Session 25 - From Source to Student: Direct Loan and FFEL Funds

By the end of this session, you will be able to:

- ***perform the school's role in the flow of Direct Loan funds from the U.S. Department of Education (ED) to the student,***
- ***perform the school's role in the flow of Federal Family Education Loan (FFEL) funds from the lender to the student, and***
- ***certify an FFEL application.***

RESOURCES

- *The 1997-98 Federal Student Financial Aid Handbook*, Chapter 10
- *The 1997-98 Direct Loan School Guide*

SESSION CONTENTS

1. Need to Know
   - ♦ Lecture Notes
   - ♦ Sample Direct Loan Promissory Note
   - ♦ Sample FFEL Application
2. Practice
   - ♦ Review Quiz
3. Back at the Office
4. Answer Key

NEED TO KNOW

The Direct Loan Servicing Center

1-800-848-0978

- order *The 1997-98 Direct Loan Training Guide*
- ask questions

Direct Loan Processing

- Student completes FAFSA
- Loan origination record is created from FAFSA information
- Promissory note generated from loan origination record
- School requests funds from ED
- School disburses funds to student
- School reports disbursements to Direct Loan Origination Center

FFEL Processing

- Student completes FAFSA
- Student completes common loan application
- School completes the “School Section” of the loan application and sends it to the lender or guaranty agency via mail or electronically
- Lender certifies loan application and sends it to the guaranty agency
- Guaranty agency guarantees the loan
- Funds sent to the school via check or electronic transfer
- School delivers funds to the student via check or electronic funds transfer
- School documents funds delivered to student

NEED TO KNOW (cont'd)

Insert Direct Loan Sample Prom. Note

Insert Direct Loan Sample Prom. Note - page 2

NEED TO KNOW (cont'd)

Insert Chris Jackson's FFEL application

PRACTICE

Review Quiz — Timing

Choose from the following numbers to complete the statements below: (Not all numbers are used, and some may be used more than once.)

1	10	20	45
3	13	25	
5	15	30	

1. "Immediate Need" is defined as the amount of Direct Loan funds a school will need to disburse to students within _____ business days.

2. An FFEL school may not request loan funds from a lender earlier than _____ calendar days before the beginning of the period of enrollment.

3. Direct Loan schools have _____ calendar days to report disbursements to the Direct Loan Servicing Center.

4. Loan funds may not be disbursed / delivered more than _____ calendar days before the student's period of enrollment.

5. For first-time, first-year borrowers, the school must wait until _____ calendar days after the student begins classes to disburse / deliver his or her funds.

BACK AT THE OFFICE

Back at the office, you should:

- If you are interested in becoming a Direct Loan school, order *The 1997-98 Direct Loan Training Guide* by calling 1-800-848-0978.
- If you are an FFEL school, obtain and review an FFEL application.
- Ensure that a mechanism is in place to verify student eligibility.
- _____
- _____
- _____

ANSWER KEY

Review Quiz — Timing

1. "Immediate Need" is defined as the amount of Direct Loan funds a school will need to disburse to students within **3** business days.

2. An FFEL school may not request loan funds from a lender earlier than **13** calendar days before the beginning of the period of enrollment.

3. Direct Loan schools have **30** calendar days to report disbursements to the Direct Loan Servicing Center.

4. Loan funds may not be disbursed / delivered more than **10** calendar days before the student's period of enrollment.

5. For first-time, first-year borrowers, the school must wait until **30** calendar days after the student begins classes to disburse / deliver his or her funds.