



## **Direct PLUS Loan Borrowers**

### **Notice To All U.S. Graduate/Professional Student and Parent Borrowers:**

#### **Participation in the Direct Loan Program Begins 1<sup>st</sup> July 2010**

London Business School will participate in the William D. Ford Federal Direct Loan (Direct Loan) Program beginning 1<sup>st</sup> July 2010. Graduate/professional students and parents from the United States (U.S.) who attend our school previously received PLUS loans through the Federal Family Education Loan (FFEL) Program. U.S. graduate/professional students and parents will now borrow through the Direct Loan Program. The Direct Loan Program offers the same types of loans as the FFEL Program, and Direct Loans generally have the same terms and conditions as FFEL Program loans. However, instead of a bank lending the money, the U.S. Department of Education (the Department) lends the money directly to graduate/professional students and parents through the student's school. There are also some differences in the names of the loans. The FFEL Program's Federal PLUS Loan is called a Direct PLUS Loan in the Direct Loan Program.

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

Direct Loans and FFEL Program loans have the same loan limits, the same deferment and cancellation provisions, and most of the same repayment plans (Standard, Graduated, Extended, Income-Based). 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
- For graduate/professional students only – 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)

#### **Eligibility for Direct Loans**

If you are a graduate/professional student, you will need to complete the Free Application for Federal Student Aid (FAFSA), just as you did under the FFEL Program. If you are a parent, you and your dependent student will continue to complete the FAFSA. We will use the information from your FAFSA to assist in determining your eligibility for a Direct PLUS Loan.

- ❑ You may complete the FAFSA electronically via the FAFSA on the Web site at <http://www.fafsa.ed.gov>.
- ❑ To complete the FAFSA electronically, you must have a Federal Student Aid PIN. To apply for a PIN if you do not already have one, or for customer service regarding a previously assigned PIN, visit the Federal Student Aid PIN Web site at [www.PIN.ed.gov](http://www.PIN.ed.gov).

- ❑ After the Department processes your FAFSA, you or your dependent student will receive a Student Aid Report (SAR). Please retain the SAR for your records and email it to us at [financialaid@london.edu](mailto:financialaid@london.edu).

In addition to completing a FAFSA, you will need to be accepted in a degree-granting program (or otherwise eligible program) at our school on at least a half-time basis and meet other eligibility requirements such as maintaining Satisfactory Academic Progress (SAP). You may borrow up to the cost of attendance for our school minus any other financial aid received by you.

### **Direct PLUS Loan Request and Credit Check Completion**

To qualify for a Direct PLUS Loan, you must not have an adverse credit history, as defined in the Department's regulations. If you have an adverse credit history, you may still be eligible for the loan 1) by obtaining an endorser who does not have an adverse credit history and agrees to repay the loan if you do not or 2) by documenting extenuating circumstances that meet the Department's requirements.

The Department conducts a credit check once you provide your consent. The Federal Direct PLUS Request for Supplemental Information (Direct PLUS Request) provides us with your authorization to conduct the credit check and other necessary information, in one streamlined, up-front process.

- ❑ You may complete a Direct PLUS Request electronically via the StudentLoans.gov Web site at <https://studentloans.gov>.
- ❑ To complete a Direct PLUS Request electronically, you must have a Federal Student Aid PIN. This is the same PIN used to complete the FAFSA.
- ❑ After you complete your Direct PLUS Request, the Department will conduct the credit check and notify you and us of the results.

After we receive the results of your credit check and determine your eligibility for a Direct PLUS Loan, we will notify you of the amount for which you are eligible.

**Note:** If your credit check results in an adverse credit history determination, you will receive information from the Department about the endorser and extenuating circumstance options. If you are a parent and neither of these is a viable option, your dependent student may be eligible to receive additional Direct Unsubsidized Loan funds. Contact us for further information about this option.

### **Direct Loan MPN Completion**

You must complete a Direct Loan Master Promissory Note (MPN). Although you may have previously signed an MPN to receive FFEL or Direct Loan Program loans, these MPNs cannot be used to make Direct Loans at our school.

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. In some cases, a Direct Loan MPN can be used to make loans for up to ten (10) years. However, you will need to complete a new Direct Loan MPN each academic year that you receive a Direct PLUS Loan at our school.

- ❑ You may complete a Direct Loan MPN electronically via the StudentLoans.gov Web site at <https://studentloans.gov>.

- ❑ To complete a Direct Loan MPN electronically, you must have a Federal Student Aid PIN. This is the same PIN used to complete the FAFSA.
- ❑ After you complete your MPN, you will be able to print and retain it for your records. Please provide us with a copy of MPN by emailing it to [financialaid@london.edu](mailto:financialaid@london.edu)

*Note:* You also have the option to complete a paper Direct Loan MPN. To do so, call the Department's Applicant Services staff at 800/557-7394 and then return the completed paper MPN to the Department at the address included in the instructions that will be provided to you. We will be notified of your completion.

### **Direct Loan Entrance Counseling Completion**

If you are a graduate/professional student and have not previously received a PLUS loan through the FFEL or Direct Loan programs, you must complete Direct Loan Entrance Counseling before you can receive a Direct PLUS Loan.

- ❑ You may complete Direct Loan Entrance Counseling electronically via the StudentLoans.gov Web site at <https://studentloans.gov>.
- ❑ To complete Direct Loan Entrance Counseling electronically, you must have a Federal Student Aid PIN. This is the same PIN used to complete the FAFSA.
- ❑ After you complete entrance counseling, we will be notified electronically.

*Note:* Parent PLUS borrowers are not required to complete Direct Loan Entrance Counseling.

### **Consolidating FFEL Program Loans into the Direct Loan Program**

If you already have FFEL Program loans and will now be receiving Direct Loans, consolidating your FFEL and Direct Loan program loans together into a Direct Consolidation loan may make loan repayment easier. If you consolidate, you will have just a single monthly payment. Consolidating your FFEL Program loans into a Direct Consolidation Loan may also allow you to take advantage of certain benefits that are offered only in the Direct Loan Program, such as Public Service Loan Forgiveness and the Income Contingent Repayment Plan.

To learn more about when you may consolidate, the pros and cons of doing so, and the application process, visit [www.loanconsolidation.ed.gov](http://www.loanconsolidation.ed.gov) or call 800/557-7392 (TDD/TTY: 800/557-7395).

### **Additional Information**

London Business School looks forward to participating in the Direct Loan Program and offering the benefits of Direct Loans to our U.S. graduate/professional students and parents. For additional information about Direct Loans, visit <http://www.direct.ed.gov/student.html> or contact us at [financialaid@london.edu](mailto:financialaid@london.edu) for more information.