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Dear Students:

Ocean County College is in the process of transitioning from the Federal Family Education Loan Program (FFELP) to the Federal Direct Loan Program (FDLP) for the 2010-11 academic year. Effective with the opening of Fall 2010 registration, all Federal student loans will be processed through the Department of Education's Direct Loan Program. The difference between the FDLP and the FFELP is that the funding comes directly from the Federal government with funds from the U.S. Treasury rather than through banks or lenders.

In this move initiated by the Federal government as a result of the volatility of the current financial markets and loss of participating lenders in the FFELP, Ocean County College has taken several steps to ensure a smooth transition to better service our students and have funding in place for the 2010-11 academic year.

The transition requires **ALL** students seeking a student loan to complete new paperwork to receive the funds necessary to pay for your education. Please see the attached, "**How to apply for a Federal Direct Stafford Loan**" sheet which explains the steps required to complete this required paperwork.

For more information regarding Ocean County College's transition to the Direct Loan Program, please go to [www.ocean.edu](http://www.ocean.edu), click on the Financial Aid TV icon and then click on "Direct Loans" to view several short videos that provide further information regarding what to expect during this period of transition.

For questions regarding this process please see the enclosed Federal Direct Loans Fact Sheet or contact the Financial Aid Office via e-mail at [financialaid@ocean.edu](mailto:financialaid@ocean.edu). Due to the large number of students transitioning to this program e-mails will facilitate a quicker response.

Sincerely,

*Dr. Norma Betz*

Dr. Norma Betz  
Director of Financial Aid



**OCEAN**  
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Office of Financial Aid

# How To Apply for a Federal Direct Stafford Loan

1. Go to [www.ocean.edu](http://www.ocean.edu), click on the Quick Links menu and select Financial Aid
2. Click on “Apply for a Loan”
3. Click on the Loan Request Form link for the loan period during which you wish to apply the loan.
4. Complete the form and click on the “Submit” button which will forward your request to the Financial Aid office for processing.
5. After clicking the “submit” button, go to <https://dlenote.ed.gov/empn/index.jsp>. This is the Federal Student Aid Direct Loans Master Promissory Note website. If this is your first year at Ocean County College **OR** this is the first time you are applying for a Stafford loan under the Direct Loan program, please follow the instructions on this site in order to complete your loan application.
6. Complete Entrance Counseling. No student shall receive a disbursement of their student loans without completing student loan Entrance Counseling. This is mandated by Federal law. To complete Direct Loan Entrance Counseling, go to <https://www.dl.ed.gov/borrower/CounselingSessions.do?cmd=initializeContext> and click **Go** in the Entrance Counseling box. Read the material through each page. You must complete the quiz at the end and complete the personal information at the end to have the results sent to OCC. Entrance counseling can also be completed through the FATV link on the OCC website ([www.ocean.edu](http://www.ocean.edu)) or at <http://mappingyourfuture.org/oslc/counseling/index.cfm?act=Intro&OslcTypeID=1>.

**BORROWERS MUST COMPLETE ALL THE APPLICABLE STEPS AND MEET ALL ELIGIBILITY REQUIREMENTS BEFORE THE FINANCIAL AID OFFICE CAN PROCESS YOUR STUDENT LOAN REQUEST.**

# Federal Direct Loan Program

## Fact Sheet

**FFELP** – Federal Family Education Loan Program. Private lenders such as Wachovia, Citibank, Bank of America, Sallie Mae provide funds that are guaranteed by the federal government. FFEL loans include subsidized and unsubsidized FFEL Stafford Loans, FFEL PLUS Loans and FFEL Consolidation Loans. You repay these loans to the bank or private lender that made the loan or through a servicer contracted by the lender to manage the billing process.

**FDLP** – Federal Direct Loan Program. Eligible parents and students borrow funds directly from the U.S. Department of Education. Direct Loans include subsidized and unsubsidized Direct Stafford Loans, Direct PLUS Loans (parent loans), and Direct Consolidation Loans. You repay these loans directly to the U.S. Department of Education or through a servicer contracted by the U.S. Department of Education to manage the billing process.

### FREQUENTLY ASKED QUESTIONS

- Q. Can I borrow a Federal Direct Loan **AND** a Federal Stafford from my 2009-2010 lender?  
A. No. The Federal Direct Loan program replaces the Federal Stafford Loan program at Ocean County College.
- Q. After filling out a FAFSA, what do student have to do to borrow a Federal Direct Loan for 2010-11?  
A. **ALL** student loan borrowers at Ocean County College must complete a new eMPN (electronic Master Promissory Note) at [www.dlenote.ed.gov](http://www.dlenote.ed.gov) if they want federal loans for the 2010-11 academic year.
- Q. My parents want to borrow a Federal Direct Parent PLUS Loan for 2010-11. Do they have to do a new MPN?  
A. Yes. Even parents who previously borrowed a Federal PLUS Loan must complete a new eMPN (electronic Master Promissory Note) for 2010-11 at [www.dlenote.ed.gov](http://www.dlenote.ed.gov).
- Q. What is the interest rate for Federal Direct Loans?  
A. For Federal Direct Subsidized Stafford Loans first disbursed **after** July 1, 2010, it is 4.5%.  
For Federal Direct Subsidized Stafford Loans first disbursed **before** July 1, 2010, it is 5.6%.  
For Federal Direct Unsubsidized Loans, it is 6.8%.  
For Federal Direct Parent PLUS Loans, it is 7.9%.
- Q. Are there fees taken out of Federal Direct Loan disbursements?  
A. Yes.  
The fee deducted from the Federal Direct Subsidized and Unsubsidized Loan disbursements will be 0.5%.  
The fee deducted from Federal Direct Parent PLUS Loan Disbursements will be 2.5%.
- Q. When I enter repayment, will I have to repay different lenders if I had both FFELP and Federal Direct Loans?  
A. Yes. Borrowers, however, can consolidate of their federal loans with a Federal Direct Consolidation Loan. More information is available at [www.dl.ed.gov](http://www.dl.ed.gov).
- Q. Are the loan limits the same for Federal Direct Loans as they were for Federal Stafford and Federal PLUS Loans through FFELP lenders?  
A. Yes. Please refer to the Ocean County College website at [http://www.ocean.edu/admissions/financial\\_aid/Student\\_Loans.htm](http://www.ocean.edu/admissions/financial_aid/Student_Loans.htm) for details regarding annual loan limits.
- Q. How can I find out how much I have borrowed so far?  
A. For a federal loan summary, borrowers can check their loans borrowed to date at [www.nsls.ed.gov](http://www.nsls.ed.gov).