

IMPORTANT INFORMATION for Birmingham-Southern College parents and students

ACTION IS REQUIRED TO RECEIVE A STAFFORD LOAN OR PARENT PLUS LOAN BEGINNING SUMMER 2010

Beginning with the 2010-2011 academic year including Summer Term 2010, all Federal Stafford loans and Federal Parent PLUS loans at BSC will be originated, guaranteed, disbursed, and serviced through the U.S. Department of Education. This process is called Direct Lending.

Students and parents will no longer choose a lender when accepting a Federal Stafford loan or Parent PLUS loan. The terms of the Federal Stafford and Federal PLUS loans have not changed. Direct Loans still have the same interest rate, annual and aggregate loan limits and 6 month grace period. The difference is in the servicing of the loans; meaning that repayment of the loan is paid directly to the Department of Education rather than a lender/servicer.

If you wish to receive a Federal Stafford loan for 2010-2011, you will be required to e-sign a new MPN (Master Promissory Note) and Entrance Counseling Session; you must do this even if you have previously completed these items in an earlier year because now you will have a new lender and new guarantor.

If your parent wishes to receive a Parent PLUS loan for 2010-2011, your parent must e-sign a new MPN.

We have delayed the awarding and loan processing for returning students as we modified our systems and procedures. We will begin awarding returning students in the next few weeks.

If you do have questions regarding the new loan process, the Office of Financial Aid has added Direct Lending to our web site at www.gotobsc.com/fa/loans.htm and make sure you scroll down to the information about 2010-2011.

What is changing for next year?

BSC currently processes Federal Stafford and Parent PLUS loans through the Federal Family Education Loan program, in which students and parents borrow from private lenders and banks. Beginning in the Summer Term 2010, BSC will participate **exclusively** in the William D. Ford Federal Direct Loan program, in which borrowers obtain loan funds directly from the US Department of Education. Students may still use banks and private lenders for alternative/private loans not guaranteed by the government.

Why is BSC changing its loan process?

The law changed on 3/31/10 as part of the Health Care Bill requiring all schools participating in the federal loan programs to convert to the Direct Loan Program.

What do I have to do to get my loan funds for next year?

As in prior years, you must complete the FAFSA (Free Application for Federal Student Aid www.fafsa.gov), provide any documents requested by our office, complete a summer aid application if wishing to borrow for summer and accept or decline your federal student loans through Thesis. You will also have to e-sign a new MPN for the Direct Loan program and Entrance Counseling before your funds will disburse or show as anticipated aid on your student accounts billing statement.

Can I complete the new MPN now to get a head start?*

Yes! You can e-sign your Direct Loan MPN and Entrance Counseling online at www.studentloans.gov. You will need the same PIN that you used for your FAFSA to electronically sign the note. If you do not have a PIN, you may obtain one via <http://www.pin.ed.gov>.

Note: A Stafford Loan Request Form is NO longer required.

Can my parents complete the new MPN now to get a head start?*

Yes! Your parents can e-sign your Direct Loan MPN and Entrance Counseling online at www.studentloans.gov. Your parent will need the same PIN that was used for your FAFSA to electronically sign the note. If your parent does not have a PIN, they may obtain one via <http://www.pin.ed.gov>.

Note: A Parent Loan Request Form is NO longer required.

*Please see browser compatibility on the StudentLoans.gov website by checking www.gotobsc.com/fa/loans.htm

Sincerely,

Fred M. Carter
Director of Financial Aid
Birmingham-Southern College
900 Arkadelphia Road
Box 549016
Birmingham, AL 35254
Phone: 205-226-4688
Fax: 205-226-3082
www.bsc.edu/fa