

FEDERAL DIRECT LOAN

By completing the FAFSA, you will be considered for grants, scholarships and student employment. If you do not qualify for grant assistance, or the grant offered is not sufficient to cover your necessary educational expenses, you may choose to borrow through the Federal Direct Loan program. Eligibility for a Federal Direct Loan requires that a student be enrolled at least half-time in an eligible program, not be in default of a previous student loan and be in good academic standing.

In order to apply for a Federal Direct Loan, you must complete:

- A Free Application for Federal Student Aid (FAFSA) at fafsa.gov
- **Loan Entrance Counseling** at studentloans.gov
- A Federal Direct Loan **Master Promissory Note** (MPN) at studentloans.gov

Sign your Master Promissory Note electronically with your U.S. Department of Education FSA ID (the same FSA ID used to sign the FAFSA).

If you do not have a FSA ID, go to fsaid.ed.gov or contact customer service at (800) 557-7394.

If you received a Federal Direct Loan previously and have a valid Master Promissory Note (once signed the first time you borrow, the MPN remains valid for ten (10) years), Northampton Community College will automatically award the Federal Direct Loan and you will be notified through your Financial Aid Award Letter. If you wish to reduce or cancel the loan, you must provide written notice either through returning your Financial Aid Award Letter indicating the change or by providing written, signed and dated instructions to the Financial Aid Office.

When the NCC Financial Aid Staff has determined your loan eligibility and your loan has been certified, you will receive an approval notice which indicates the amount, interest rate and disbursement date(s) of your loan. Loan proceeds will be sent to Northampton Community College through the electronic funds transfer process and credited to your account.

Parents of dependent undergraduate students seeking additional financial assistance may apply for a federal Parent Loan for Undergraduate Students (PLUS) to cover all remaining college expenses including tuition, room, board and other fees. The PLUS loan has a fixed interest rate that is typically lower than many alternative loan options. Parents can apply for a PLUS loan online at studentloans.gov by logging on with the parent's Department of Education FSA ID Number and selecting "Request a Direct PLUS Loan". The parent will need to authorize a credit check to determine if the parent is eligible for the Federal Parent PLUS Loan. If a parent is denied for the Parent PLUS Loan based upon the required credit check, the student is eligible to receive an increase of up to \$4,000 per year in the student maximum of Unsubsidized Direct Loan.

For additional information about the Federal Direct Loan program please visit studentloans.gov or call the NCC Financial Aid staff at 610-861-5510.



Northampton Community College

Federal Direct Loan Application Process

Interest Rate:

- Interest rates will be determined each June for new loans made for the upcoming award year.
- Go to studentloans.gov for current interest rates.

Loan Disbursement:

- The U.S. Department of Education will issue loan proceeds by electronic funds transfer (EFT) to Northampton Community College.
- A loan origination fee will be deducted from your loan proceeds and is included in the amount you will be responsible to repay.

- The NCC Bursar's Office will apply a credit to the student's account and issue a refund if the account is paid in full.

Borrow Responsibly

- Student loans are useful financial tools, but they also carry serious responsibilities, so borrow wisely. A student should never borrow more than he or she needs.
- A positive credit history is an asset and defaulting on a student loan can have serious consequences. Not only can it damage credit history, but it can make a student ineligible for future financial aid.

FEDERAL DIRECT STUDENT & PARENT PLUS LOANS

	Subsidized Federal Direct Loans	Unsubsidized Federal Direct Loans	Federal Direct PLUS Loans
Eligibility	Students enrolled in at least 6 credits per semester.	Students enrolled in at least 6 credits per semester.	Parents of dependent undergraduate students enrolled in at least 6 credits per semester. Based on parents' credit worthiness.
Annual Loan Limits:			
Dependent Undergraduates	1 st Year: \$3,500 2 nd Year: \$4,500	1 st Year: \$5,500 2 nd Year: \$6,500 (minus the amount borrowed under a subsidized loan)	Total budgeted costs less other financial aid.
Independent Undergraduates (and dependent students whose parents are denied a PLUS loan)	1 st Year: \$3,500 2 nd Year: \$4,500	1 st Year: \$9,500 2 nd Year: \$10,500 (minus the amount borrowed under a subsidized loan)	
Aggregate Loan Limits:			
Dependent Undergraduates	\$23,000	\$31,000 (including subsidized loans of up to \$23,000)	No aggregate limit.
Independent Undergraduates (and dependent students whose parents are denied a PLUS loan)	\$23,000 * for first-time borrowers after July 1, 2013, Direct Subsidized Loans are limited to 150% of their published length of program under SULA	\$57,500 (including subsidized loans of up to \$23,000)	
Repayment	Principal payments may be deferred until 6 months after the student graduates or ceases to be enrolled in at least 6 credits per semester.	Principal payments may be deferred until 6 months after the student graduates or ceases to be enrolled in at least 6 credits per semester. Interest is paid quarterly or capitalized while the student is in school.	Repayment of principal and interest begins within 60 days of disbursement. Parents may be eligible to delay repayment while the student is enrolled in at least 6 credits per semester.

Disputes related to Federal Direct Loans:

The Federal Student Aid Ombudsman Group of the U.S. Department of Education is dedicated to helping resolve disputes related to Direct Loans. *Federal Family Education Loan (FFEL) Program* loans, *Guaranteed Student Loans*, and Perkins Loans. The Ombudsman Group is a neutral, informal, and confidential resource to help resolve disputes about your federal student loans. You may contact the Ombudsman Group through one of these methods:

Postal Mail: US Department of Education
FSA Ombudsman Group
830 First Street, N.E., Mail Stop 5144
Washington, DC 20202-5144

Phone: 1-877-557-2575
Fax: 202-275-0549

To access your Student Loan History:

The National Student Loan Data System (NSLDS) is the central database for student aid. NSLDS Student Access provides you a centralized view of your federal loans and grants so that you can access and inquire about your loan or grant data. Go to nslds.ed.gov to access your records.