

May 5, 2010

Due to the recent enactment of a new federal law, the Health Care and Education Reconciliation Act of 2010, all colleges and universities must use the William D. Ford Federal Direct Loan Program for new federal student loans starting July 1, 2010. In this program, students borrow loan funds directly from the federal government. Up to this point, our school has participated in the Federal Family Education Loan Program, or FFELP, through which our students and parents were able to select the lender to fund their Stafford and PLUS loans.

Starting with loans made this summer, the Direct Loan Program will serve as your lender and servicer for the life of your loan.

Steps You Need to Take

You — and your parents, if they are applying for PLUS loan funds — must sign a new Master Promissory Note with the federal government if you, or your parents, plan to receive a loan on or after July 1. If you previously borrowed a loan under the FFELP, you signed an MPN with your lender promising to repay the loan funds you borrowed from them. That note remains in effect and will govern the repayment of your FFELP loans. You must repeat this process by signing another, very similar note under the Direct Loan Program to take out new loans.

To sign your new Direct Loan Program MPN, log on to the following Web site at any time: <https://studentloans.gov>. You — and your parents, if they are applying for a parent PLUS loan — will need a U.S. Department of Education Personal Identification Number to access and e-sign the electronic MPN. This PIN is the same one used for the Free Application for Federal Student Aid, or FAFSA. Select “Complete New MPN for student loans.”

As a result of having new loans under the Direct Loan Program and previous loans under the FFELP, you and your parents may owe payments to two or more different entities. We in the financial aid office will work with you prior to graduation to ensure that you understand your choices when it comes to repaying your loans. You also may check your loan balances and loan holders/servicers by logging on to the National Student Loan Data System, at www.nslds.ed.gov.

This new legislation also provides in-school loan consolidation options from July 1, 2010 to July 1, 2011 for some borrowers. Under the Health Care and Education Reconciliation Act of 2010, borrowers who have loans in the Direct Loan (DL) program, the Federal Family Education Loan (FFEL) program, or loans purchased by the Department under the Ensuring Continued Access to Student Loans Act (ECASLA) may consolidate those loans into a Direct Consolidation Loan. The borrower must have at least one loan in each of two of the three categories named above, and have not yet entered repayment on at least one of those loans. The reason for the temporary return of in-school consolidation is to assist borrowers repaying their federal loans, possibly to several different servicers now associated with FFELP, ECASLA, and DL repayment.

Unfortunately, the legislative language does not allow borrowers to retain their grace period if they consolidate, which could be detrimental to borrowers. Borrowers should also be cautioned about losing current borrower benefits they may be receiving on their loans by consolidating. For complete consolidation information please visit www.studentloans.gov.

Please contact the financial aid office at (509) 335-9711 if you have any questions.

Sincerely,

Office of Financial Aid & Scholarships