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Rachel Hatch  
*Illinois Wesleyan University*

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## New Financial Aid Law Requires All Students With Loans To Resubmit Note

April 22, 2010

BLOOMINGTON, Ill. – New national federal aid legislation will alter who can create new loans for college students, but will mean only a few changes for the borrowers, said Illinois Wesleyan University Director of Financial Aid Scott Seibring.

“In many ways, the legislation simplifies the process for borrowers,” said Seibring.

In March, the national Student Aid Fiscal Responsibility Act (SAFRA) became law. The act nullified a program that gave incentives for private banks to open and carry student loans. As of July of 2010, the law requires all new loans to be created through the Department of Education’s existing Federal Direct Loan Program (FDLP), and requires banks to compete to service the loans. The new law does not affect existing loans.

According to Seibring, even without the new law, Illinois Wesleyan officials were contemplating the move to the FDLP. “We saw that there were benefits to borrowers with the FDLP, including a flexible repayment plan and a slight decrease on the interest rates for the PLUS Loans,” he said. “We are always looking to be sure we have the best programs available for the students.”

The change felt by borrowers due to the new law will be negligible overall, said Seibring. “The most important thing to note is that all students who have loans must go to the [FDLP](#) website and resubmit their master promissory note and entrance interview for a Stafford loan next year,” he said. “This is required for Stafford subsidized and unsubsidized loans.”

More than 60 percent of all students at Illinois Wesleyan receive need-based financial assistance, with more taking out available federal loans that are not need-based. Almost 90 percent receive some form of aid, including scholarships and work study.

The new law makes the federal aid application process a bit easier, added Seibring. “We used to have a listing of four or five preferred banks on our Financial Aid website, now we have a connection to the FDLP program,” he said.

For additional information and the link to the promissory note online forms, visit the Illinois Wesleyan Financial Aid [website](#).

*Contact: Rachel Hatch, (309) 556-3960*