

August 10, 2010

Dear Student and Parents:

A new school year at the College of Visual Arts is rapidly approaching and there are several items that need to be covered in this letter to assist you with the receipt of your federal loans for fall semester. First of all, the financial aid website at CVA has been updated to provide links to loans processed through the CVA financial aid office from which you and your family may be eligible to receive money. This includes Federal Direct Student Loans, Federal Direct Parent Loans (PLUS) and Private/Alternative Loans. The link to this page is provided on the enclosed "Instructions Sheet – Loan Applications".

On March 30, 2010, President Obama signed the *Health Care and Education Affordability Reconciliation Act of 2010* into law. The law makes major changes to several federal financial aid programs, including eliminating the Family Federal Education Loan Program (FFELP), which allowed private lenders to originate federal loans. Because of the new provision, CVA is converting to Federal Direct Loans for both students and parents. Below is a list of benefits offered in the Federal Direct Loan Program.

Federal Direct Loans – Borrower Benefits

- The interest rate for Direct Subsidized Loans is 4.5% fixed, and for Unsubsidized Loans it is 6.8% fixed.
- There is a 1% origination fee for both types of loan
- The interest rate for the Direct Parent Plus Loan for the 2010-2011 academic year is 7.9%, with a 4% origination fee.
- Direct Loans offers one additional repayment option – Income Contingent Repayment (ICR). The plan is designed to make repaying education loans easier for students who intend to pursue jobs with lower salaries, such as careers in public service. It does this by tying the monthly payments to the borrower's income, family size, and total amount borrowed. The monthly payment amount is adjusted annually, based on changes in annual income and family size.

As a result of this transition, all CVA students (new and continuing) must complete a new "Master Promissory Note" (MPN) in order to receive funding from the federal loan programs. Parents will also need to complete the process for the Parent PLUS Loan. I would like to stress that it is very important for you to follow the enclosed instructions to ensure that your loan proceeds are applied to your student account in a timely manner.

Please feel free to contact Val Youngquist or Dave Woodward at 651.757.4020 if you have any questions.

Sincerely,

Dave Woodward
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