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April 9, 2010

Dear Financial Aid Administrator:

On March 30, 2010, President Barack Obama signed the Health Care and Education Reconciliation Act of 2010 (HCERA) that, among other things, makes significant changes to the federal student loan programs for eligible U.S. students attending your institution. One of the provisions of the HCERA is the termination, as of July 1, 2010, of the bank-based Federal Family Education Loan (FFEL) Program. Beginning July 1, 2010, all new Stafford, PLUS, and Consolidation loans for eligible U.S. students attending your institution can only be made under the William D. Ford Federal Direct Loan (Direct Loan) Program. To ensure these students have uninterrupted access to federal student loans, all eligible participating schools operating outside of the U.S. are now allowed to participate in the Direct Loan Program.

The Direct Loan Program offers loans to student and parent borrowers with terms and conditions that are virtually identical to loans made through the FFEL Program. School participation requirements for the Direct Loan Program are similar to the requirements of the FFEL Program.

The U.S. Department of Education (the Department) has been working diligently to update our systems and increase our capacity to accommodate every school that wants to participate in the Direct Loan Program. For schools located outside the U.S., we are developing a streamlined, Web-based tool to use when processing Direct Loans. In the coming weeks, you will also receive detailed information on the process for the delivery of funds from the Department to your institution under the Direct Loan Program.

We will also be offering several training opportunities focused on all aspects of the Direct Loan Program. An announcement with specific information and schedules will be sent to you soon. Coming later this spring, we will unveil a new Web page on our Information for Financial Aid Professionals (IFAP) Web site ([www.ifap.ed.gov](http://www.ifap.ed.gov)) devoted to international institutions participating in the Direct Loan Program. We will also continue to publish the *Direct Loan Source* (<http://www.direct.ed.gov/newsletters.html>), a monthly newsletter providing schools with regular updates on transitioning to the Direct Loan Program.

Although the current Program Participation Agreement (PPA) that the Department has with your school only authorizes your participation in the FFEL Program, we are finalizing an addendum to the PPA to allow your institution to participate in the Direct Loan Program. We will make the addendum available to you beginning in May. Your school's chief executive

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officer (President, Chancellor, or equivalent) will need to sign the PPA Addendum and return it to us.

Once we receive the signed PPA Addendum, we will work closely with your school on the specific steps your institution must take in order to originate loans in the Direct Loan Program. In the meantime, if you have any questions about this announcement or the transition process, please contact us at [FSA.Foreign.Schools.Team@ed.gov](mailto:FSA.Foreign.Schools.Team@ed.gov) or by calling (202) 377-3168.

By transitioning from the FFEL Program to the Direct Loan Program, you can ensure access to critical financial aid for eligible U.S. students at your school. We are committed to assisting you through this process.

Sincerely,

A handwritten signature in blue ink, appearing to read 'William J. Taggart', is positioned above the printed name.

William J. Taggart  
Chief Operating Officer

cc: School President