

# FEDERAL DIRECT LOAN REQUESTS FOR STUDENTS

The Direct Loan program is one option for students to utilize to fund the cost of their education. Federal Direct Stafford Student Loans are financial aid that must be repaid, typically 6 months from the point you are no longer enrolled or drop below 6 credit hours. Federal Direct Stafford Student Loans are subject to the same rules and regulations as Federal Pell Grants and other federal aid. *Loans are to be used for expenses associated with your education.* Using loan money to purchase a car, pay legal expenses, make investments, consolidate consumer debts, or pay other non-educational related debts; violates federal law and could result in the loss of your borrowing privileges at the college.

## Eligibility requirements (all of the following must be met):

- A valid current year FAFSA application must be on file with the Office of Financial Aid.
- All students who are **first-time Federal Direct Loan borrowers or transfer students** must complete an Entrance loan counseling session at <https://studentloans.gov>
- Must complete a Federal Direct Loan Master Promissory Note at <https://studentloans.gov>.
- A “Federal Direct Loan Request” form must be completed
- Student must enroll, attend and maintain a minimum of 6 credit hours per semester.
- Student must meet (and continue to meet) the college’s Satisfactory Academic Progress standards.
- Student cannot be in a defaulted status on prior federal educational loans.
- Student must be attending an eligible degree or certificate program
- Students, who are graduating or drop below half-time enrollment status and received a Federal Direct Loan, are also required to complete an Exit loan counseling session at <https://studentloans.gov>.

## General Information

- There are two types of student Direct loans: Subsidized and Unsubsidized.
  - ***A subsidized loan*** is awarded based on financial need. You will not owe any interest on a subsidized loan while you are in school at least half time, during deferment periods, and during the grace period. The federal government subsidizes (or pays) the interest during these periods.
  - ***An unsubsidized loan*** is not awarded based on need. You will be charged interest on the loan from the time it is disbursed until it is repaid in full. You have the option of paying the interest during deferment periods and during the grace period, or you may capitalize the interest. ***Capitalizing your interest means that it will be added to the principal amount of the loan and it will increase the amount you have to repay***
- A Master Promissory Note (MPN) is a legally binding agreement between you and the Federal Government that lists the conditions under which you are borrowing and the terms under which you agree to repay the loan. An MPN is valid for up to 10 years, although you may be required to complete a new MPN if you have not borrowed in the past year. You will receive a confirmation/disclosure statement once the loan is approved indicating the loan amount and expected date of disbursement.
- Student loans are disbursed in TWO disbursements.
- Loans are paid by Electronic Funds Transfer (EFT) to the students account
- A 1% origination fee is subtracted from each disbursement

- If a student drops or withdraws to below half-time (6 credits) before the loan is disbursed, the funds will be returned to the lender.
- Students, who have never borrowed a Federal Direct Loans before, are subject to the 30 day disbursement rule as outlined by the Department of Education. This means the first disbursement cannot be paid to the students account before day 30 of the students first semester.
- Students who have borrowed Federal Direct Loans before and are attending an NWCCD school will have their loans disbursed at the end of the refund period (typically week 3).
- The borrower (student) has the right to cancel any disbursement or loan within 14 days of being notified (notification is the students award letter).
- Annual loan limits are based on the student's grade level.

Grade Level	# of Credits	Status on FAFSA	Subsidized Stafford	Unsubsidized Stafford
Freshman: 0-30 credits		Dependent	\$ 3,500	\$ 2,000
		Independent (or dependent students with a denied PLUS loan)	\$ 3,500	\$ 6,000
Sophomore: 31+		Dependent	\$ 4,500	\$ 2,000
		Independent (or dependent students with a denied PLUS loan)	\$ 4,500	\$ 6,000
<b>LIFETIME TOTALS</b>		Dependent	\$ 23,000	\$ 31,000
		Independent	\$ 23,000	\$ 57,500

### Ombudsman Disclosure

If I have contacted my school, lender and guarantor regarding a dispute on my loan(s) and the dispute has not been resolved, I may contact the Department of Education's Student Loan Ombudsman's office. An *ombudsman* is available as a neutral party to work with you and all agencies involved assisting in resolving disputes. The Ombudsman may be contacted at: U.S. Department of Education, FSA Ombudsman, 830 First Street, N.E., Fourth Floor, Washington, DC 20202-5144 or (877) 557-2575.

### Important Information Regarding Repayment

#### Repaying Your Loan

You are required to begin repaying your Direct loan six (6) months after you graduate, withdraw, or drop below half-time attendance. Borrowers generally have 10 years to repay these loans. Under a standard repayment plan the monthly payment will be at least \$50. For example, the monthly payment on a \$5,500 Direct loan with an interest rate of 8.25% would be \$67.46 under a 10-year standard repayment plan, as indicated in the repayment chart.

#### Consequences of Default

If you fail to repay your loan, your credit rating will be damaged, and you may not be able to borrow in the future to pay for a car, a home, or even to continue your education. In addition, your wages may be garnished, and your federal and state income tax refunds may be withheld, your loan may be sent to a collection agency, and you may be liable for collection fees.

# Federal Direct Loan Request

*(All questions must be answered. Do not leave any blank.)*

Student Name (Last, First, MI) *PLEASE PRINT			Student ID	
Permanent Address			City	State
				Zip
Date of Birth	Anticipated Graduation Date	Email Address	Phone number ( ) -	

## TYPE OF REQUEST

Semester applying for (check all that apply):  FALL     SPRING     SUMMER

Loan Type (check all that apply):  Direct Subsidized Loan     Direct Unsubsidized Loan

Amount requested: \$ \_\_\_\_\_ Direct Subsidized Loan    \$ \_\_\_\_\_ Direct Unsubsidized Loan

*Please be advised you may not be eligible for your requested amount. In the event this happens, your student loan will be certified for your maximum eligibility.*

## STUDENT'S CERTIFICATION

Please read the following information carefully, and initial next to each and every statement below.

Statement	Initials
I understand that student loans are serious obligations. It is extremely important that you understand your rights and responsibilities. When you sign the Entrance Interview Form, it means that you do understand your responsibilities, and that you agree to honor them.	
I have already completed my Master Promissory Note (MPN) at <a href="https://studentloans.gov">https://studentloans.gov</a>	
I have completed my Entrance and Exit Counseling at <a href="https://studentloans.gov">https://studentloans.gov</a>	
I understand that loan funds are meant for educational expenses.	
I understand loan eligibility is based on, but not limited to: my grade level, my dependency status (as determined by my FAFSA), Cost of Attendance and my Satisfactory Academic Progress standing.	
I understand that submitting a loan request does not guarantee loan processing. I understand that all required documentation must be on file before loan consideration can begin.	
I understand that I must pay back my loan(s) with accrued interest and any deducted fees.	
I understand that I must repay my loan(s) even if I don't complete my education, if I am dissatisfied with my education or if I am unable to get a job after I complete my education.	
I understand that repayment of my student loans will begin 6 months from my last day of attendance, or the point in which I am no longer considered a part time student.	
I understand that I must be enrolled in at least 6 credit hours and if I am not enrolled at least half time (6 credit hours), any future disbursements of my loan will be cancelled.	

I understand that the other financial aid I am receiving (including Work Study) could affect the amount of loan funding I receive.	
I agree to notify my school and my lender if I: <ul style="list-style-type: none"> <li>▪ Move or change my name, address or telephone number</li> <li>▪ Change my social security number</li> <li>▪ Withdraw from school</li> <li>▪ Drop below half-time attendance</li> <li>▪ Transfer to another school</li> <li>▪ Change my graduation date</li> </ul>	
I understand that my lender will notify, in writing, if any of my loans are transferred to a servicer or secondary market. I will direct all future correspondence to that holder	
I understand that I must work with my lender if I experience any type of repayment difficulties.	
I understand that if I fail to repay a loan, I may be considered in default and one or more of the following may result: <ul style="list-style-type: none"> <li>▪ My loan will be reported to national credit bureaus and will have a negative effect on my credit rating for at least 7 years.</li> <li>▪ The entire unpaid amount of my loan, including interest, will become immediately due and payable.</li> <li>▪ My federal and state income tax refunds may be withheld.</li> <li>▪ My wages may be garnished.</li> <li>▪ I may be ineligible to receive any additional federal or state financial aid funds.</li> <li>▪ My loan may be referred to a collection agency, and I will be liable for the collection costs.</li> <li>▪ I may be sued by the holder of my loans for all amounts owed, including attorney fees.</li> </ul>	
I understand that my student loans are not dischargeable through bankruptcy.	
I understand that loans are paid by Electronic Funds Transfer (EFT) to my student account.	
I understand that loans are disbursed in two disbursements.	
I understand that I must complete an “exit interview” before I leave school	
I have read the NWCCD SAP Standards for the Receipt of Financial Aid.	
I understand that I may change my request at any time by submitting a written request to the Office of Financial Aid	

I (borrower) acknowledge that the financial aid staff has advised me of all of my loan options and that I am willfully and without pressure electing the Direct loan program. By signing this document, I certify that the information is complete, true and accurate. I understand that purposely providing false or misleading information could result in criminal prosecution, prison sentence, and/or a fine. Additionally I acknowledge that I have read the terms and conditions and agree to abide by all the conditions as set forth by the institution and the Department of Education.

**STUDENT SIGNATURE:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

*Return This Form and any Supporting Documentation:*

**By Mail:**  
 Sheridan College  
 Attention Financial Aid  
 PO BOX 1500  
 Sheridan, WY 82801

**By FAX:**  
 (307) 674-3371  
 Attention: Financial Aid

**By Email:**  
[findocs@sheridan.edu](mailto:findocs@sheridan.edu)

**In Person:**  
 Sheridan College  
 Financial Aid Office  
 3059 Coffeen Ave.  
 Sheridan, WY 82801

**In Person:**  
 Gillette College  
 Financial Aid Office  
 300 W. Sinclair  
 Gillette, WY 82718