Beginning in Fall 2010, California State University, San Jose State will participate in the William D. Ford Federal Direct Loan Program. You will now get your Stafford and PLUS (parent) Loans directly through the U.S. Department of Education, rather than through lenders participating in the Federal Family Education Loan Program (FFELP), such as Bank of America, Citibank and Wells Fargo.

The following FAQs provide answers to some commonly asked questions about CSU’s move to the Direct Loan Program:

What is the difference between FFELP and the William D. Ford Federal Direct Loan Program?

In the Direct Loan Program, the U.S. Department of Education acts as a lender, providing funds for Stafford loans and PLUS Loans. With FFELP, students choose a bank or lender, the college then certified that students and parents were eligible for the loans and applied the loan proceeds to student accounts.

If I had previously received a Stafford or PLUS Loan through a lender, do I have to change to the Direct Loan Program?

YES, ALL San Jose State Students needing a Stafford or PLUS Loan for the 2010-2011 academic year will now borrow through the Direct Loan Program. As always, you may apply for private (non-federal) loans through the lender of your choosing. We recommend that you accept your federal loans first because generally the rates and terms are more favorable from the federal government than through the private education loans.

What happens to the loans I borrowed from a lender in the FFELP Program?

You have the choice of repaying your FFELP Loans according to the terms of repayment agreed to in your promissory note, or you can consolidate your FFELP Loans with your Direct Loans after you leave school. For more information on Direct Loan Consolidation, you may go to http://loanconsolidation.ed.gov/.

What steps do I need to take to get a Stafford or PLUS Loan from the U.S. Department of Education?

All students who were awarded a Direct Loan will receive detailed instructions in July 2010 on activating the loan.