

## Stafford Student Loan Update

Western Nebraska Community College will begin processing Federal Stafford Student Loans and parent loans (PLUS) through the Direct Stafford Lending program for the 2010-2011 academic year and will no longer use the Federal Family Education Loan Program (FFELP). Any loans disbursed after July 1, 2010 will be Federal Direct Stafford loans. The difference between the two programs is simply the source of your loan funds; both programs are Stafford loans. Under the Direct Stafford Loan program, the funds for your federal loans will come directly from the federal government through the U.S. Department of Education rather than from a bank, credit union or other lending agency.

The terms of the Federal Stafford and Federal PLUS loans have not changed. Direct loans have the same fixed interest rate, annual and aggregate loan limits and six month grace period after graduating, leaving school or dropping below half-time enrollment. Repayment of the loan is made directly to the Department of Education rather than a lender/servicer.

Students and parents will no longer need to choose a lender when applying for a loan, but will still need to complete an application indicating the desired loan amount. Students must complete a new Master Promissory Note for the Direct Loan program for 2010-2011, but the MPN will remain active for ten years and need not be redone annually. You may complete the MPN online at [StudentLoans.gov](http://StudentLoans.gov). You will need the same PIN that you used for your FAFSA to electronically sign the note. If you do not have a PIN, you may obtain one at [www.pin.ed.gov](http://www.pin.ed.gov).

Even if you previously completed Entrance Counseling, you will need to complete a new Entrance Counseling session for the Direct Loan program at [StudentLoans.gov](http://StudentLoans.gov).

### **Why is WNCC changing to Direct Loans?**

Due to changes in laws which govern federal student loans, as well as the tightening credit markets and the effects on private lenders, many private lenders stopped offering student loans. Some lenders had to reduce borrower benefits while others had to sell loans to other companies or to the government, causing confusion for the borrowers. Direct Loans offer a secure and efficient means of obtaining student loans without using any other servicer or “middleman”. Borrowers will repay the same lender that disbursed their loans, making the whole process from application to certification and disbursement to repayment simpler with clear lines of communication.

### **What do I have to do to get my loan funds for next year?**

1. Complete the Free Application for Federal Student Aid (FAFSA) plus any other required documentation for the FAFSA process. [fafsa.gov](http://fafsa.gov)
2. Complete WNCC’s Direct Stafford Loan Request form, on which you indicate how much you want to borrow and if you are interested in any unsubsidized loan funds, depending on your eligibility. [wncc.edu/students/financial\\_aid/forms](http://wncc.edu/students/financial_aid/forms)

3. Complete a new Direct Loan MPN. [StudentLoans.gov](http://StudentLoans.gov)
4. Complete Direct Loan entrance counseling. [StudentLoans.gov](http://StudentLoans.gov)

Once you do steps 3 and 4 for the Direct Loan program, you will not need to complete them again at WNCC.

**What if I have questions about the change?**

There are answers for you at [StudentLoans.gov](http://StudentLoans.gov), on the WNCC Web site at [wncc.edu](http://wncc.edu) or by calling our office at 308.635.6011 or toll-free at 1.800.348.4435 ext. 6011. We want you to be confident in your ability to receive student loans and want to make the transition as smooth as possible for you.