

Federal Direct Loan Application Information Sheet

Step 1: Complete a Free Application for Federal Student Aid (FAFSA)

You must complete the **FAFSA** in one of the following ways:

- 1 **FAFSA** on the web (www.fafsa.ed.gov). If you choose to complete the FAFSA on the web and do not have a pin, you may go to www.pin.ed.gov to request one.
 - 2 A paper application (available by calling 1.800.433.3243 and having one mailed to you directly)
 - 3 Call our office at 609.343.5082 and schedule an appointment to file your FAFSA electronically.
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Step 2: Complete an Entrance Interview (*Subsidized and Unsubsidized loans*)

Previous Federal Direct Loan Recipients. Students who have **previously borrowed** a Federal Direct Loan and have completed an Entrance Interview are not required to complete a second interview.

First time loan Borrowers and persons who have borrowed more than 10 years ago must complete an Entrance Interview before your loan request will be processed. The interview may be completed by following the steps below.

- 1 Complete the Entrance Interview on the web by doing the following:
 - Sign on to www.direct.ed.gov
 - Click students on the left
 - Then click applying
 - Scroll down until you get to **Entrance Counseling** and then click “*complete this counseling online.*” and “Take the **Entrance Counseling Session**”. This online entrance counseling session will take about 20-30 minutes to complete.
 - Read all of the Loan information page by page.
 - Take the quiz (you must pass) the “Rights & Responsibilities” quiz.
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Step 3: Complete an online Master Promissory Note (MPN)

You must also complete a **Direct Loan Master Promissory Note (MPN)**. This step **must** be done on the web at www.dlenote.ed.gov/. You will need your Federal PIN in order to sign your MPN online. (See step 1 for information on obtaining a pin) Signing the MPN electronically will shorten the time frame needed to get your loan funds to you.

Once you have a **Direct Loan Master Promissory Note (MPN)** on file with the Federal Government, you are no longer required to complete a new promissory note for each new loan. However, you (previous borrowers) will still receive disclosure notices which will have the amounts of you loan(s) and the anticipated disbursement dates. You will be notified by mail or email when your checks will be available. To insure that your notifications are received be sure to up date your email and address information with the **Enrollment Services Office**.

Once your loans have been processed you will receive Disclosure Notice(s) which will be mailed approximately 10 – 12 days before the scheduled disbursement date. The Disclosure Notice(s) will indicate the approved gross loan amount(s), fees, net loan amount(s), and anticipated disbursement dates. All loans are disbursed in at least 2 disbursements. If the loan period requested is fall and spring, then the first installment will be disbursed at the beginning of the fall

semester and the second installment will be disbursed at the beginning of spring semester. If the student is graduating and has requested a one semester only loan, then the first installment will be disbursed at the beginning of the semester and the second installment will be disbursed after midterm. There is a 30-day delayed disbursement period for all first-time borrowers at ACCC. Therefore, Direct Loan funds will not be disbursed to a student's Business Office account until 30 days after the start of the semester.

You have 14 days after the loan(s) have been disbursed to decline any funds that you no longer wish to receive. You will be notified by mail or email when your checks are available.

Step 4: Complete a Federal Direct Loan Request Form *(attached to this packet)*

All students must complete the college's **Federal Direct Loan Request Form** and submit it to our office. The request form is where you will indicate the amount you wish to borrow for the year.

Important Information for All Borrowers:

- 1 Published information about student loans is available in the Financial Aid Office at all three campuses.
- 2 Annual loan limits for **Dependant Students** are:
 - Students who have earned less than 32 credits can borrow \$3500 combined subsidized and/or unsubsidized plus \$2000 additional unsubsidized.
 - Students who have earned 32 credits or more can borrow \$4500 combined subsidized and/or unsubsidized plus \$2000 additional unsubsidized.
- 3 Annual loan limits for **Independent Students** are:
 - Students who have earned less than 32 credits can borrow \$3500 combined subsidized and/or unsubsidized plus \$6000 additional unsubsidized.
 - Students who have earned 32 credits or more can borrow \$4500 combined subsidized and/or unsubsidized plus \$6000 additional unsubsidized.
- Please keep in mind that these are limits and not necessarily the actual amounts you will be eligible for. Actual amounts will be determined once the loan request has been certified and approved.
- 4 The amount of loan funds a student is able to borrow is based on the cost of attendance minus resources (student contribution and financial aid awards).
- 5 On July 1, 2009 the Federal Government will set the interest rate for 2009-2010 Direct Loans as the following:
 - **Subsidized Loans** Undergraduate 5.60% and Graduate 6.80%
 - **Unsubsidized Loans** Undergraduate 6.80% and Graduate 6.80%
 - **PLUS Loans** 7.90%
- 6 A student who **drops below 6 credits** (i.e. takes a leave of absence, withdraws from ACCC, or is registered for less than 6 credits), must complete an exit interview and is not entitled to loan funds. If funds have already been disbursed they will be returned to the Direct Loan Servicer.
- 7 Your grace period will begin if and when your registration status drops below 6 credits, and the repayment of your loans will commence 6 months later.
- 8 A student's loan **may have to be reduced** if any of the following occurs:
 - The student takes a **reduced course load** after the loan has been processed
 - The student **receives additional aid** after the loan has been processed.

If a loan is reduced due to receipt of additional aid the student will receive a revised award letter containing the additional financial aid and the reduced loan amount(s).

