

PUT Program FAQ (provided by EdAmerica)

What is this program?

On May 7, 2008, the Ensuring Continued Access to Student Loans Act (ECASLA) was signed into law, thus creating the PUT Program. This legislation authorizes the U.S. Department of Education to purchase federal student loans from lenders to ensure on-going liquidity and availability of funds for student loans. The purpose of the program is to provide lenders with the means to continue offering student loans to students.

Do I still have to make payments?

Yes. The sale of your student loan(s) does not affect the terms and conditions governing the loan(s). Your loans will still be subject to all the terms and conditions stated in the Master Promissory Note (MPN) that you signed to take out the loan.

You may have other loans that are not included in the loan transfer that will continue to be serviced by your current loan servicer. You will receive repayment information from the Department of Education Servicing Center for any loan(s) transferred to them.

How will payments be applied?

If you have recently sent any payments intended to be applied toward a loan(s) that is being transferred, your lender will work with the Department of Education Servicing Center to ensure that any applicable payments are transferred to them in a timely manner. You may have other loans that are not included in this loan transfer that will continue to be serviced by your current loan servicer, and your payment will be applied to your account. Payments received are first applied to outstanding interest, and the remainder is applied to the principal balance, unless late fees have been assessed. Since this is a federal loan, you do not prepay interest, and there is no prepayment penalty.

How will this transfer of ownership change my loan?

The terms and conditions of your loan will not be impacted by the transfer of ownership. **All future payments and correspondence regarding your loan(s) that has been sold should now be directed to the Department of Education Student Loan Servicing Center.** If you have any questions regarding the loan(s) that has been transferred, please contact the Department of Education Student Loan Servicing Center at 1-800-508-1378, Monday through Friday 8:00 a.m. to 11:00 p.m., ET. Please be advised that you may have other loans through this lender that are not impacted by the PUT Program. **If you have other loans with a lender that has not been sold to the Department of Education, please continue to communicate with your lender regarding those loans.**

What if I do not want to participate?

Unfortunately, the decision to participate in the PUT program is determined by your lender. The lender of your student loan(s) is authorized to sell your loan to the U.S. Department of Education under ECASLA.

Are all my current student loans affected?

You may have other loans with a lender that are not impacted by this loan transfer and can be viewed on your lender's website or at www.nsls.ed.gov. The ECASLA only authorizes lenders to sell loans disbursed for the 2007/2008, 2008/2009 and 2009/2010 academic years. If you have loans for prior academic years, these loans will remain with your lender and current servicer. Please refer to the loan transfer notification sent by your lender to view the details of what loan(s) will be transferred to the Department of Education. **It is important that you keep careful records of your student loans, who holds them and who services them.**

What if I need to take out an additional loan next year?

Please request your current lender again. Your lender will continue to provide the exceptional customer service and support you've come to expect. The Master Promissory Note (MPN) that you signed to take out the loan(s) is still valid, and you may continue to borrow with the original lender if you choose to do so.

I recently sent in a deferment/forbearance request to my lender. Will my deferment/forbearance automatically be applied on my loan(s) that was transferred to the Department of Education?

You will need to send a copy of the deferment/forbearance request to the Department of Education Servicing Center to request a deferment/forbearance for any loan(s) transferred to them. You may have other loans that are not included in this loan transfer, and your lender should be able to process your deferment/forbearance for any loan(s) that continues to be serviced by their designated servicer. You can contact your lender to request the appropriate deferment/forbearance form.

If my loan(s) is transferred to the Department of Education, does that mean that it is now considered to be a Direct Loan?

No. The loan is still a FFEL program loan and is not considered to be a Direct Loan.

I was offered/saw on the website that I would have "life of loan servicing" by my lender. Is that not true?

Due to recent legislation and an unprecedented liquidity crisis, many lenders have been forced to change their business models. In order to continue to make new loans to students and parents, lenders are relying on the Department of Education and the U.S. Treasury for funding, rather than on the student loan secondary markets that traditionally purchased and held student loans. Right now, the Department of Education has its own service provider, and it is not your initial lender.

If I want my loans with one lender, can I consolidate? Doesn't Direct Lending offer consolidation?

Yes, you can consolidate your loans through Direct Lending, but the only real benefit is combined billing. You can research consolidation through Direct Lending on-line at: <http://loanconsolidation.ed.gov/>.