Urgent Notice Regarding Your Student Loans

Effective June 22, 2009, Loma Linda University is a Direct Loan school. This means that students at LLU will get their student loans directly from the U.S. Department of Education rather than a bank or other financial institutions. This switch will allow students to access funds faster and enjoy reduced overall costs for financing their education. Given the persistent uncertainties of the financial markets and the withdrawal of additional lenders for the 2009-10 school year we feel this is the right decision for our students and for the university at this time.

Federal Direct Loans are:

- Federal Stafford Subsidized Loan
- Federal Stafford Unsubsidized Loan
- Federal Parent PLUS Loan
- Federal Graduate PLUS Loan

Benefits:

- No waiting for the lender to send LLU the funds.
- Lower loan origination fees - currently most lenders charge a 1.5% for Stafford loans and a 4% fee for all PLUS/Graduate PLUS loans. With the Direct Loan Program the Stafford origination fee is 0.5% and the PLUS/Graduate PLUS origination fee is 2.5%.
- Lower interest rate for PLUS/Graduate PLUS loan borrowers – currently the interest rate on these loans is 8.5% however with the Direct Loan Program the interest rate will be 7.9% for the life of the loan. The Stafford interest rate is the same for both programs.

Actions required by the students:

- **Stafford Loan borrowers** – You will need to complete a Subsidized/Unsubsidized Master Promissory Note (MPN) with the Federal Direct Loan Program before their Stafford Loans can pay to their student account. To complete the MPN please go to: [https://dlenote.ed.gov/empn/StudentLoanSelector.jsp](https://dlenote.ed.gov/empn/StudentLoanSelector.jsp)
- **Graduate PLUS Loan borrowers** – You will need to complete a Graduate PLUS Loan MPN with the Federal Direct Loan Program before we can pay any Graduate PLUS loan funds. To complete the MPN please go to: [https://dlenote.ed.gov/empn/StudentLoanSelector.jsp](https://dlenote.ed.gov/empn/StudentLoanSelector.jsp)
- **Undergraduate Parent PLUS Loan recipients** – You will need to have your parents complete a Parent PLUS Loan MPN with the Federal Direct Loan Program before we can pay any Graduate PLUS loan funds. To complete the MPN please have your parent go to: [https://dlenote.ed.gov/empn/completenew_plus.jsp](https://dlenote.ed.gov/empn/completenew_plus.jsp)
- **All Stafford and Graduate PLUS Loan borrowers** – You will need to complete the online entrance counseling for the Federal Direct Loan Program(s) that you will be participating in. The Entrance counseling can be completed at: [https://www.dl.ed.gov/borrower/EntrCounselingStart.do?cmd=initializeContext](https://www.dl.ed.gov/borrower/EntrCounselingStart.do?cmd=initializeContext) there is a separate Entrance Interview for the Stafford Loans and for the Graduate PLUS Loans.

If you have any questions regarding this process please contact the Financial Aid Office at (909) 558-4509.