



# InTuition

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## The Current Status of FFELP Student Loans

Many of the changes discussed in this newsletter during the past year are coming to fruition. What's happened? Let's take a look.

To begin with, many of you have received notification that a portion (or all) of your student loan(s) were sold to the US Department of Education (USDE). As you may remember, legislation was passed in 2007 that cut \$60 billion from the student loan industry. Additional legislation passed in 2008 cut even more. Add this legislation to the recent economic crisis, and we have a student loan industry that has essentially dried up.

When Congress realized this, they quickly enacted legislation to make sure monies were made available to fund student loans. Their method for providing funds was to purchase existing student loans that disbursed from July 1, 2008, going forward.

To keep the processes going for students, Vantage (along with most lenders), agreed to sell eligible loans to the USDE. One reason for doing this is the push

for the dissolution of The Federal Family Education Loan Program (FFELP).

FFELP has been in existence for nearly 50 years and uses lenders to fund federal Stafford and PLUS loans. Washington began to eliminate this program during the prior administration, and the process continues with the current administration. The House has moved their version of the bill out of committee and is ready to vote when they return from recess in September. The Senate has yet to take up their version, but it is expected to agree with the House and eliminate FFELP.

What does this mean? Beginning with the 2010-2011 school year, all borrowers will receive their Stafford and PLUS loans directly from the government through the USDE's Direct Lending Program. Vantage and Mohela will continue to sell eligible loans per directive from the Department. It is unknown at this time what will happen to loans disbursed prior to July 1, 2008. Once we have specific details, we will inform you through mailings, our website, and this newsletter.

It may not seem fair that your loan can be sold to another lender, but you will find the notes of most loans have a clause stating that possibility. It is very common in the mortgage and student loan industries for loans to be sold. Usually, this does not effect the terms of your loan. We have not yet received guidance concerning possible changes in terms, but since the government is eliminating this program, they will determine the processes and procedures.

Rest assured, there will be no changes in the financial aid available to you. As a matter of fact, the reason for the elimination of FFELP is to try to add more funds to financial aid, especially in Pell Grants. You will still complete the FAFSA and Master Promissory Notes, and funds will still be disbursed to your school. It is possible, of course, that some major shift could occur and the congress could change direction, but it is not probable. The USDE is already sending instructions to schools on how to change over to the new systems. Watch this website and future newsletters for updates.

## FAFSA Changes

The Department of Education continues to make the FAFSA more simple and efficient. Here are a few changes you'll appreciate:

- ✓ There will be fewer questions on your online FAFSA for the 2010-11 school year.
- ✓ A new "skip-logic" feature will allow you to answer a question and automatically skip any question(s) that does not apply to you. For example, if you indicate that you're married, all the parent income questions will be automatically skipped.

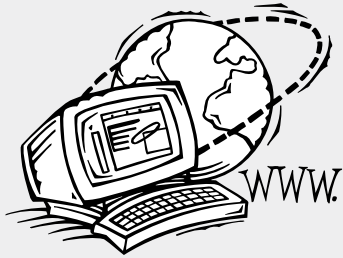
The best news? The IRS has finally agreed to share tax information for loan application purposes! When completing the FAFSA, you will now be able to have your tax information automatically filled in from the IRS database. A pilot program will begin in January 2010. However, as of right now, the IRS will only have 2008

## What's New?

The Subsidized Stafford interest rate for undergraduate students lowered to 5.60% on July 1, 2009. The Origination Fee for all Stafford loans lowered to 0.5% on July 1. By July 2010, it will be zero. PLUS Origination Fees remain unchanged at 3%.

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## Helpful Websites



Here is a list of helpful websites for use in your search for financial aid.

### **Scholarship searches:**

[www.fastWEB.com](http://www.fastWEB.com)  
[www.finaid.org](http://www.finaid.org)  
[www.scholarships.com](http://www.scholarships.com)  
[www.srnexpress.com](http://www.srnexpress.com)  
[www.collegeboard.com](http://www.collegeboard.com)

### **FAFSA website:**

[www.fafsa.gov](http://www.fafsa.gov)

### **Financial aid information:**

[www.finaid.org](http://www.finaid.org)  
[www.vcu.com](http://www.vcu.com)  
[www.mohela.com](http://www.mohela.com)  
[www.nasfaa.org](http://www.nasfaa.org)  
[www.mappingyourfuture.org](http://www.mappingyourfuture.org)  
[www.petersons.com](http://www.petersons.com)  
[www.wiredscholar.com](http://www.wiredscholar.com)  
[www.dhe.mo.gov](http://www.dhe.mo.gov)  
[www.pin.ed.gov](http://www.pin.ed.gov)  
[www.studentaid.ed.gov](http://www.studentaid.ed.gov)

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tax information available. Your 2009 info will not be accessible until July 1, 2010. So for those of you completing your 2010-2011 FAFSA in January and February (like you should!), your tax information will not yet be available to download. The IRS continues to work on solving this information delay issue.

**CAUTION:** Do NOT wait until July 1 to complete your FAFSA just for the convenience of downloading the tax info. You will have missed all the due dates for free monies if you do that. And remember, many free monies have nothing to do with income. It would be a shame to not receive a grant or scholarship you could have had simply because you did not complete the FAFSA before March 1.

# Tidbits

There are good reminders to be revisited at this time of year. Here is a list of some items by category:

### **HIGH SCHOOL SENIORS:**

- You should be applying for private scholarships NOW. Check with your counselor as well as the websites listed here for details.
- Make sure you are signed up to take the ACT and, if necessary, the SAT.
- If you haven't already, begin visiting your top school choices so you can begin narrowing your options.
- Begin applying for admissions to your top choice schools.
- Contact teachers, coaches, and mentors to ask for recommendation letters.
- Attend all the financial aid workshops, seminars, etc., you can.

### **COLLEGE STUDENTS:**

- Follow up on your financial aid awards either online or in person to make sure everything is in order.
- If you are a veteran, there are new military benefits. Check with your financial aid office for more details.
- There are new implementations for coursework and books. Many classes are now offered online, and many textbooks can be downloaded or rented. Check out what is new at your school periodically.
- Any time you can earn money or find a way to reduce your college costs, do it. The less you borrow, the better off you will be when you graduate.

### **BORROWERS IN REPAYMENT:**

- Don't consolidate just because you think that is what is supposed to be done. Consolidation is for those struggling with their payments and/or have loans at several lenders. When you consolidate, you will lose interest rate repayment incentives as well as some loan forgiveness and deferment possibilities. Get the facts first.
- Today the only place you can consolidate is with the Federal Direct Loan Consolidation Program. Their number is 800-557-7392.
- You cannot include Private Student Loans with a Federal Consolidation Loan.
- There are now five repayment options. Visit [www.mappingyourfuture.org](http://www.mappingyourfuture.org) for detailed information as well as calculators.
- For Parent PLUS borrowers, remember you have two options for repayment. **Standard**, which begins full payment immediately, or **Deferred**, which holds off until six months after the student graduates. Contact your lender for more details.
- For those of you with variable interest rates, those rates changed on July 1 to:
  - 1.88% for Stafford Loans in school, grace, or deferment
  - 2.48% for Stafford Loans in repayment
  - 3.28% for PLUS Loans