

FAQs for Direct Lending

How will this affect my 2008-2009 aid year federal loans?

This change will NOT affect your 2008-2009 aid year federal loans.

Does this change impact me?

If you are a new or continuing student borrower who plans to borrow federal loans in the 2009-2010 aid year, this change will impact you. As of Summer 2009 all Federal Stafford and Grad PLUS loans will be processed through the Direct Loan program.

What are the benefits in the direct lending program?

The Direct Loan Program offers:

- A guaranteed source of funding for students loans
- A lower interest rate on Graduate Plus loans
- A single point of service for students during repayment
- Additional repayment options for students and interest rate reductions for on time payments
- The Public Service Loan Forgiveness Program

Why did Fuller choose to move to the Direct loan program?

In addition to the benefits listed above, Fuller believes that the Direct Loan program will offer our students a more stable, streamlined, and predictable borrowing experience.

Will I still be able to continue borrowing through the same lender as last year?

No. As of Summer 2009 all Federal Stafford and Grad PLUS loans will be processed exclusively through the Direct Loan Program. You will be borrowing directly from the government.

Are there any differences in interest rates and fees between the two programs?

The interest rate for Direct Subsidized and Unsubsidized loans is the same as that of the FFEL program, 6.8%. However, the Direct Grad PLUS loan interest rate is 7.9% compared to the FFEL program which is 8.5%.

What happens to the Stafford loans I borrowed in previous years? Will they still be deferred now that Fuller is changing its loan process?

Your Stafford loans from previous years should remain in deferment as long as you are enrolled above half time for your program. You are responsible for notifying your lender if your enrollment status changes.

How will repayment work if I have FFEL and Direct loans?

You will have to make separate payments to each lender. You can also opt to consolidate with the Direct Loan program if you would like to make only one monthly payment.

Will there be any additional requirements for me to receive my aid from Direct lending?

The application process for Direct Loans is the same as previous years. Students must complete the Fuller financial aid application as well as the FAFSA. All students, even returning student borrowers, will need to complete a new Direct Loan Master Promissory Note (MPN).

How can I receive Direct Loans?

The application process for Direct Loans is the same as previous years. US Citizens or permanent residents can apply for Direct Loans by completing both the FAFSA and the Fuller Financial aid application. The financial aid office will process your application and send you notification when your financial aid is ready to review and accept. Once you have accepted your awards and completed a new Direct Loan MPN your loans should be set to arrive in a timely manner. However you are encouraged to check your financial aid information through Portico as well as read any and all letters you receive from the financial aid office.

Where can I find information about who services my other federal loans?

You can find information about the servicers of your other federal loans at www.nsls.ed.gov. You will need your pin number from the FAFSA to access this information.

Will I still be able to borrow private loans through an outside lender?

Yes, if you meet the qualifications you will still be able to borrow private loans through an outside lender.

How can I consolidate my loans with Direct Lending?

Students can go to <https://loanconsolidation.ed.gov/appentry/appindex.html> for information about loan consolidation. You are not able to consolidate while in school.

Do I have to sign a new master promissory note?

Yes, all new and returning students will need to complete a new master promissory note. You will need your FAFSA pin number.

What is Public Loan Forgiveness?

There is a new loan forgiveness program for public service employees. Under this program, the amount forgiven is the remaining outstanding balance of principal and accrued interest on an eligible Direct Loan for a borrower who is not in default and who makes 120 monthly payments on the loan after October 1, 2007. The borrower must be employed full-time in a public service job during the same period in which the qualifying payments are made and at the time that the cancellation is granted. Students can go to <http://studentaid.ed.gov/students/attachments/siteresources/LoanForgivenessv4.pdf> for more information about Public Loan Forgiveness.

What are the five repayment options?

- **Standard Repayment**-With the standard plan, you'll pay a fixed amount each month until your loans are paid in full. Your monthly payments will be at least \$50, and you'll have up to 10 years to repay your loans.
- **Extended Repayment**- To be eligible for the extended plan, you must have more than \$30,000 in Direct Loan debt, but you have 25 years to repay it. Under the extended plan you have two options: for fixed or graduated payments. Fixed payments are the same amount each month you are in repayment, as with the standard plan, while graduated payments start low and increase every two years, as with the graduated plan below
- **Graduated Repayment**- With this plan your payments start out low and increase every two years. The length of your repayment period will be up to ten years. If you expect your income to increase steadily over time, this plan may be right for you. Your monthly payment will never be less than the amount of interest that accrues between payments. Although your monthly payment will gradually increase, no single payment under this plan will be more than three times greater than any other payment.
- **Income Contingent Repayment**- This plan gives you the flexibility to meet your Direct Loan obligations without causing undue financial hardship. Each year, your monthly payments will be calculated on the basis of your adjusted gross income (AGI, plus your spouse's income if you're married), family size, and the total amount of your Direct Loans. Under the ICR plan you will pay each month the lesser of:
 1. the amount you would pay if you repaid your loan in 12 years multiplied by an income percentage factor that varies with your annual income, or
 2. 20% of your monthly discretionary income.

If your payments are not large enough to cover the interest that has accumulated on your loans, the unpaid amount will be capitalized once each year. However, capitalization will not exceed 10 percent of the original amount you owed when you entered repayment. Interest will continue to accumulate but will no longer be capitalized. The maximum repayment period is 25 years. If you haven't fully repaid your loans after 25 years (time spent in deferment or forbearance does not count) under this plan, the unpaid portion will be discharged. You may, however, have to pay taxes on the amount that is discharged.

- **Income-based Repayment** (effective July 1, 2009) - Under this plan the required monthly payment will be based on your income during any period when you have a partial financial hardship. Your monthly payment may be adjusted annually. The maximum repayment period under this plan may exceed 10 years. If you meet certain requirements over a specified period of time, you may qualify for cancellation of any outstanding balance of your loans.