Frequently Asked Questions
Regarding the Change to the Direct Loan Program

What are the differences between the Federal Direct Loan Program and the Federal Family Education Loan Program (FFELP)?

Schools have generally participated in either the FFELP or Direct Loan Program. Under the Direct Loan Program, the funds for your loan come directly from the federal government. Funds for your FFELP loan came from a bank, credit union, or other lender that participated in the program. Eligibility rules and loan amounts are identical under both programs, but repayment plans differ somewhat.

Why did Montana State University Billings decide to switch to the Direct Loan Program?

With the uncertainty of available funds in the Federal Family Education Loan Program and the anticipation that Congress would eliminate this program, MSUB chose to participate in the Direct Loan Program to ensure our students would have a reliable source of loan funding in 2010/11 and beyond.

I have been awarded a Federal Direct Loan through the Financial Aid Office at MSU Billings. How do I apply for a Federal Direct Loan?

If you have received your Award Letter and responded by accepting all or a portion of the loans offered, you must complete a master promissory and loan entrance counseling at: http://www.msubillings.edu/finaid/DirectLoans.htm.

I am a continuing student at MSU Billings and have been offered Federal Direct Loans; do I need to complete a new Master Promissory Note and Direct Loan Entrance Counseling?

Yes. This is the first year that MSU Billings is participating in the Federal Direct Loan Program. All students, including current students who accept a Federal Direct Loan, must complete a new Federal Direct Loan Master Promissory Note and Federal Direct Loan Entrance Counseling.

When do I complete a Direct Loan Master Promissory Note?

If you have borrowed a loan in the past and plan to use a Federal Stafford Loan during 2010-11, you will need to complete a new MPN for Direct Loans. You can choose to complete the MPN at any time – whether or not you have received your Financial Aid Award Letter.
Once you’ve completed your MPN, your loan will not be processed until after you have been awarded a loan and accepted it. You will have an opportunity to specify the precise amount of your loan when you accept it.

**What if I have already borrowed a Federal Direct Loan at another institution?**

Good news ….if you’ve already completed an MPN at another institution you may not be required to complete a new promissory note. The financial Aid Office will notify you if we need an updated MPN on file.

**What happens if I have prior federal student loans through a lender and now will have some through the Department of Education?**

It is not unusual for a student to have loans from both Federal Stafford loan programs (FFEL & Direct). Any previous loans you borrowed from another lender may continue to be maintained by the lender/servicer you selected upon signing your original MPN with the FFEL Program.

Once your loans enter a repayment status, you can proceed in one of two ways:

1) You can keep your loans separate and make payments to your FFEL loans as well as a payment to your Direct Loans.

2) You can take out a consolidation loan which combines both types of loans into a single loan – providing you with one payment to one source.

**How do I contact the Direct Loan Program?**

The U.S. Department of Education Direct Loan Program Customer Service Phone number is 1-800-848-848-0979.