



What you Need to Know About Federal Direct and Federal PLUS Loans 2011-2012

William D. Ford Federal Direct Loan Program Application Process

The enclosed financial aid package indicates that you eligible for a Federal Direct Loan. To receive a Direct Loan, students must be registered for at least six credit hours per semester. You have been packaged with the maximum amount available to you at your grade level. Eligibility for a **Subsidized Direct Loan (Sub)** is based on the federal need analysis formula. The government pays the interest while you are enrolled for at least six hours per semester. The **Unsubsidized Direct Loan (Unsub)** is not based on need and the student is responsible for the interest that accrues while attending school. Interest can be deferred while in school, but it will be capitalized (added on the principal balance of the loan) at repayment, which occurs six months after leaving school.

Federal Direct Loan Limits		
Dependent Students (Except Students Whose Parents Cannot Borrow a PLUS Loan)	Base Amount Sub or Unsub.	Additional Unsubsidized Loan Amount
Freshman	\$3,500	\$2,000
Sophomore	4,500	2,000
Junior or Senior	5,500	2,000
Independent Undergraduate Students and Dependent Students Whose Parents Cannot Borrow a PLUS Loan	Base Amount Sub or Unsub.	Additional Unsubsidized Loan Amount
Freshman	\$3,500	\$2,000 + \$4,000
Sophomore	4,500	2,000 + \$4,000
Junior or Senior	5,500	2,000 + \$5,000
Graduate and Professional Students	Base Amount Sub or Unsub.	Additional Unsubsidized Loan Amount
	\$8,500	\$12,000

Aggregate Loan Limits (Effective July 1, 2008)

Undergraduate Dependent Students: \$31,000 (no more than \$23,000 can be subsidized).
Undergraduate Independent Students: \$57,500 (no more than \$23,000 can be subsidized).
Graduate and Professional Students: Currently \$138,500 (no more than \$65,500 can be subsidized).

The Office of Financial Aid will electronically transmit your loan eligibility for your Federal Direct Loan to the Federal Government around August 1, if you are attending fall and spring. Summer loans will be processed beginning July 1, 2011.

- You may reduce or reject your Direct Loan at any time in writing. Follow the instructions on your award letter.
- *FOR NEW STUDENTS: After June 1, if you do not return your award letter within 20 days, we will assume you have accepted the loan and it will be processed. RETURNING NU STUDENTS will have 10 days to respond.*
- First-time borrowers are required to complete a Master Promissory Note and the Direct Loan Entrance Interview: go to Studentloans.gov. (SEE NEXT PAGE FOR DETAILS).
- If you are a freshman, your first disbursement will be credited to your account after October 1.

DIRECT LOAN ENTRANCE COUNSELING & SIGNING YOUR DIRECT LOAN MASTER PROMISSORY NOTE

DIRECT LOAN ENTRANCE COUNSELING:

First-time borrowers are required to complete *Direct Loan Entrance Counseling* at StudentLoans.gov prior to receiving the first disbursement of a Direct Loan. However, a borrower who is receiving their first Direct Loan is not required to complete *Entrance Counseling* if they had previously received the same type of loan through the Federal Family Education Loan (FFEL) Program. If the borrower is receiving their first Direct PLUS Loan (as a graduate student), but had never received a prior FFEL PLUS Loan, the borrower would be required to complete *Direct PLUS Entrance Counseling*.

Note: Parent borrowers are not required to complete entrance counseling.

This online counseling session will take approximately 30 minutes to complete. ***The borrower must complete the counseling session in one sitting in order for it to be recorded in the system.*** You will need your FAFSA PIN to confirm your identity. Forgot your PIN? Go to www.pin.ed.gov.

Once the counseling session is completed, the borrower will have several options:

1. Complete and submit a Direct Loan Master Promissory Note (MPN). The borrower can complete an MPN immediately following the counseling session or may log out and complete the MPN at a later time.
2. View and upload a completed counseling verification page.
3. Complete and submit a Direct Loan PLUS Request. (This option only appears if the borrower indicated that he or she is a graduate student during Step 1 of the counseling session.)
4. Print the current counseling verification page.

DIRECT LOAN MASTER PROMISSORY NOTE:

If you are a first time borrower, a continuing NU student or a new transfer student, you will be required to sign your *Direct Loan Master Promissory Note (MPN)*. You can go to StudentLoans.gov and complete the MPN electronically.

You will need/expect the following:

1. Your FAFSA PIN to confirm your identity
2. Disclosure and Consent
3. Provide Name and School
4. Complete MPN
5. Review/Read Draft MPN
6. Sign your MPN
7. Review signed MPN/Enter Confirmation Code
8. Confirm Acceptance of MPN Terms and Submit MPN
9. Print your MPN!

ABOUT FEDERAL DIRECT LOAN INTEREST RATES AND FEES

If you have loans from prior years you may have a fixed interest rate up to 6.8 percent for loans processed after June 30, 2006, or a variable rate that cannot exceed 8.25 percent.

The interest rate for the **undergraduate** Direct Subsidized Loan is fixed at 3.4 percent. The **graduate** Direct Subsidized, Unsubsidized, and **undergraduate** Direct Unsubsidized Loan has a fixed interest rate of 6.8 percent. These interest rates are set by the federal government. There is a 1.0% origination fee and 0.5% up-front rebate for all loans.

Sample Repayment Schedule for Direct Subsidized and Unsubsidized Loans

Processed after July 1, 2011

Subsidized fixed at 3.4 percent interest (for undergraduates only)			
Loan Amount	No. of Payments	Monthly Payment	Total Repaid
\$ 3,500	60	\$ 62	\$ 3,811
\$ 7,500	120	\$ 74	\$ 8,858
\$12,500	120	\$ 123	\$ 14,763
\$20,500	120	\$ 202	\$ 24,211

Fixed 6.8 percent interest rate for Graduate subsidized and unsubsidized and Undergraduate Unsubsidized only			
Loan Amount	No. of Payments	Monthly Payment	Total Repaid
\$ 3,500	90	\$ 50	\$ 4,408
\$ 8,000	120	\$ 92	\$ 11,048
\$13,500	120	\$ 155	\$ 18,643
\$19,000	120	\$ 219	\$ 26,238

DIRECT PLUS LOANS FOR PARENTS AND GRADUATE STUDENTS

Direct PLUS Loans are an option to bridge the gap between the cost of attendance and our financial aid package. Direct PLUS Loans are for either parents or step-parents of undergraduate students, and graduate students borrowing on their own. Borrowers must be US citizens or an eligible non-citizen, by federal definition. Loan approval is subject to credit criteria established by the US Department of Education. A credit report will be obtained from a national credit bureau once you submit a request for approval.

The following conditions are considered adverse credit history and may cause the application to be initially denied.

- Any debts more than 90 days past due
- Unsatisfied judgments
- Evidence within the last five years of bankruptcy, default, foreclosure, repossession, tax lien, wage garnishment or write-off of Title IV student loan debt
- Any unpaid collection amount

DIRECT PLUS LOAN FEATURES:

Borrowing Limits: Eligibility is determined by the cost of attendance less financial aid.
Interest Rates: The interest rate is fixed at 7.9 percent.
Fees: PLUS Loans have a 4 percent loan origination fee with a 1.5% up-front interest rebate.
Disbursements: PLUS Loan proceeds are sent directly to the university and are generally disbursed in two equal amounts at the beginning of each school term. The funds are sent by Electronic Funds Transfer.
Repayment: You are required to apply for a Direct PLUS Loan each time you need a new one. Repayment of your Direct PLUS Loan may be deferred until six months after the student ceases to be enrolled at least six hours per semester. The minimum repayment of principal and interest is \$50. The maximum repayment period is 10 years. In school deferments are available for up to 5 years in some cases.

- PLUS Loan Features and Benefits**
- Can be used to supplement the student's Direct Loan funding and even cover up to the full cost of attendance (less financial aid).
 - Not dependent on your family's income or assets; a credit check is required.
 - No employment requirement
 - Does not require collateral or co-signers.
 - Payments can be postponed up to three years in cases of economic hardship when in repayment.
 - Pre-payment can be made at any time without penalty.
 - The loan will be forgiven in full in the event of permanent disability of the borrower or death of the borrower or student.

PLUS Loan Sample Repayment Schedule at 7.9 Percent Fixed Interest Rate

Loan Amounts	Number of Payments	Payment Amounts	Total Repaid
\$ 4,000	114	\$ 50	\$ 4,700
\$ 6,000	120	\$ 72	\$ 8,698
\$ 10,000	120	\$ 121	\$ 14,496
\$ 15,000	120	\$ 181	\$ 21,744
\$ 20,000	120	\$ 242	\$ 28,992
\$ 25,000	120	\$ 302	\$ 36,240
\$ 30,000	120	\$ 362	\$ 43,488
\$ 35,000	120	\$ 423	\$ 50,736
\$ 40,000	120	\$ 483	\$ 57,984
\$ 50,000	120	\$ 604	\$ 72,480

**If your Federal PLUS Loan is not listed as pending aid on the second bill,
you need to contact the Financial Aid Office.**

HOW TO APPLY FOR A DIRECT PLUS LOAN:

Parents, or Graduate students, interested in borrowing through the PLUS Loan program are requested to wait until July, 1, 2011 to apply.

- You must complete the Free Application for Federal Student Aid (FAFSA) before you apply for a PLUS loan.
- You will then go to StudentLoans.gov to begin the application process.
- Log in. You will need your FAFSA PIN for this.
- Request either the Parent PLUS loan or the Graduate PLUS loan.

PLUS loans are available to parents of dependent undergraduate students enrolled at least half time in an eligible program at an eligible school. These are low-interest, unsubsidized loans available to parents to supplement their children's aid package, up to the school's cost of attendance.

Graduate and professional degree students may borrow under the PLUS Loan program up to their school's cost of attendance minus other financial assistance. Other financial assistance includes Direct Subsidized Loans, Direct Unsubsidized loan, scholarships and grants.

- Upon approval, your loan application information will be sent to the University electronically for certification and disbursement.

Note: You will **not** see your PLUS Loan amount listed in our Financial Aid package unless you have applied for and have been accepted for this loan, and the school has certified the loan.

- Dependent undergraduate students whose parents are unable to get a PLUS loan may borrow additional amounts above the subsidized loan maximums. Contact the Financial Aid Office for more information.