May 29, 2009

Dear CCS Students & Parents,

Next week our office will begin to mail out financial aid packages for students with completed files for the 2009-2010 academic year. In the package will be information regarding our decision to switch from the Federal Family Education Loan (FFEL) Program to the Federal Direct Loan Program.

Under FFEL, students utilizing the Stafford loan program and parents utilizing the PLUS loan program borrowed funds provided by private lenders (such as Chase, Charter One, etc.) and guaranteed by the federal government. Until recently, it was our determination FFEL was the best option. First, it gave borrowers the opportunity to choose their lender. Second, benefits provided by individual lenders and through the Michigan Students First program offered by the Michigan Higher Education Student Loan Authority (MHESLA) made FFEL the less expensive option overall for borrowers.

However, reductions in the subsidies provided to lenders by the federal government have caused many lenders to stop offering borrower benefits or to leave the federal loan program altogether. In addition, budget constraints have caused the suspension of the Michigan Students First program, with no immediate assurance that it will return. Finally, President Obama has proposed elimination of FFEL, and appears to be very serious about carrying through with this proposal.

In summary, the benefits of participating in the FFEL program have been all but erased, and the instability of the past year has made it extremely difficult to provide our families with accurate information about current lenders and benefits, causing potential confusion for our families and graduates about who their lenders are and who they should contact for assistance.

With the Direct Loan program students and parents will borrow directly from the U.S. Department of Education, eliminating confusion about lenders and providing a single point of contact for questions and concerns once loans are disbursed. Because the terms of the loan are set by federal regulation, they will not be easily affected by short-term changes in the economy. In short, Direct Loans provides the greatest stability for our borrowers and is currently the least expensive option in terms of interest rate and fees.

As a result of the switch to Direct Loans, all students and parents wishing to borrow Stafford loans for the 2009-2010 academic year will need to complete a new Master Promissory Note (MPN). In addition, all students will also need to complete Loan Entrance Counseling for Direct Loans, a step which will now be required each year they wish to borrow. Instructions for completing both the MPN and the entrance counseling will be provided in your 2009-2010 Financial Aid Package.

On the back side of this form, you will find a brief question and answer section about Direct Loans. If you should have any questions about Direct Loans, previous loans taken through the FFEL program or to confirm that your file is ready to be awarded for the 2009-2010 academic year, please do not hesitate to contact our office. We are available Monday – Friday, 8:30 a.m. – 4:30 p.m. by phone (313.664.7495), email (finaid@collegeforcreativestudies.ed) and on a walk-in basis.

Sincerely,

Kristin Moskovitz
Director of Financial Aid