

FEDERAL DIRECT STUDENT LOANS

ELIGIBILITY

An undergraduate student's eligibility for a Direct Subsidized and/or a Direct Unsubsidized Loan is determined by the results of the FAFSA application. Students who are determined to have financial need qualify for a portion of the loan to be a Direct Subsidized Loan and a minimum of \$2,000 of the loan to be a Direct Unsubsidized Loan. Students who do not demonstrate financial need qualify for the entire loan as a Direct Unsubsidized Loan. The student is the borrower for both the Direct Subsidized and Unsubsidized Loan programs, and no credit check is required. Graduate students only qualify for the Direct Unsubsidized Loan Program if they meet all required criteria. For a student to qualify for the Direct Loan Programs the student (both undergraduate and graduate) must be a U.S. citizen or eligible non-citizen, must not be in default on any education loan, must maintain at least half-time enrollment status and make satisfactory academic progress.

DIRECT SUBSIDIZED LOAN

The federal government pays the interest on the subsidized loan while the student is enrolled at least half-time in school and during a period of deferment (a postponement of loan payments). Only undergraduate students may qualify to borrow through the Direct Subsidized Loan Program.

DIRECT UNSUBSIDIZED LOAN

The student borrower is responsible for the interest that accrues on the unsubsidized loan from the date of disbursement. The borrower may make interest payments while in school and during the grace period, or choose to have the interest capitalized. Undergraduate and graduates students may qualify for the Direct Unsubsidized Loan Program.

INTEREST RATES AND FEES

Undergraduate Students: Direct Subsidized and Unsubsidized Loans carry a fixed interest rate of 3.76% for loans first disbursed between July 1, 2016 and June 30, 2017. **Graduate Students:** Direct Unsubsidized Loans carry a fixed interest rate of 5.31% for loans first disbursed between July 1, 2016 and June 30, 2017. They carry a 1.068% origination fee for loans disbursed before 10/1/2016, loans disbursed after 10/1/2016 will have an origination fee of 1.069%.

ANNUAL AND CUMULATIVE LOAN LIMITS

ANNUAL DIRECT LOAN LIMITS			
Dependent Students If Parent is NOT Denied for a PLUS Loan	Base Amount*	Additional Unsubsidized Loan Amount	Total Annual Limit
Freshman	\$3,500	\$2,000	\$5,500
Sophomore	\$4,500	\$2,000	\$6,500
Junior/Senior	\$5,500	\$2,000	\$7,500
Independent Undergraduate Students and Dependent Students If Parent is Denied for a PLUS Loan	Base Amount*	Additional Unsubsidized Loan Amount	Total Annual Limit
Freshman	\$3,500	\$6,000	\$9,500
Sophomore	\$4,500	\$6,000	\$10,500
Junior/Senior	\$5,500	\$7,000	\$12,500
Graduate Students	Base Amount*	Additional Unsubsidized Loan Amount	Total Annual Limit
Graduate level	\$0	\$20,500	\$20,500
*May be subsidized or unsubsidized based on a student's determined "financial need" from the FAFSA.			
The undergraduate maximum borrowing for the Federal Direct Loan is \$31,000 for a Dependent student, \$57,500 for an Independent student and \$138,500 for a Graduate level student.			

APPLICATION AND FINALIZATION PROCESS

The FAFSA form serves as the student's application for federal and state grant assistance as well as the Federal Direct Loan program. Once the FAFSA is processed, notification of eligibility (financial aid award letter) will be mailed to the student. Instructions on how to secure the loan are included on the financial aid award letter. Students MUST complete Loan Confirmation on the my.cedarcrest.edu portal. This allows a student to accept, reduce or cancel the loans. In certain situations it may be able to be increased. Once this is completed, the

student **MUST** complete two federal requirements before any loan funds may be disbursed to the College: **Master Promissory Note (MPN)** and **Entrance Counseling**. The loan will be disbursed to the College by electronic funds transfer (EFT) no earlier than 10 days prior to the start of classes for each semester. Upon receipt of disbursement of the Direct Loan money to the College, the student will receive notification indicating receipt of funds. The student then has 30 days to contact Student Financial Services with any reduction or cancellation requests.

Direct Loan Repayment Table

		Direct Loan	
		Rate: 6.8%	
Loan Amount	# of monthly payments	Monthly Payment	Total Interest Paid
\$2,000	(varies)	(46) \$50	\$275
\$3,000	(varies)	(74) \$50	\$677
\$4,000	(varies)	(107) \$50	\$1,344
\$5,000	120	\$58	\$1,905
\$6,000	120	\$69	\$2,286
\$7,000	120	\$81	\$2,667
\$8,000	120	\$92	\$3,048
\$9,000	120	\$104	\$3,429
\$10,000	120	\$115	\$3,810
\$12,000	120	\$138	\$4,571
\$14,000	120	\$161	\$5,334
\$16,000	120	\$184	\$6,095
\$18,000	120	\$207	\$6,858
\$20,000	120	\$230	\$7,619
\$25,000	120	\$288	\$9,524
\$30,000	120	\$345	\$11,429
\$35,000	120	\$403	\$13,334
\$40,000	120	\$460	\$15,239
\$45,000	120	\$518	\$17,143
\$50,000	120	\$575	\$19,048
\$75,000	120	\$863	\$28,572
\$100,000	120	\$1,151	\$38,097
\$125,000	120	\$1,439	\$47,621
\$138,500	120	\$1,594	\$52,764

Chart assumes 30 days per month and a 360-day calendar year. Chart assumes no payments have been made while in school. Chart does not include capitalization of accrued interest, which occurs at the end of the grace or deferment period, so monthly payments and total interest may be higher for those loans. Minimum \$50 payment is shown. Last payment may be less than \$50. Making payments greater than minimum will result in lower total interest costs and a shorter loan repayment term.

Direct Loan Lifetime Limits

Undergraduate Dependent	\$31,000 (Up to \$23,000 may be subsidized)
Undergraduate Independent and Undergraduate Dependent with Parent PLUS Denial	\$57,500 (Up to \$23,000 may be subsidized)
Graduate or Professional	\$138,500 (Up to \$65,500* may be subsidized)

*Effective for periods of enrollment beginning on or after July 1, 2012, graduate and professional students are no longer eligible to receive Direct Subsidized Loans. The \$65,500 subsidized aggregate loan limit for graduate or professional students includes subsidized loans that a graduate or professional student may have received for periods of enrollment that began before July 1, 2012, or for prior undergraduate study.