Direct Loans

FFELP

1. What types of Direct Loans are available?
   - Direct Subsidized and Unsubsidized Loans.
   - Direct PLUS Loans
   - Direct Consolidation Loans

2. What do I have to do in order to receive my loan funds for the 2010-2011 academic year?
   You must complete the 2010-2011 FAFSA (Free Application for Federal Student Aid), provide any documents requested by our office, and accept or decline your federal student loans via Web Services. You will also have to complete a new electronic Master Promissory Note (eMPN) with the Department of Education for the DL Program before your funds will disburse.

3. If I have previously borrowed under the FFEL Program (loans funded by private lenders), do I have to complete another MPN?
   Yes! You must sign a new Federal Direct Loan eMPN. This promissory note will be good for 10 years as long as you continue to borrow under the DL Program.

4. May I complete the new MPN now to get a head start?
   Yes! We strongly encourage you to complete your Direct Loan eMPN RIGHT NOW! You may complete this online at StudentLoans.gov. You do not have to wait until your loan is certified to complete the eMPN. You will need the same PIN that you used for your FAFSA to electronically sign the note.

5. What will happen to the existing loans that I have borrowed from private lenders?
   After graduation, you have a choice. You may either make individual payments to your previous lender(s) AND to the Department of Education for your Direct Loans, or you can consolidate your loans into one simple payment. You may consolidate all your loans with the Department of Education.

For the benefits of consolidation or to apply for Direct Loan Consolidation, please visit www.loanconsolidation.ed.gov

If you have any questions regarding the new loan process, the Office of Financial Aid is here to help you! Please feel free to call our office at 225-768-1714 or email our office at Financial.Aid@ololcollege.edu.

What are the differences between Direct Loans vs FFELP?

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<th>Direct Loans</th>
<th>FFELP</th>
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<td><strong>Availability of Funds</strong></td>
<td>• Funds are guaranteed to be available from the U.S. Treasury</td>
<td>• Funding is not guaranteed; dependent upon credit markets</td>
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| **Simplicity of Processing** | • One Master Promissory Note  
  • Controlled by the Financial Aid Office | • Each lender has own Master Promissory Note  
  • Controlled by multiple partners  
  • Multiple processes for multiple lenders |
| **Back-end Serving** | • Single point of service for life of the loan | • Multiple Loan Servicing Agents and loans may be sold several times over life of the loan |
| **Repayment Incentives** | • Because loans are not sold, promised benefits are never lost  
  • 12 on-time payments needed to keep up-front rebate 1.5% | • When loans are sold, as they often are, promised benefits are typically lost  
  • Incentives for on-time payments typically require 36-48 months of on-time payments |
| **Repayment Plans** | • Standard, Graduated, Extended, Income-Based and Income–contingent repayment plans  
  • May change repayment plans at any time without penalty | • Standard, Graduated, Extended, Income-Based repayment plans  
  • Ability to change repayment plans may be restricted to annually or student may lose benefits |
| **Loan Fees** | • 1% net origination fee after 1.5% upfront rebate  
  • No guarantee fee | • 0-1% origination fee – depending on lender  
  • 0-1% for guarantee fee |

Our Lady of the Lake College