule, interest rate, rights to deferments and forbearance remain unchanged. If your loan is sold to a secondary market, at the time of sale you will be notified about the name, address, and telephone number of the company that has purchased your loan.

If you have borrowed funds previously from the Stafford Loan Program and now wish to borrow from a different lender, it may be possible to have your loans combined into one account, giving you the convenience of making payments or filing deferment forms with only one entity. Many lenders sell loans to Sallie Mae, a secondary market and servicer that purchases loans from lenders throughout the United States. If you are currently borrowing from a lender that sells to a secondary market, you can choose a different lender that sells to the same secondary market company and have your loans combined when they are sold. Some lenders, whose practice is not to sell loans, will sell your loan to a secondary market upon request. Thus, it is possible to borrow from more than one lender but ultimately have your loans held by only one financial institution.

If you have borrowed from a lender that does not wish to sell loans, you may still wish to borrow from a second lender to obtain the advantages of faster application processing, good communications, flexible repayment terms, and other enhanced services. These advantages might more than offset the inconvenience of repaying two loans after graduation. Loan consolidation is another available option if multiple payments become difficult.

APPLICATION PROCESS

Before a Federal Family Education Loan can be processed, the federal government requires that you undertake loan entrance counseling and submit a signed Master Promissory Note (MPN). These requirements can be conveniently met using the Internet. You will need a computer with Internet access and possibly a printer, depending on the options you choose. If you do not have access to a computer, you may visit any Chapman University campus for assistance.

Following is the procedure for completing loan counseling. If you wish to borrow from a Chapman recommended lender and take advantage of its special benefits, you can complete the Master Promissory Note at the same time. *For the MPN, you will also need the names, addresses, and telephone numbers of two references, one of which must be your parents unless both parents are deceased.*

Please note: Your browser must be set to support or enable "cookies" which are small computer files that store information about which web pages you have visited. Most browsers are set for cookies, but you may wish to check the security settings for your browser to ensure that it is configured appropriately. You also will need Adobe Acrobat Reader, a program that allows a true and exact view of the MPN. Most computers also have this software, but if you need it, you can download it free of charge by following instructions during your online loan counseling.

1. Go to www.chapman.edu/finaid/loans/loancounsel.asp
2. Click on "Student Loan Entrance Counseling."
3. You are now on the "Borrower Log-in" page of the Sallie Mae "OpenNet" web site. If you are a first time user, click on "Register." If you have already obtained a Sallie Mae OpenNet User ID and password, log-in and skip to step 7.
4. Read the agreement and answer the questions about new account details. (Note: You must use hyphens and slashes as indicated in the examples for Social Security number, date of birth, and telephone.) Click on "Next" at the bottom of the page. You will be sent to the "Verify User Information" page.
5. Verify the information. When all the data are correct, click on "submit."
6. You will now be returned to the "Borrower Log-in" page. Enter your OpenNet user ID and password and log-in.
7. You are now on the "Start a Loan" page. On the right side of the page, click on "Start a Federal Stafford Loan" or "Start a Graduate Plus Loan," as appropriate. If you a graduate student, have been awarded funds from both the Stafford and Grad Plus loan programs, and are applying for both loans for the first time at Chapman, apply for the Federal Stafford Loan first.
8. You may be asked if you are a graduate student. Answer appropriately.
9. You will now begin loan entrance counseling. Click "Begin" to start.
10. Read the material. At the end of the section, you will be given an exam. In order to meet the loan interview requirement, you must answer all questions correctly. If you give an incorrect answer, you will be given the correct information and the opportunity to change your original answer. A perfect score on the exam can then be achieved. When you have successfully completed the entrance counseling exam, click on "continue." The results of your completed loan counseling will be sent to the financial aid office electronically.
11. You have now completed entrance counseling. If you wish the convenient processing, lower interest rates and other benefits provided by a Chapman University recommended lender, click "Return to Online Loan Application" located at the bottom of the page. You will now be completing a Master Promissory Note. If at any time you are interrupted and cannot complete the process, click "Save for Later." If you are not choosing a Chapman recommended lender, you should log out of the web page at the end of the entrance counseling session. You will need to obtain a Master Promissory Note directly from your lender, complete it, and submit it to the financial aid office. It will take four to eight weeks for processing, so please allow sufficient time.

12. If you wish to borrow from a Chapman recommended lender, read “A NOTE FROM CHAPMAN UNIVERSITY.” If you are an undergraduate student, click on “Next Step – Complete Your Online Stafford MPN.” If you are a graduate student, click on “Next Step – Complete Your Online Loan Application.”
13. Enter the profile information, select a lender (under “Additional Information”), and click on “Next.”
14. Read the Privacy Principles and Practices and click on “Next.”
15. Read the application instructions and click on “Next.”
16. You are now on the “APPLY FOR A LOAN – ENTER APPLICATION INFORMATION” page. Answer the information in all required fields (indicated with an asterisk). Answer optional information if it is available. Click on “Next.”
17. Review the information. If it is correct, click on “Submit Application.” If the information is incorrect, click on “Edit Data,” and then click on “Submit Application.”
18. You are now on the “APPLY FOR A LOAN – SELECT PROCESSING OPTIONS” page. If you have selected a Chapman recommended lender, the most convenient way to complete the loan application process is to e-sign your master promissory note. In the section entitled “E – Signature Selection,” click on the top button, “Yes, I will submit my signature electronically.” Then click on “Next” at the bottom of the page.
19. Review the terms and conditions of the e-signature process and, at the bottom of the page, click on “Yes, I agree to the Terms and Conditions. I will continue with the E-signature process.” Then click on “Next.”
20. You are now on the “APPLY FOR A LOAN – SUBMIT ELECTRONIC SIGNATURE” page. Key punch your name as indicated and click on “Next.”
21. You are now on the “APPLY FOR A LOAN – READ PRINT INSTRUCTIONS” page. Click on the “A” arrow. Your fully completed master Promissory Note will appear. Click on “OK.” The promissory note window will close and the note will print. After all pages have successfully printed, click on the “B” arrow.
22. You are now on the “APPLY FOR A LOAN – REVIEW FINAL INSTRUCTIONS” page. Read the information. If you are an undergraduate student, or a graduate student who is borrowing only from the Stafford Loan program, log out.
23. If you are a graduate student who has been awarded a Grad Plus loan and wish to borrow funds from this program, instead of logging out, click on “Main Menu” and follow instructions beginning with Step Seven of this application process (see page two). Since you have already participated in loan entrance counseling, the software will automatically skip this requirement and take you directly to the Grad Plus MPN. After completing the MPN and reading the final instructions indicated in step 21, log out.

If you provided an email address during the application process, a confirmation email will be sent to you. Please retain it for your records. The MPN enables students to borrow Federal Family Education Loan funds for up to ten years without completing additional promissory notes. (You still must apply for financial aid each year, however).

DISBURSEMENTS

Typically, loan payments are made during the first two weeks of classes each semester. Your disbursement will be placed directly on your student account. If the

disbursement results in a credit balance, the business office will pay you the balance in accordance with federal and university policy.

FEDERAL UNSUBSIDIZED STAFFORD LOANS GRAD PLUS LOANS

Federal unsubsidized Stafford Loans and Grad Plus loans are not subsidized by the federal government, which means the borrower is responsible for the interest at all times, even while attending school. The maximum interest

rate is 6.8 percent for unsubsidized Stafford Loans and 8.5 percent for Grad Plus loans. Lenders will give you the option of paying interest while in school or deferring payment of interest until graduation.

GUARANTEE AGENCY

USA Funds is the largest guarantor of student loans in the nation. It maintains websites and 24-hour telephone service to enable students to receive information about their loan applications, disbursements, and payments (see “Helpful Addresses and Telephone Numbers”). When you

borrow funds, it is important to know how to contact your guarantor. Lenders may sell loans or contract with other companies to collect your loan, but your guarantor will never change and will always have up-to-date information about your loan.

SECONDARY MARKET

Sallie Mae is the largest purchaser of student loans in the United States. It has six regional centers; most loans from California are assigned to the Killeen, Texas, center.

Sallie Mae is a profit-making corporation established by the Federal Government for the sole purpose of purchasing student loans from lenders.

LENDER INFORMATION

To assist you, the financial aid office carefully reviewed loan programs offered by a wide range of lenders. We recommend the following three lenders because of their superior customer service and loan processing reliability. You may review the criteria we used in determining our recommendations by going to: <http://www.chapman.edu/finaid/loans/lendercrit.asp>

Please note that you are not required to use one of these lenders. Instructions for applying for a loan from either a recommended or a non-recommended lender can be found in this communication under the heading “Application Process.”

The following information was accurate as of August 1, 2008. Lenders may change policies without consulting Chapman University. Please check the lenders’ websites for the most current information. These lenders participate in electronic loan processing; maintain toll-free telephone numbers for borrowers; promptly reconcile loan issues; do not sell, or otherwise provide, personal borrower information to other companies; and do not sell their loans to a secondary market lender.

ALL (Access to Loans for Learning) Student Loan Corporation is a California based, non-profit lender, founded in 1980, whose sole focus is providing low cost educational funding. ALL borrowers can receive a 0.25 percentage point interest rate reduction by choosing electronic debit to make loan payments. Additional details about flexible repayment options are available at All Student Loan’s website.

allows borrowers to lengthen their repayment period up to 15 years.

Wells Fargo is the oldest bank in California and was one of the nation’s first providers of student loans.

AMS (Academic Management Services) is a wholly owned subsidiary of Sallie Mae. A variety of payment plans are available including graduated repayment, income-sensitive repayment, and Flex Repay, which

HELPFUL ADDRESSES AND TELEPHONE NUMBERS

ALL Student Loan Corporation
6701 Center Drive West, Suite 500
Los Angeles, California 90045
(888) 271-9721
www.allstudentloan.org

Sallie Mae Servicing
P.O. Box 9500
Wilkes-Barre, Pennsylvania
18773-9500
(888) 272-4665
www.salliemae.com

Wells Fargo Education Financial
Services
P. O. Box 5185
Sioux Falls, South Dakota 57117
(800) 658-3567
www.wellsfargo.com/student

AMS
Sallie Mae/AMS
P. O. Box 147020
Gainesville, Florida 32614
(888) 272-5543
www.salliemae.com

USA Funds
P. O. Box 7039
Indianapolis, Indiana 46207-7039
(888) 272-5543
www.usafunds.org