The Hobart and William Smith Colleges Office of Financial Aid Services and Student Employment would like to take this opportunity to inform you of a fundamental change that will affect the way we process federal student loans and federal parent PLUS loans for the upcoming 2010-2011 academic year and beyond. It has been decided that Hobart and William Smith Colleges will no longer participate in the Federal Family Education Loan Program (FFELP) and will begin participating in the William D. Ford Federal Direct Loan Program (DL) effective July 1, 2010.

Impact on Students:

* All returning students who expect to borrow a subsidized or unsubsidized student loan must complete a new electronic Master Promissory Note (e-MPN) at:

  www.dlenote.ed.gov

We request that you complete the new e-MPN by Tuesday, June 15, 2010 to ensure smooth processing of your 2010-2011 student loans and to prevent any possible delay in your 2010 Fall registration.

Impact on Parents:

* All parents of returning students wishing to borrow a Parent PLUS loan should begin this process after June 1, 2010. Parents will need to initiate this process by completing a PLUS electronic Master Promissory Note at the federal direct loan website:

  www.dlenote.ed.gov

As you may have heard, President Obama’s budget proposal includes a provision to move all institutions of higher education from the FFELP program to the DL program for the 2010-11 academic year. As of today, the proposal is awaiting Senate approval and no definitive decision has been made. Regardless of the outcome of President Obama’s proposed budget, we feel the transition to the William D. Ford Federal Direct Loan Program will offer the following benefits to our students/parents:

• Loans are never sold – one source to borrow and repay. (In the last 4 years, FFELP loans sold an average of 2.5 times.)

• Single source of funds (federal government) versus 3,500 FFELP lenders, which reduces confusion and complications related to application and disbursement.

• Fewer websites for required applications (entrance and exit counseling as well as Master Promissory Note (MPN) completion) for both parents and students, versus applying at each individual FFELP lender site.
• Income contingent repayment and Public Service Loan Forgiveness programs available in DL, not in FFELP.

• Interest is capitalized less frequently and late fees are less punitive. DL offers a 1.5% interest rebate after the first twelve consecutive on-time payments.

• The PLUS loan interest rate is lower (7.9% in DL vs. 8.5% in FFEL).

• FFELP lenders are no longer offering consolidation loans; therefore, students who consolidate must do so with DL anyway.

We are excited about the transition to the William D. Ford Federal Direct Loan Program and the ability to continue to offer our students and families the exceptional service they deserve. We look forward to assisting you through this transition and as always, invite you to contact our office with any questions at (315)781-3315 or email us at finaid@hws.edu.

Sincerely,

Beth Turner
Director of Financial Aid