



DIRECT LOAN *Information*

FEDERAL DIRECT STUDENT LOANS

A simple and flexible way to finance your education.



Welcome!



FEDERAL DIRECT STUDENT LOANS

Beginning Spring Semester 2012, Ogeechee Technical College will be participating in the Direct Loan Program only.

A simple and flexible way to finance your education.

Direct Loans are:

- ***Simple***- You borrow directly from the Federal Government.
- ***Flexible***- You can choose from several repayment plans that are designed to meet the needs of almost any borrower, and you can switch repayment plans if your needs change.



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What are Federal Direct Student Loans?

The Federal Direct Loan program allows students to borrow money at a low interest rate for educational expenses and **MUST BE REPAYED.**



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Ogeechee Technical College will be participating in two types of Federal Direct Loans

- Subsidized
- Unsubsidized



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Subsidized loans are need-based loans, which means the amount that you may be eligible to receive is based on your financial need. The federal government pays the interest that accrues on a loan while you are in school at least half-time(6 credit hours), during your grace period after you leave school or graduate, and during eligible deferment periods.



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Unsubsidized loans are non-need based, which means that the amount that you may be eligible to borrow is not based on your financial need. If you receive an unsubsidized Direct Loan, you will be responsible for all of the interest that accrues on the loan from the date of disbursement forward.



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The amount of your subsidized loan cannot exceed your financial need.

Cost of Attendance - EFC – Additional Aid= Unmet Need

You cannot borrow more than your Cost of Attendance.

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Cost of attendance (COA)

- Federal Pell Grant (if eligible)

-HOPE

- other financial aid received (scholarships, work study, etc.)

- Subsidized Stafford Loan amount (if eligible)

= Amount of unsubsidized loan you receive
(up to the annual maximum loan amount)

Depending on your financial need, you may receive both subsidized and unsubsidized loans for the same enrollment period, but the total amount of these loans may not exceed the annual loan limit.



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Cost of Attendance Example

Academic Year: 2011-12

| | |
|--|-----------------|
| Estimated total price of attendance: | \$12,732 |
| a. Estimated tuition and fees | \$ 2,058 |
| b. Estimated room and board | \$ 6,750 |
| c. Estimated books and supplies | \$ 900 |
| d. Estimated other expenses (Personal expenses, transportation, etc.) | \$ 3,024 |

| | |
|---|------------------|
| Estimated total grant aid: (Includes both merit and need based aid) | -\$ 9,554 |
|---|------------------|

| | |
|---|-----------------|
| Estimated Unmet Need: (Price of attendance minus grant aid) | \$ 3,178 |
|---|-----------------|

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Annual Loan Limits

| Dependent Students | Annual Loan Limits | Subsidized | Unsubsidized |
|---------------------------|---------------------------|-------------------|---------------------|
| First Year | \$5,500 | \$3,500 | \$2,000 |
| Second Year | \$6,500 | \$4,500 | \$2,000 |

| Independent Students | Annual Loan Limits | Subsidized | Unsubsidized |
|-----------------------------|---------------------------|-------------------|---------------------|
| First Year | \$9,500 | \$3,500 | \$6,000 |
| Second Year | \$10,500 | \$4,500 | \$6,000 |



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Glossary

- **Independent student** A student who is at least 24 years old, married, a graduate or professional student, a veteran or on active duty in the military for other than training or state purposes, an orphan, a ward of the court, or who has legal dependents other than a spouse.
- **Dependent student** A student who does not meet any of the criteria for an independent student.
- **Cost of Attendance (COA)** is the total amount it will cost you to attend school.
- **EFC (Expected Family Contribution)** is an index used to determine your eligibility for federal student aid during an academic year. Your EFC is calculated during the processing of the FAFSA.
- **Additional Aid** is any other financial aid that you receive to cover the costs of your education. Examples of this are: HOPE, PELL, other loans, grants and scholarships.
- **Unmet Financial Need** is the amount of financial need remaining after your EFC and all other financial aid has been taken into account and subtracted from OTC's Cost of Attendance.

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Interest rates

- Direct Subsidized Loans for undergraduates with a first disbursement date between July 1, 2011 and June 30, 2012: **3.4%**
- Direct Subsidized Loans for undergraduates with a first disbursement on or after July 1, 2012: **6.8%**
- Direct Unsubsidized Loans for undergraduates: **6.8%**

| Academic Year | Subsidized | Unsubsidized |
|---------------|------------|--------------|
| 2011-2012 | 3.4% | 6.8% |
| 2012-2013 | 6.8% | 6.8% |



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Fees

All loans are subject to a 1% origination fee that is deducted proportionately from each disbursement that you receive.

This means that the money you receive will be less than the amount that you actually borrow.

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Fees Example:

| | | |
|-----------------|---------|------------------------|
| Gross Disbursed | \$3,500 | $3500 \times 1\% = 35$ |
| Loan Fee (1%) | -\$ 35 | |
| <hr/> | | |
| Net Disbursed | \$3,465 | |

You will only receive \$3,465, but will be responsible for borrowing \$3,500.



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Students must meet loan eligibility requirements:

- ***Citizenship***- You must be a US citizen or an eligible non-citizen
- ***Enrollment***- You must be accepted for enrollment and enrolled at least half-time (6 credit hours) in an eligible program leading to **an associate degree, diploma or eligible certificate program.**

(Please note that not all certificate programs are eligible for Title IV funding-PELL or Loans. All Diploma and Associate Degree programs are Title IV eligible. Please check the Programs of Study list.)



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Eligibility Requirements Cont'd

- ***Academic***-You must be maintaining satisfactory academic progress. **Please refer to the SAP policy.**
- ***Non-Default***- You must not be in default on an educational loan or owe a refund on an educational grant.
- ***High School***- You must have a high school diploma or GED or pass an independently administered test that demonstrates your ability to benefit from a program of study.



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Eligibility Requirements Cont'd

- ***Law***-You must meet all of the other Federal Direct Loan program eligibility requirements prescribed by law at the time your loan application is processed.
- ***Financial Need***-You must successfully complete the FAFSA (Free Application for Federal Student Aid) and submit any required documentation to the OTC Financial Aid office to complete your student financial aid file.



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Eligibility Requirements Cont'd

- ***Loan Counseling***- You must complete Loan Entrance Counseling before student loan funds can be disbursed to your account.

In addition, you must complete Loan Exit Counseling upon leaving school.

- Everyone has to complete Loan Entrance Counseling.
- If you are a first year, first time borrower, your first disbursement will not be made until you complete the Loan Entrance Counseling and can't be made until 30 days after the first day of your enrollment period.



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Steps to Apply For Loans

1. Apply for a PIN (Personal Identification Number) at the PIN website www.pin.ed.gov
2. Complete the FAFSA (Free Application for Federal Student Aid) www.fafsa.ed.gov
3. Submit any documentation that is required to complete your financial aid file at OTC
**This includes tax returns, verification forms, etc.*
4. Complete the school loan application and submit



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Steps to Apply For Loans (cont'd)

5. Complete the online Entrance Counseling
<https://studentloans.gov>

***Everyone must complete Entrance Counseling**

6. Complete your MPN (Master Promissory Note)
<https://studentloans.gov>

***By signing the promissory note, you are promising to repay your student loan.**

It takes 4-6 weeks to review and process each loan application.



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Award Notification

The Financial Aid Office will put together a financial aid award package for you and send you an email when it is available to viewed on your Banner account.

The award will explain how much and which forms of aid (including loans) that you are qualified to receive.

You are not obligated to accept all of the aid or borrow the full amount of any loans listed in the award.

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Sample Financial Aid Award Package

| | |
|------------------------------------|------------------|
| Total Cost of Attendance | \$ 12,732 |
| Expected Family Contribution (EFC) | \$ 0 |
| Financial Need | \$ 12,732 |
| Outside Scholarship | \$ 1,000 |
| Federal Pell Grant | \$ 5,500 |
| HOPE Grant | \$ 1,500 |
| Federal Direct Loan | \$ 2,732 |
| Federal Work-Study | \$ 2,000 |
| Total Award | \$ 12,732 |

This award package shows aid funds available that match your financial need.



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You must repay your loans.

You must repay the full amount of your loans,
even if you:

- Do not complete your program of study, or do not complete the program within the normal time for completion
- Cannot find employment after graduation, or
- Are not satisfied with or did not receive from your school the education or other services that you paid with your loan.

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Repayment Options

- **Standard**

- Fixed payments for up to 10 years
- Payment must be at least \$50 per month
- If you do not choose a repayment plan, you will be placed into this one

- **Graduated**

- Payments start out relatively low and increase, usually every two years
- Payments up to 10 years
- Payments must at least cover the interest that accumulates on loans between payment
- Tailored to individuals who expect their income to increase over time—recent college graduates

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- **Extended**

- Fixed or graduated monthly payments
- Payments up to 25 years
- Monthly payment is usually lower than that of Standard Plan
- Borrowers must have more than \$30,000 in outstanding loans

- **Income-Contingent Repayment Plan (ICR)**

- Have up to 25 years to repay
- Unpaid portion will be forgiven
- Monthly payments based on annual income (and that of spouse), family size, and total of Direct Loans
- You may have to pay income tax on forgiven amount



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- **Income-Based Repayment (IBR)**

- Have 25 years to repay
- Unpaid portion will be forgiven
- Monthly payments are capped at 15% of discretionary income
- You must have a partial financial hardship
- You may have to pay income tax on amount forgiven

For more information on repayment options, go to:

www.studentaid.ed.gov/repaying



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DEFAULT

Generally default occurs on a federal student loan when a borrower doesn't make a payment for 270 days.

NO ONE SHOULD GO INTO DEFAULT

Don't ignore debt. It won't go away.

A loan going into a delinquent or default status can have a negative impact on your credit.



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Consequences of Default

- Payment of entire loan balance (principal and interest) becomes due immediately
- Garnished wages and/or federal/state tax returns
- Withheld Social Security retirement benefits and disability benefits
- Additional charges, late fees, and collection costs
- Lawsuits
- Ineligibility for additional student aid
- Damaged credit rating and lower credit score (which could prevent obtaining a mortgage, buying a car, or borrowing other loans in the future)
- Loss of eligibility for loan deferments (such as for in-school, unemployment, etc.)

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Refunds

- Beginning with Spring Semester 2012, Ogeechee Technical College will be using a Prepaid Refund Card for all of your financial aid refunds.
 - The cards will be maintained by SunTrust and can be used anywhere Visa Debit cards are accepted.
 - There will be a SunTrust ATM machine located on campus for your convenience.
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- The Business Office is responsible for any financial aid refunds. Any questions that you may have regarding the refund cards need to be directed to that office.
 - You can choose not to use the card. You will have to complete a form in the Business Office.
 - The card will be mailed to the address that is currently in Banner. Please check your information to be sure that it is correct.

There will be additional information released at a later date.



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FAQs



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I am transferring to OTC and I already have loans in place at another school, will that loan transfer to OTC?

No. Financial Aid doesn't transfer from one institution to another. You must reapply for aid at OTC using our Direct Loan Application. You must also request that your current school cancel your loan with them. OTC will not be able to certify a loan if you have disbursements at your current school.

In addition, you will need to complete Entrance Loan Counseling.

If you have already completed a MPN, you will not need to complete another one—you may borrow on a current MPN for up to 10 years.



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Do I have to accept the full amount offered?

No. You need to seriously consider what your financial needs are and borrow wisely. You may choose to accept the full amount, a partial amount or you may decline loans completely.

This is a choice that you need to make with the future in mind. **You will have to repay any loans.**



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How long does it take to process my loan application?

It will generally take about 4-6 weeks to completely process your loan information, so please apply early.

Loans are new to us...please be patient and allow extra time for processing.

Do I need to be enrolled a specific number of hours?

Yes. You will need to be enrolled at least half-time, which is 6 credit hours.



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What can my loan money be used for?

You may use your loan money for any expense incurred as it relates to your education. This can include, but is not limited to: tuition, fees, books, supplies, transportation, living expenses, etc.

When will I have to pay back my loan?

There is a six month grace period after you graduate, leave school or drop below half-time enrollment.



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Do I have options for choosing a repayment plan?

Yes. There are several repayment plans from which to choose. During your grace period, you will receive information about repayment options, as well as the date repayment will begin.

However, you are responsible for beginning repayment on time even if you don't receive this information. It is your responsibility to keep track of your loan status.



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Where can I find information on who services my federal loans?

Information on all of your federal loan debt can be accessed via the National Student Loan Data System (NSLDS) at <http://www.nslds.ed.gov>



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Questions?

**Contact Financial Aid at
fa@ogeecheetech.edu.**



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Websites

Student Aid on the Web

www.studentaid.gov

Military

www.studentaid.ed.gov/military

FAFSA on the Web

www.fafsa.ed.gov

National Student Loan Data System (NSLDS)

www.nsls.ed.gov

StudentLoans.gov

www.studentloans.gov