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GET THE FACTS: **Federal Family Education Loan Program** *Frequently Asked Questions*

Although current economic conditions remain a concern for colleges and universities across the country, loan funds continue to be available for students and families through the Federal Family Education Loan Program (FFELP).

What is the Federal Family Education Loan Program (FFELP)?

An initiative of the U.S. Department of Education, the FFELP is the largest financial aid program in the nation with hundreds of lenders, 35 guarantors and over 6 million students and parents participating each year. A unique partnership in which private, nonprofit and state-based lenders make federally-guaranteed education loans to students and parents, the FFELP has made the dream of college a reality for more than 60 million Americans since its inception in 1965.

How much funding is provided through the FFELP?

In 2007-08, FFELP lenders provided total funding in excess of \$55 billion – 78 percent of all new federal student loans – for students and parents at approximately 5,000 postsecondary institutions.

Given the current state of credit markets, are FFELP loans available?

To our knowledge, not a single student in the nation has been unable to secure a FFELP loan due to the credit crisis. FFELP lenders remain strong and dedicated. While some lenders have found it necessary to reduce or temporarily suspend participation in the FFELP, others have stepped in to meet those funding needs. Lenders are working diligently behind the scenes to ensure funds continue to be available; these efforts include use of traditional financing models, participation in liquidity programs offered by the Department of Education, and a backstop Lender of Last Resort program which has yet to be required. Other liquidity facilities and options are available to address the needs of all types of participating FFELP lenders.

Are non-federal student loans still available?

It's important to distinguish federal education loans from "private" or "alternative" loans, which often have higher interest rates and fewer flexible repayment options. In the non-federal student loan sector, interruptions in credit availability, increased credit costs and more stringent eligibility requirements related to credit history have been reported.

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How does the FFELP differ from other loan programs?

Loans disbursed through the FFELP offer low interest rates and flexible repayment options, and include important deferment, forbearance and loan forgiveness benefits. Additionally, the FFELP community of schools, lenders and guarantors provides exceptional services that build money management skills, emphasize the importance of loan repayment and prevent loan default, as evidenced by the impressive FFELP cohort repayment rate of *more than 92 percent*. FFELP loans for students require no proven credit history or collateral, which makes the incredibly high rate of repayment even more remarkable. The FFELP is the only federal education loan program that offers students and schools a choice in lenders and the resulting benefits of competition. In short, the FFELP remains the best choice for schools and a winning partnership for Oklahoma students and families.

What services do Oklahoma's FFELP lenders and OGSLP provide to schools and students?

Oklahoma's FFELP lenders and the Oklahoma Guaranteed Student Loan Program (OGSLP), our state's designated FFELP guarantor and a division of the State Regents, provide invaluable resources for Oklahoma schools, including:

- ✓ Outreach and access programs that demonstrate the value of postsecondary education, build aspiration and educate families about financial aid availability.
- ✓ Products and services that simplify loan processing for borrowers and schools, including lender comparison tools.
- ✓ Financial literacy programs and services that strengthen students' budgeting and debt management skills.
- ✓ Progressive early assistance programs that educate borrowers about successful repayment strategies before repayment begins.
- ✓ Innovative and aggressive default prevention programs, including OGSLP's special tools that empower schools to track and connect with at-risk borrowers and provide them an opportunity to recover from delinquency and avoid default.

OGSLP provides customized aid awareness and financial literacy programs, training and publications designed to meet the unique needs of Oklahoma schools and families, as well as critical funding that supports administration of the State Regents' grant and scholarship programs, maintenance of the statewide student portal, OKcollegestart.org, and a comprehensive publicity campaign to raise awareness of the Oklahoma's Promise scholarship program. OGSLP's knowledgeable team serves as a local resource for the latest industry, operational and legislative information and offers exceptional customer service and responsiveness.

How can I learn more about federal aid and Oklahoma's FFELP community?

For more information, contact Angela Caddell, OGSLP Director for Communications, Financial Education and Outreach, at 405.234.4495, 800.970.6566 (toll-free) or acaddell@ogslp.org. Learn more about OGSLP's programs and services for students, parents, and school and lender customers at www.ogslp.org.

