



SUNY ORANGE Office of Financial Aid

As of March 31st, 2010 the new federal regulation called HCERA of 2010 eliminated the Federal Family Educational Loan Program. This new law allows us to process loans only with the Federal Direct Student Loan Program. Below is a list of reasons why we feel the Direct Loan program is beneficial to our students.

1. FFELP funds are disbursed through private lenders (such as National City, Fifth Third, etc.). Those lenders are inundating our students with direct to consumer marketing that tends to be very confusing and over whelming. The Direct Loan program is funded directly by the Federal Government, eliminating the middle man and the confusion.
2. There are more repayment plans through the Direct Loan program, specifically, the income contingent plan. If a student does not repay their loans in 25 years, the government forgives the balance of the loan. In addition, the interest never exceeds 10% of the loan principle.
3. Direct Lending has the new Public Service Loan Forgiveness program that will forgive remaining debt after 10 years of eligible employment and qualifying loan payments for people working in key public service professions such as teaching, government, social work, law enforcement, and non-profit 501(c)(3) organizations.
4. The Direct Loan program is fully integrated with the federal financial aid process, simplifying the administration and oversight of the government funds. SUNY Orange already has the software and business process in place to administer this program due to the other federal programs we administer.
5. Students will only have to track their loans with one lender instead of multiple lenders.
6. Reconciliation of the Federal Direct Loan program is required, and ensures that the students are receiving the funds and are only repaying what they actually received.
7. Benefits advertised are part of their Master Promissory note, unlike the benefits advertised with the FFEL program which are not apart of the FFEL promissory note. Borrowers are assured to receive borrower benefits only if they are part of the signed promissory note.
8. Loans can be sold in FFEL, negating their borrow benefits. Loans are never sold in the Direct Loan program.
9. Direct Loans can be consolidated in the Direct Loan program, or in the FFEL program. There is still a choice in repayment options for SUNY Orange students.

We will begin the Direct Loan program in the Summer 2010 semester. Students will have to sign new Master Promissory Notes.

If you have any questions regarding the Direct Loans contact the Financial Aid Office