Direct Loans Frequently Asked Questions

Q: What are Direct Loans?
A: Direct Loans are federally insured low-interest education loans for students and parents. The type of loans available in the Direct Loan program are Direct Subsidized Loan, Direct Unsubsidized Loan, Direct Parent PLUS Loan and the Direct Graduate PLUS Loan.

Q: What is the difference between Direct Loans and the Federal Family Education Loan (FFEL) Program?
A: The main difference is the source of funding. In the FFEL program, students and parents were free to select a bank or lending institution from which to obtain the funding for their federal education loans. In the Direct Loan program, the funding source is the federal government.

Q: Are there differences in the interest rates and fees between the Direct Loan program and the FFEL program?
A: Yes, there are differences. The following chart outlines the comparison.

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Gross Fee</th>
<th>Minus Rebate*</th>
<th>Net fee charged for 2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Subsidized</td>
<td>1%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Direct Unsubsidized</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFEL Stafford</td>
<td>1%</td>
<td>N/A</td>
<td>1%</td>
</tr>
<tr>
<td>Subsidized/Unsubsidized</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct PLUS Loan</td>
<td>4%</td>
<td>1.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Direct Grad PLUS Loan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFEL PLUS Loan</td>
<td>4%</td>
<td>N/A</td>
<td>4%</td>
</tr>
<tr>
<td>FFEL Grad PLUS Loan</td>
<td></td>
<td></td>
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</tbody>
</table>

*If borrowers do not make the first 12 monthly payments on time, the rebate amount is added into the principle balance.

Q: Will I still be able to borrow my federal loans through the same lender that I used last year?
A: No, you will no longer be able to obtain federal loans through private banks or other lending institutions. If you wish to borrow federal student loans for the 2010-11 academic year, you must apply through the Direct Loan Program.

Q: Do I need to complete a new master promissory note?
A: Yes, all borrowers will need to complete new master promissory notes (MPN) in the Direct Loan program for each loan type they wish to borrow.

Q: Do I need to complete entrance counseling again if I completed it for my FFEL loans in the past?
A: Yes, you will need to complete a new entrance counseling session for your Direct Loans.
Q: I am a parent. I plan to borrow a PLUS loan for my student for the 2010-2011 academic year. I usually get pre-approved through my lender. What should I do this year? Can I still borrow my PLUS loan through my lender?
A: No, if you wish to borrow a PLUS loan for the 2010-11 academic year, you need to apply for a Direct PLUS loan through the Direct Loan program. Please see our detailed instructions on our loan application instructions section of our website, http://www.wm.edu/admission/financialaid/Loan-Application-Instructions/index.php.

Q: What do I need to do to borrow a federal Direct Loan for the upcoming school year?
A: You need to have a 2010-11 FAFSA filed, http://www.fafsa.gov. Once we receive your FAFSA, you will receive notification of your financial aid award and any loan eligibility that you may have. If you have been awarded federal Direct Loans, you will need to first accept them in Banner Self Service, http://my.wm.edu, and then follow our detailed application instructions found on our website, http://www.wm.edu/admission/financialaid/Loan-Application-Instructions/index.php.

Q: If I have borrowed Stafford, PLUS, or Grad PLUS loans in the past at W&M, will I have to repay two different lenders?
A: Yes. It is likely that you will be repaying your federal loans to different servicers. One or more servicers administer your FFELP loans that you received at W&M prior to the 2010-11 academic year and your Direct Loans will have a servicer as well that could be different from your FFELP loans. You will receive correspondence and payment information from the U.S. Department of Education, as well as the lender or servicer(s) of your prior loans.

After graduation, you will have the option to make separate payments to each loan servicer or you can consolidate your federal loans into one payment with the Department of Education. For more information regarding federal loan consolidation please visit the Department of Education’s website at http://loanconsolidation.ed.gov.

Q: Where can I find information about my loan servicers and where to make my payments?
A: You can access the information about all of your federal loans by visiting the National Student Loan Data System at http://www.nslds.ed.gov. You will need your FAFSA PIN to access your record. Note: this site will only give you information pertaining to your federal loans. If you have borrowed any private (alternative) loans, you will need to contact your lender directly for information.

Q: How can I contact the Direct Loan Program?
A: You can call the Direct Loan Customer Service number at 1-800-848-0979. The number for Applicant Services (PLUS borrowers only) is 1-800-557-7394.

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