



## Duke University Statement on Educational Lending

Duke University is committed to creating and sustaining innovative, effective educational programs of the highest quality. We see our mission as investing in the personal, academic and professional growth of our students so that they will make a positive difference in the wider world after graduation. Our investment in the talent of our students requires a financial partnership between the university and students themselves and, at least at the undergraduate level, their parents. The university invests in programs of exceptional quality and provides approximately \$150 million annually in various forms of scholarships and fellowships, outright grants with no expectations of repayment. Students and parents contribute to the costs of a Duke education through tuition and fees and by covering necessary living expenses during the period of study.

Educational loans are an essential component of this partnership, enabling students at all levels and parents of undergraduates to borrow funds to help support the costs of a Duke education. While Duke University funds a small percentage of the loans our students request to further their education, most loans are provided through federally regulated programs authorized by the Higher Education Act and regulated by the Department of Education. Banks, non-profits and institutions of higher education themselves are authorized lenders under various federal programs, which determine interest rates, fees and repayment terms for all lenders under these programs. In addition, private lenders offer a variety of educational loans outside the federal programs. Duke University apprises students of their right to choose any authorized lender and will work cooperatively with any lender students choose. The principal types of loans offered to Duke students and/or their parents include:

- Federal Perkins Loans – for undergraduate, graduate and professional schools students. Loans from this program, funded by a combination of federal and institutional funds, are collected by the university with the proceeds being used to fund additional loans.
- Federal Stafford Loans – for undergraduate, graduate and professional school students. Subsidized Stafford loans are offered to students with federally defined demonstrated need. Those students without need may borrow from the unsubsidized Stafford funds.
- Federal Plus Loans – for parents of undergraduate students and for graduate and professional students. Originally created to provide parents with reasonable credit records to borrow federally subsidized educational funds, this program was made available to graduate and professional students in

2006.

- Federal Department of Health and Human Services Loans -- available to students in designated medical educational programs.
- Duke Institutional Loans – funded largely from endowments created by university donors, these loans are available to undergraduate, graduate or professional students in accordance with donor stipulations. These funds complement resources available under federal programs.
- Private Loans – supplement federal programs for students at all levels. These programs are offered nationally by banks, state agencies and other non-profit organizations.

Duke University is itself an authorized lender under the Federal Stafford Loan program for graduate and professional students and offers this option to eligible students. Duke has partnered with Sallie-Mae in administering the program. Duke certifies loan eligibility, originates and disburses loan funds for eligible students. After full disbursement, loans are sold to Sallie-Mae, which provides all servicing functions. Income to the university from this program supports need-based grant aid for eligible students as required by federal regulation.

Duke University adheres to the following principles in counseling students and in working with lenders:

- Duke University acts always with the best interests of our students in mind.
- Duke University conforms to all federal regulations and other legal requirements in serving the needs of our students.
- Neither Duke University nor members of its staff receive financial benefits from lenders. All employees involved in financial aid and student lending at Duke are subject to a rigorous conflict of interest policy that requires annual disclosures and management review of any business relationship of employees or their immediate families.
- Duke University strives to establish effective business relationships with student lenders to better serve our students and ensure informed choices and efficient, accurate processing of loan transactions. All financial aid and student lending functions at Duke University are staffed or managed entirely by Duke employees. Neither Duke nor its employees accepts unpaid goods or services of material value from lenders. Duke administrators may serve as unpaid members on lender advisory boards, with the purpose of improving terms and service for student borrowers. In such cases, the university pays all

expenses for travel, lodging and food and prohibits employees from participating in unpaid excursions, golf outings, sports events, performances or similar forms of entertainment.

- Duke University protects the confidentiality of lending information and does not cooperate with any lenders in marketing financial products to students or parents.
- Duke University may provide listings of recommended lenders to their students to facilitate their search for an appropriate lender. When such lists are provided, they will meet the following criteria:
  - They will be publicly available via the Duke website.
  - They will include at least five lenders with comparative information on terms, service, etc.
  - They will include a statement of the student's right to choose any federally approved lender.
  - They will include a statement that neither the university, the school, nor its staff has any financial interest in the students' choice of lenders.
  - They will include a statement of the criteria for inclusion on the recommended lender list.

The list of recommended lenders for each program of the university is reviewed annually by the university Director of Financial Aid and submitted to the Executive Vice President for final approval. Our goal is to recommend lenders who offer the highest value to students in terms of both cost and service. Recommendations are based on an annual analysis of lender performance in several categories: pricing, ability to service the loan, customer service to the borrower and university, and stability in the marketplace. We also consider supplementary materials such as debt management literature, website content and ease of use, and other information available to benefit the student borrower.