



**WILLIAM D. FORD**  
 Direct Loan Application

**PROCEDURE FOR OBTAINING A DIRECT LOAN**

- 1) Fill out a 2013-2014 Free Application For Federal Student Aid (FAFSA) [www.fafsa.ed.gov](http://www.fafsa.ed.gov)
- 2) Financial aid must be processed in our office before you could apply for a loan
- 3) Complete the William D. Ford Federal Direct Loan Request Form
- 4) Complete an Entrance Interview & Master Promissory Note (MPN) on [www.studentloans.gov](http://www.studentloans.gov)
  - To obtain a Direct Loan an Entrance Interview must first be completed. When you get to the above website, click on **Entrance Counseling for Borrowers**. Read the Entrance Counseling tutorial and take the quiz that follows the tutorial. Passing this quiz is a **MUST**. Once this is completed, you must proceed to the “show form for printing”. **Print this page and bring it to the Financial Aid Office along with your fully completed Direct Loan Application.** (Attached)
  - A **Master promissory note** is required to receive funds from an educational loan program. Each applicable promissory note must be completed before loan funds can be disbursed. If you do not complete the promissory note online, you will receive a Promissory Note approximately two weeks after you hand in the application. The promissory Note is the legal document you sign agreeing to pay back the loan. Before you sign it, you should review the information on the Promissory Note.

**TYPES OF LOANS**

1. **Direct Subsidized Loan** – the Federal Government pays the interest while you are in school at least halftime (based on financial need).
2. **Direct Unsubsidized Loan** – you accrue interest while you are in school (financial needs are not considered).
3. **Direct Plus Loans** – for parents with good credit history that want to borrow for their child’s education (credit will be checked).

**REMEMBER THAT IF YOU HAVE ANY PROBLEM, YOU CAN CALL THE SERVICER AT 1-800-848-0979. THEY ARE AVAILABLE TO ASSIST YOU WITH ANY PROBLEM YOU MIGHT HAVE.**

The amount you are eligible to borrow each academic year	*Maximum Subsidized Loan	Additional Unsubsidized Loan	**Total Loan (combined subsidized and unsubsidized)	Maximum subsidized and unsubsidized	Maximum subsidized
1st Year (0 – 29.9 credits) (Dependent Student)	\$3,500	\$2,000	\$5,500	\$31,000	\$23,000
2nd Year (30 credits or more) (Dependent Student)	\$4,500	\$2,000	\$6,500		
1st Year (0 – 29.9 credits) (Independent Student)	\$3,500	\$6,000	\$9,500	\$57,500	\$23,000
2nd Year (30 credits or more) (Independent Student)	\$4,500	\$6,000	\$10,500		

**\* Maximum Subsidized loan cannot exceed the Financial NEED of the student**

**\*\* Total Loan cannot exceed the student COST OF ATTENDANCE for the loan period**

## Sample Student Loan Repayment Chart

Your educational borrowing will have an effect on your future lifestyle. You need to be aware of what your monthly loan payments will be **before** you commit to a loan amount. The standard loan repayment period is ten years and requires a minimum monthly payment of \$50. There are other repayment plans available.

<b>Total Borrowed</b>	<b>Monthly Payment*</b>	<b>Total Borrowed</b>	<b>Monthly Payment*</b>
\$ 5,000	\$ 61.00	\$ 31,000	\$ 380.00
\$ 10,000	\$ 123.00	\$ 50,000	\$ 613.00

\*To calculate the amount of your monthly payment based on a specific loan amount and repayment plan, use the Direct Loan website: <http://www.ed.gov/DirectLoan>

### Frequently Asked Questions

#### **What is my repayment period?**

The repayment periods for Stafford Loans vary from 10 to 30 years depending on which repayment plan you choose. When it comes to repayment you can pick a repayment plan that's right for you. You can get more information about repayment by going to the U.S. Department of Education web site [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

#### **When do I start paying back my student loans?**

If you're attending school at least half-time, you have a period of time after you graduate, leave school, or drop below half-time status before you must begin repayment. This period of time is called a "grace-period". The grace period for a Stafford Loans is six months.

- **Subsidized loan** - during the grace period, you don't have to pay any principal and you won't be charged interest.
- **Unsubsidized loan** - you don't have to pay any principal, but you will be charged interest. You can either pay interest as you go along or it will be capitalized later.

#### **How much will I have to repay and how often?**

Usually you'll pay monthly. Your repayment amount will depend on the size of your debt and the length of your repayment period. If you have a Stafford Loan, the amount you'll pay also depends on the repayment plan you choose

#### **How can I check the status of my student loans?**

You should contact the holder of your loan. If you don't know who holds your loan, you can use our Web site ([www.nslds.ed.gov](http://www.nslds.ed.gov)) to find out about your federal student loans. The site displays information on loan and/or federal grant amounts, outstanding balances, loan statuses, and disbursements. To use the NSLDS Student Access Web site, you will need to provide your Social Security Number, the first two letters of your last name, your date of birth, and your PIN.

#### **What is the interest rate?**

	<b>Subsidized Stafford Loans (Undergraduate Students)</b>	<b>Other Stafford Loans (Unsubsidized)</b>
2012-13	3.80%	6.80%
<b>2013-14</b>	<b>3.86%</b>	<b>3.86%</b>

#### **What if I can't make my payments?**

There are two options for postponing repayment - Deferment and Forbearance. Receiving deferment or forbearance is not automatic. You must apply for it. You must continue making payments on your loan until your deferment or forbearance has been granted.

#### **Can I cancel my student loan if I change my mind, even if I've signed the promissory note agreeing to the loan's terms?**

Yes, Your school must notify you in writing whenever it credits your account with your loan funds. You may cancel all or a portion of your loan if you inform your school within 14 days after the date your school sends you this notice, or by the first day of the payment period, whichever is later. (Your school can tell you the first day of your payment period.) If you receive your loan funds directly by check you may refuse the funds by returning the check to the school.

#### **Where can I go for more information?**

You may visit the financial aid office at Kingsborough community college or visit <http://web.cuny.edu/admissions/financial-aid/student-loans/direct-loans.html>

### Contact Info

*Melissa Larrea*  
Loan Officer

*Ellen Flaks*  
Loan Office Assistant

*Claudius Christopher*  
Default Manager

Office numbers: (718) 368-4644

Office Hours: M - F 9:00AM to 5:00PM





## FINANCIAL AID OFFICE

### *LOAN FACTS*

#### **LOAN PAYMENTS WILL BE ISSUED IN 2 DISBURSEMENTS PER SEMESTER**

#### **NO BOOK ADVANCES ON LOANS. PLEASE PLAN AHEAD**

- 1) Students must maintain good academic standing for each semester in which they receive a loan disbursement. Failure to do so will result in the cancellation of the remainder of the loan. Students must attain good standing during the academic year to retain loan eligibility for the following year.
- 2) **Students are required to be in attendance at least half time (6 credits) in order to receive a loan.** Students who drop below half time after receiving a loan must contact the financial aid office to arrange an Exit Interview.
- 3) Borrowers with Kingsborough must wait a minimum of 30 days after the first day of classes to receive their first loan check.
- 4) Fall only loans will be pro-rated.
- 5) By signing a promissory note the borrower takes responsibility for repaying the loan in full.
- 6) Students who have received a loan and then drops all of the courses must contact the financial aid office
- 7) Direct Loan interest rates are variable and are adjusted each year but will never exceed 8.25 %.

*Note:*

- a) *No interest accrues on Subsidized Direct Loans while a student is still in school for at least half time.*
  - b) *Interest on Direct Unsubsidized Loans begins to accrue on the day the loan is disbursed.*
- 8) It will take approximately two weeks to process your loan application. To check on your loan status login to [www.studentloans.gov](http://www.studentloans.gov) "disclosure statement".