

## **Direct Loan Transition**

[Recent Legislation](#) eliminates the Federal Family Education Loan Program (FFELP) that Campbellsville University has used since 1965 to provide federal loan funds to students. As a result, Campbellsville will begin participation in the William D Ford Direct Loan Program (DL) beginning with all loans disbursed after July 1, 2010.

In the coming weeks and months, Financial Aid will keep all current loan borrowers updated of any changes that significantly impact you. Please feel free to bookmark this page as it will be periodically updated with new information related to the Direct Loan transition.

Below are some frequently asked questions to help explain the new loan program. If after reading this, you have questions or concerns, please feel free to contact the Financial Aid Office for more details.

### **What is the Federal Direct Loan Program?**

The Direct Loan Program provides “low-interest” loans for students and parents to help pay for the cost of education after high school. The Department of Education serves as your lender for all federal loans (Subsidized and Unsubsidized and Parent Plus Loans). These loans were previously processed under the FFEL program which required students to select a private lender who funded the federal loan for the student.

### **What do I need to do?**

At the moment, nothing. Throughout the awarding process, the Financial Aid Office will be notifying you via e-mail of your requirements. For continuing students, you will eventually need to complete a new Master Promissory Note. To help ensure we are able to reach you, please make sure you have activated your Campbellsville University e-mail address. If you have not yet applied for your summer loan, please do so now.

### **What is the difference between DL and FFEL?**

The main difference is the source of funding. Under the FFEL program, student loan capital was provided by private lenders while under the DL program, the funds are provided by the Department of Education through the US Treasury. Also, in the DL program the interest rate on the Parent Plus loans are 7.9% instead of 8.5%.

### **Will my student loan limits remain the same?**

Yes, the annual loan limits are the same in DL and FFEL programs.

### **Can I keep my current lender?**

No. All future loans will be originated, disbursed and serviced by the Department of Education and their appointed servicers.

**Do I have to complete a new Master Promissory Note?**

Yes, you will need to complete a new Direct Loan Master Promissory Note (MPN) because you will now have a new lender. Information on completing the MPN will be forwarded to you at a later date. You will need your Federal PIN that was used to complete the FAFSA in order to e-sign the MPN.

**If I have loans from both the FFEL & DL programs, will I have to make payments to two different lenders?**

Yes. Depending on how many FFEL lenders you utilized in the past, you will have to make payments to at least two different lenders (your FFEL lender and the Department of Education). However, you may consolidate all federal loans into a Direct Loan consolidation and only make payments to the Department of Education. For more information on Direct Loan consolidation, please visit the [Direct Loan Consolidation](#) website.

**How do I apply for my 2010/2011 loans?**

The first step is to complete the 2010/2011 FAFSA at [www.fafsa.gov](http://www.fafsa.gov), if you haven't done so. The Financial Aid Office will be communicating all necessary information concerning the remaining steps to all students by e-mail soon. We are working diligently to make this transition as seamless as possible. We appreciate your understanding and patience during this transition period. We encourage you to contact us with any questions or concerns you have.