



ANTELOPE VALLEY COLLEGE

*Financial Aid Office*

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***Notice to All Student and Parent Borrowers:***

***Participation in the Direct Loan Program Begins July 1, 2010***

Antelope Valley College will participate in the William D. Ford Federal Direct Loan (Direct Loan) Program beginning July 1, 2010 *Summer 09/10 Academic Year*. Students and parents who previously received loans through the Federal Family Education Loan (FFEL) Program will now borrow through the Direct Loan Program.

The Direct Loan Program offers the same types of loans as the FFEL Program. The Direct Loans generally have the same terms and conditions as FFEL Program loans, but instead of a the bank lending the money, the U.S. Department of Education lends the money directly to students and parents through the student's school. There are also some differences in the names of the loans. The FFEL Program's Federal Stafford Loans (subsidized and unsubsidized) are called Direct Subsidized Loans and Direct Unsubsidized Loans in the Direct Loan Program. Federal PLUS Loans are called Direct PLUS Loans.

***Benefits of the Direct Loan Program***

Direct Loans and FFEL Program loans have the same annual and aggregate loan limits, the same deferment and cancellation provisions, and most of the same repayment plans (Standard, Graduated, Extended, and Income-Based). The interest rates for FFEL Program Stafford Loans and Direct Subsidized and Unsubsidized Loans are also the same. Direct Loans also have some benefits that are available only in the Direct Loan Program:

- Lower interest rate on Direct PLUS Loans (7.9% vs. 8.5% for Federal PLUS Loans)
- Up-Front Interest Rebate
- Income Contingent Repayment Plan (in addition to the Income-Based Repayment Plan)
- Public Service Loan Forgiveness Program

- No interest charged (for up to 60 months) during qualifying periods of active duty military service (for loans first disbursed on or after October 1, 2008)

### *First-Time Direct Loan Borrowers Must Complete a Direct Loan MPN*

If you have not previously received a Direct Loan, you must complete a Direct Loan Master Promissory Note (MPN). Although you may have previously signed an MPN to receive FFEL Program loans, a FFEL MPN cannot be used to borrow from Direct Loans.

The MPN is the legal document through which you promise to repay your Direct Loans and any accrued interest and fees to the Department. It also explains the terms and conditions of your loans. A Direct Loan MPN can be used for up to ten years. You may complete a Direct Loan MPN electronically via the Student Loans web site at <https://studentloans.gov>. You also have the option of completing a paper Direct Loan MPN. Contact the Financial Aid Office for further instructions.

To complete a Direct Loan MPN electronically, you must have a Federal Student Aid PIN. The Federal Student Aid PIN is the same PIN used to complete the Free Application for Federal Student Aid (FAFSA). To apply for a PIN if you do not already have one, or for customer service regarding a previously assigned PIN, visit [www.pin.ed.gov](http://www.pin.ed.gov).

### *First-Time Student Loan Borrowers Must Complete Direct Loan Entrance Counseling*

- If you are an undergraduate or graduate/professional student, you must complete Direct Loan Entrance Counseling before you can receive a Direct Loan.
- If you are a graduate/professional student, you must complete Direct Loan Entrance Counseling before you can receive a Direct PLUS Loan.

You can complete Direct Loan Entrance Counseling electronically via the StudentLoans.gov web site at <https://studentloans.gov>. A Federal Student Aid PIN is required to complete online Direct Loan Entrance Counseling.