What You Need to Know About Federal Direct and Federal PLUS Loans
2015-2016

William D. Ford Federal Direct Loan Program Application Process

The enclosed financial aid package indicates that you are 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.

<table>
<thead>
<tr>
<th>Federal Direct Loan Annual Limits</th>
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<tbody>
<tr>
<td><strong>Dependent Students (Except Students Whose Parents Cannot Borrow a PLUS Loan)</strong></td>
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<tr>
<td><strong>Sub or Unsub.</strong></td>
</tr>
<tr>
<td>Freshman</td>
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<tr>
<td>Sophomore</td>
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<tr>
<td>Junior or Senior</td>
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</table>

| **Independent Undergraduate Students and Dependent Students Whose Parents Cannot Borrow a PLUS Loan** | **Base Amount** | **Additional Unsubsidized Loan Amount** |
| **Sub or Unsub.** | **Base Amount** | **Sub or Unsub.** | **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** | **Unsubsidized Loan Amount** |
| **Sub** | $ -0- | **$20,500** |

**AGGREGATE LOAN LIMITS:**

- **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, 2015.

- You may reduce or reject your Direct Loan at any time in writing or on-line. 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 7 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](http://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 may be required to complete counseling for PLUS loans.

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 FSA ID to confirm your identity. Forgot your FSA ID? Go to www.fsa.id.ed.gov/index.htm.

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](http://StudentLoans.gov) and complete the MPN electronically.

You will need/expect the following:

1. Your FSA ID 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.

Effective July 1, 2015 the interest rate for the undergraduate Direct Subsidized Loan & Direct Unsubsidized Loan is fixed at 4.29 percent. The graduate Direct Unsubsidized Loan has a fixed interest rate of 5.31 percent. These interest rates are set by the federal government and are subject to change annually on July 1st. There is a 1.068% origination fee for all subsidized and unsubsidized loans on or after October 1, 2015.

Sample Repayment Schedule for Direct Subsidized and Unsubsidized Loans
Processed after July 1, 2015
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 account (open or closed) that was charged off (written off), or placed in collection, during the two years preceding the date of the credit report with a balance greater than zero.
- Any open account that is currently 90 or more days past due.
- Borrower's wages were garnished: Deed in Lieu is being reported; has had a foreclosure; has had a State, County or Federal Tax Lien in the past 5 years preceding the date of the credit report.
- Borrower has had a repossession, or any involuntary repossession, with the past 5 years preceding the date of the credit report.
- Any Title IV debt that is currently in default.
- Mortgage account has the loan listed as having the foreclosure process started.
- Proof of extenuating circumstances may allow you to qualify for a PLUS loan. See the following link:

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 6.84 percent for Parent PLUS loans and for graduate PLUS loans effective July 1, 2015.
Fees: PLUS Loans have a 4.272 percent loan origination fee effective October 1, 2015. However, they are subject to change on October 1, 2016.
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 year 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. Consolidating your PLUS loan will give a longer repayment period.

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, but may need an Endorser (co-signer).
- Payments can be postponed up to 3 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.
- If denied a PLUS loan, the student will receive an additional unsubsidized loan. See page 1 for details.

(INTEREST RATES SUBJECT TO CHANGE)
PLUS Loan Sample Repayment Schedule at 6.84 Percent Fixed Interest Rate

<table>
<thead>
<tr>
<th>Loan Amounts</th>
<th>Number of Payments</th>
<th>Payment Amounts</th>
<th>Total Repaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 4,000</td>
<td>120</td>
<td>$ 50</td>
<td>$ 5,537</td>
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<tr>
<td>$ 6,000</td>
<td>120</td>
<td>$ 69</td>
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<td>120</td>
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<tr>
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<td>$ 34,560</td>
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<tr>
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<td>120</td>
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<tr>
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<td>120</td>
<td>$ 461</td>
<td>$ 55,320</td>
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<tr>
<td>$ 50,000</td>
<td>120</td>
<td>$ 576</td>
<td>$ 69,120</td>
</tr>
</tbody>
</table>

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 June 1, 2015 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 FSA User ID 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 also borrow under the PLUS Loan program up to their school's cost of attendance minus other financial assistance. Other financial assistance includes Direct Unsubsidized loans, 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.

FORMS:15-16 Loan wrap