

FAQ

Direct Loans:

What is the difference between the Federal Family Education Loan Program (FFELP) and the Federal Direct Loan Program?

With FFELP, students chose a bank or lender to process their loan request. In the Direct Loan Program, the US Department of Education acts as a lender, providing funds for Stafford loans and Parent PLUS loans.

Why is CACC changing to the Direct Loan Program?

On March 30, 2010, President Obama signed the Health Care and Education Reconciliation Act of 2010 (HCERA), which makes significant changes to the federal student loan programs authorized by Title IV of the Higher Education Act of 1965. One of the provisions of the HCERA is the termination of the Federal Family Education Loan (FFEL) Program. Therefore, beginning July 1, 2010, all new Stafford, PLUS, and Consolidation loans can only be made under the William D. Ford Federal Direct Loan (Direct Loan) Program.

What steps do I need to take to apply for a Stafford loan?

- You should file the Free Application for Federal Student Aid (FAFSA) online at www.fafsa.gov as soon as possible. Be sure to include Central Alabama Community College (School Code 001007) on your FAFSA application. While this can be done anytime, it is strongly advised that it be completed by May 1 of this year.
- You will then need to request and complete a Direct Loan Application from the Financial Aid Office. This loan application must be returned to the Financial Aid Office as soon as possible for consideration.
- Due to the importance of understanding responsibilities associated with borrowing, all students are required to complete an online ENTRANCE COUNSELING at *each* request for a Direct Loan. Please visit the Direct Loan web site at www.studentloans.gov and sign with your federal PIN to complete the Entrance Counseling.
- You must complete the Direct Loan Master Promissory Note (MPN) on the Direct Loan website at www.studentloans.gov or you may come by the Financial Aid Office for other options. Electronically signing your MPN is recommended for faster guarantee of your loan.

What will happen to the existing loans that I have borrowed from other lenders?

You have a choice. When you enter repayment, 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 single payment. You may either consolidate all your loans with your previous lender or with the Department of Education. However, many private lenders have discontinued their consolidation services.

Will the change in loan programs cause my prior loans to go into repayment?

No - your prior Stafford Loans will not go into repayment as long as you remain enrolled in college at least half-time (a minimum of 6 semester hours).