

## LOAN FACTS

### *William D. Ford Federal Direct Student Loan*

#### How Much Can Students Request in Direct Student Loans?

The maximum amount a student can *request* each academic year is:

	Dependent * <u>Student</u>	Independent** <u>Student</u>
1 <sup>st</sup> year undergraduate	\$2,625	\$6,625
2 <sup>nd</sup> year undergraduate	\$3,500	\$7,500

(2<sup>nd</sup> year undergraduate must have earned 24 credits towards degree prior to the period of the loan.)

\* A **dependent** student is one who does not meet any of the criteria for an independent student.

\*\* An **independent** student is one of the following: a student who is at least 24 years old, married, a graduate or professional student, a veteran, an orphan, a ward of the court, or someone with legal dependents other than a spouse.

- The amount a student can borrow is **limited by:** the student's school costs, other financial aid the student may receive and (in the case of Direct Subsidized Loans) the student's Expected Family Contribution as derived from the Free Application for Federal Student Aid.
- All Direct Loans have an origination fee of 3% that is subtracted proportionately from each loan disbursement. This money goes to the federal government to help reduce the cost of supporting these low-interest loans.
- All loans are disbursed in two equal installments. The first installment is disbursed approximately six weeks into the semester (mid-October for Fall loans and mid-March for the Spring loans) so that attendance can be verified. The second disbursement is paid at the mid-point of the loan period.
- **Federal Direct SUBSIDIZED Stafford/Ford Loans** – The federal government pays the interest on Subsidized loans while students are in school at least half time and during certain periods, such as grace and deferment (a postponement of repayment). In order to receive this type of loan, students must demonstrate financial need as determined by information provided on the FAFSA application.
- **Federal Direct UNSUBSIDIZED Stafford/Ford Loans** – Students can get these loans regardless of financial need. Students can defer payment of the principle but are **responsible for all interest charges while in school.**

#### What is the interest rate for direct loans?

Interest rates are variable and are adjusted each year on July 1. The maximum interest rate for Direct Subsidized and Unsubsidized Loans is 8.25%.

#### How do I Complete Loan Entrance Counseling and Signing the Master Promissory Note?

If you have not completed these steps with a prior student loan, you will be sent instructions once the loan is processed. Link to the appropriate federal loan web sites from the Financial Aid page of the MCC web site at [www.monroecc.edu/go/finaid](http://www.monroecc.edu/go/finaid). **After completing loan entrance counseling, please print the confirmation page. For signing of the Promissory note, you will need a federal PIN, which can be requested at [www.pin.ed.gov](http://www.pin.ed.gov).**