

# Federal Direct Stafford Loan Information

## Federal Direct SUBSIDIZED Loan

Direct Subsidized Loans are for students with financial need as defined by the FAFSA. Undergraduate and graduate students who have unmet financial need can be considered for this loan up to the amount of the student's borrowing limit. The borrower is not charged interest while enrolled in school at least half-time and during grace periods and deferment periods.

## Federal Direct UNSUBSIDIZED Loan

The borrower is not required to demonstrate financial need to receive a Direct Unsubsidized Loan; however the FAFSA must be completed. The Unsubsidized loan cannot exceed the educational cost of attendance minus other financial aid. Interest accrues (accumulates) on an unsubsidized loan from the time of the first disbursement. The borrower can pay the interest while in school and during grace periods and deferment or forbearance periods, or allow it to accrue and be capitalized (that is, added to the principal amount of the loan). If the borrower chooses not to pay the interest as it accrues, this will increase the total amount repaid because of charged interest on a higher principal amount.

## Eligibility for the Direct Loan Subsidized and Unsubsidized

As with all federal student aid, to become eligible you must complete the Free Application for Federal Student Aid (FAFSA), the borrower must be a U.S. citizen or eligible non-citizen as defined by the FAFSA, the student borrower must be enrolled or accepted for enrollment in a degree program on at least a half-time basis (6 semester hours) as an undergraduate or graduate student, The borrower must maintain Barton College's Satisfactory Academic Progress (SAP) for Financial Aid Eligibility. They cannot be in default on a previous Federal student loan, Perkins, or Direct Loan.

## Borrowing Limits

*Borrowing limits depend on class standing and academic level, and vary for undergraduates, graduate and professional students.*

## Federal Direct Loan Borrowing Limits

Dependent Students	Max Subsidized	Unsubsidized = Total Annual Amt.	
		Effective July 1, 2008	Total Annual Limit
0-29.5 Freshman	\$3,500	\$2,000	\$5,500
30-59.5 Sophomore	\$4,500	\$2,000	\$6,500
60-92.5 Junior or 93+ Senior	\$5,500	\$2,000	\$7,500

## Federal Direct Loan Borrowing Limits (continued)

Independent Students and Plus Denials	Max Subsidized	Unsubsidized = Total Annual Amt.	
		Effective July 1, 2008	Total Annual Limit
0-29.5 Freshman	\$3,500	\$6,000	\$9,500
30-59.5 Sophomore	\$4,500	\$6,000	\$10,500
60-92.5 Junior or 93+ Senior	\$5,500	\$7,000	\$12,500
Graduate or Professional	* \$0	* \$20,500	* \$20,500

### Aggregate Loan Limits

- Dependent Undergraduate: \$31,000  
(Maximum \$23,000 in Subsidized)
- Independent Undergraduate: \$57,500  
(Maximum \$23,000 in Subsidized)
- Graduate or Professional: \$138,000  
(Maximum \$65,500 in Subsidized)  
*As of July 1, 2012 Graduate Students are no longer eligible for subsidized loans.*

### Federal Direct Loan Rates

	2014/2015	2015/2016
Subsidized Federal Direct (Undergrad)	4.66%	4.29%
Unsubsidized Federal Direct (Undergrad)	4.66%	4.29%
Unsubsidized Federal Direct (Graduate or Professional Students)	5.84%	5.84%

### Applying for a Federal Direct Loan (Student)

**Step 1:** New and Returning Students: Complete and submit a Free Application for Federal Student Aid (FAFSA) if one has not been completed at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). Direct Loan eligibility is determined by the federal government and reported to Barton College's Office of Financial Aid for inclusion on the student's financial aid award letter. Refer to the borrowing limits chart above for the maximum amount a student can borrow each year, depending on the student's dependency status (as determined by the FAFSA) and the student's academic level.

**Step 2:** New Students: Complete the Direct Loan Entrance Counseling at [www.studentloans.gov](http://www.studentloans.gov). Once on the site, "Sign In" under the "Manage My Direct Loan" located on the left side of the page. You will need your social security number, date of birth and your Federal Student Aid I.D. to sign in (same FSA I.D. used to electronically sign the FAFSA); the FSA I.D. number is available at [www.fsa.id.gov](http://www.fsa.id.gov). To complete the Direct Loan Entrance Counseling, select the link titled "Complete Entrance Counseling." The Department of Education will automatically notify Barton College of the completed Entrance Counseling.

**Step 3:** New Students: Complete the Direct Loan Master Promissory Note (MPN) at [www.studentloans.gov](http://www.studentloans.gov). Once on the site, "Sign In" under the "Manage My Direct Loan" located on the left side of the page. You will need your social security number, date of birth and your Federal Student Aid I.D. to sign in (same FSA I.D. used to electronically sign the FAFSA); the FSA I.D. is available at [www.fsa.id.gov](http://www.fsa.id.gov). To complete the Master Promissory Note, select "Complete Master Promissory Note," then select "Subsidized/Unsubsidized" for the Federal Direct Undergraduate Student Loan. The Department of Education will automatically notify Barton College of the completed Master Promissory Note (MPN).

## **Direct Loan Origination Fees**

The loan origination fee is an expense of borrowing Direct Subsidized/Unsubsidized Loans. The Direct Loan origination fee effective October 1, 2015 will be 1.068%. By law, these fees will be subtracted proportionally from each loan disbursement. (More information will be provided during the on-line entrance counseling session). *Origination fees are subject to change for 2016/2017.*

## **Loan Disbursements**

The Federal Direct Loan award is issued in multiple disbursements during the academic year. If the borrower plans to be enrolled at least half-time for the Fall and Spring semesters, the loan will be issued in two equal disbursements (one disbursement per semester).

## **Loan Cancellation / Reinstatement**

A student or parent borrower may cancel or reduce a loan any time before a loan has disbursed to Barton College. If the loan has already been disbursed and credited to the student's account in the Business Office, the borrower may cancel a loan within 30 days from the date it disbursed and credited to the student's Business Office account. A student may reinstate a Federal Direct subsidized (sub) and unsubsidized (unsub) loan at any time prior to the end of the student's current academic year enrollment. The Federal Parent PLUS for Parents/ Graduate students and Alternative Loans **MAY NOT** be reinstated once reduced or cancelled. Instead, the borrower must reapply online. To reinstate, reduce, or cancel a loan, the borrower must complete the Loan Revision Form.

*Important Notice: Canceling any loan disbursement could result in a balance to be due on the student's account in the Business Office which the student will be responsible for paying.*

## **Repayment After the Designated Time Period**

Borrowers cannot cancel a loan disbursement if the designated time period described above has already passed. Instead, the borrower can repay the loan disbursement directly by contacting the loan holder which can be found by accessing [www.nslds.ed.gov](http://www.nslds.ed.gov). The borrower will be responsible for any interest that may have accrued and/or any loan fees.

## **Enrolled for less than 6 Semester Hours, Withdrawing or Graduating from Barton: Loan Exit Counseling**

Federal regulations require students who have borrowed a Federal Student Loan and are graduating, leaving school, or dropping below half-time enrollment to complete Exit Counseling. During the Exit Counseling, the student borrower will review rights and responsibilities as a student borrower, important information about repaying student loans, consolidation, repayment options, discharge and forgiveness as well as useful information to help manage student loans during repayment. Students may complete the Exit Counseling at [www.studentloans.gov](http://www.studentloans.gov). When completing the Exit Interview, the student must provide a permanent address, phone number, employer (if working) and three (3) different references with complete names, addresses and phone numbers. One reference can be a relative. The other two cannot be relatives. Students may review their loan history at The National Student Loan Database site ([www.nslds.ed.gov](http://www.nslds.ed.gov)). NSLDS is a secure central database that stores information on all loans and grants processed through the Department of Education's federal student aid program. This site is created to collect information from schools and lenders so that aid can be more efficiently processed. It is updated every 30-60 days by the schools and the lender(s), so recent disbursements may not show immediately.

## **Ombudsman**

If a borrower disputes the terms of the Federal Direct Loan in writing and the holder of the loan is unable to resolve the dispute, a borrower may seek the assistance of the Office of Education's Student Loan Ombudsman. The Student Loan Ombudsman will review and attempt to informally resolve the dispute and may be reached at 1-877-557-2575 or [www.ombudsman.ed.gov](http://www.ombudsman.ed.gov).

## **Loan Consolidation**

A Direct Consolidation Loan Program is available that allows a borrower to consolidate (combine) one or more of the eligible federal education loans into one loan. For more details and information, go to [www.loanconsolidation.ed.gov](http://www.loanconsolidation.ed.gov).

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