



**BORROW A FEDERAL DIRECT STUDENT LOAN AT NCF  
2014-2015**

**STEP 1:** Complete an Entrance Interview online at [www.studentloans.gov](http://www.studentloans.gov)

**STEP 2:** Electronically Sign your Master Promissory Note (MPN) online at [www.studentloans.gov](http://www.studentloans.gov)

All borrowers must sign an MPN. The MPN need only be signed once during your enrollment at NCF and can be completed at any time at [www.studentloans.gov](http://www.studentloans.gov). You will need your federal PIN in order to electronically sign your MPN. This PIN is the same one used to sign the FAFSA.

**STEP 3:** Accept loan(s) on NewCLEIS which can be accessed through the NCF Portal at <https://myncf.ncf.edu>

\* Review separate instructions for more information.

**FEDERAL DIRECT STUDENT LOAN INFORMATION  
2014-2015**

As a student loan borrower, you are making a large investment in your education. With this in mind, it is important that you make informed decisions when borrowing money. Towards this end, this fact sheet has been prepared to provide you with information about borrowing through the Federal Direct Student Loan Program.

Student loans, unlike grants and work-study, are borrowed money that must be repaid, with interest, just like car loans and mortgages. You cannot have these loans canceled because you didn't like the education you received, didn't get a job in your field of study or because you're having financial difficulty. Loans are legal obligations. So, before you borrow a student loan, think about the amount you'll have to repay over the years.

Direct Loans are for undergraduate, graduate and professional degree students. Keep in mind that you may need to continue borrowing these loans to finance your graduate studies.

**Subsidized vs. Unsubsidized:** A Federal Direct Student Loan may be either subsidized or unsubsidized. The primary difference between the Subsidized Federal Direct Student Loan and Unsubsidized Federal Direct Student Loan is who is deemed to be responsible for paying the interest which accrues on the loan while you are enrolled in school.

On the **Subsidized Federal Direct Loan**, the federal government pays the interest which accrues while you are enrolled at least half-time, as well as during the six-month grace period after you cease to be enrolled. At the end of this six-month grace period, you will be responsible for any future interest which accrues on the loan and will be expected to start making principal and interest payments on the loan.

On the **Unsubsidized Federal Direct Loan**, **YOU** are responsible to pay all interest which accrues on the loan from the time it is disbursed. **The federal government DOES NOT pay the interest.** Like the Subsidized Federal Direct Loan (above), you will be expected to start making principal and interest payments on the loan after you have ceased to be enrolled in at least half-time status for six months. Although you are not mandated to make any payments on your Unsubsidized Federal Direct Loan while in school, it is *strongly* advised that you make the monthly interest payments while in school to avoid this interest from being capitalized. When interest is capitalized, it is added to the current principal balance and a new principal balance amount is calculated upon which future monthly interest charges are based. If you choose to allow your interest to be capitalized, you will ultimately be paying interest on previously accrued interest.

Please review the chart below to approximate the monthly interest per \$1,000 of Unsubsidized borrowing.

Interest	Interest Rate <sup>1</sup>									
	3.5%	4.0%	4.5%	5.0%	5.5%	6.0%	6.5%	7.0%	7.5%	8.0%
<b>Monthly Interest per \$1,000 Unsubsidized Principal Borrowed</b>	\$ 2.92	\$ 3.33	\$ 3.75	\$ 4.17	\$ 4.58	\$ 5.00	\$ 5.42	\$ 5.83	\$ 6.25	\$ 6.67

<sup>1</sup> Direct Loan interest rates vary based on disbursement date and loan type. In order to find out the interest rates being assessed on your loans, view your account on [www.studentloans.gov](http://www.studentloans.gov).

**What determines whether the loan I am awarded is Subsidized or Unsubsidized?** In order to qualify for a Subsidized Federal Direct Loan, you must demonstrate unmet financial need after all other gift aid and work study is awarded.

Financial need is calculated as the estimated **Cost of Attendance** for the award period you are attending (this is dependent upon your residency and housing status) **minus** your **Expected Family Contribution** for the award period you are attending (this is determined by the U.S. Department of Education based on the information on your FAFSA).

Gift aid is normally considered to be any assistance program you are receiving towards payment of educational expenses which does not require future repayment by you. Gift aid is viewed as awards which reduce the financial need. If, after all gift aid and work study is applied, you still show financial need, you may receive a Subsidized Federal Direct Loan as a means towards funding your remaining financial need. The amount of the loan will still be limited by your annual or aggregate borrowing eligibility.



**How much money can I borrow?** There are limits to the amount you may borrow in the Federal Direct Loan program.

One limit is called an **Annual Limit**. As its name implies, Federal Direct Loan Annual Limits represent the most a student may borrow through the Federal Direct Loan program in an academic year. These limits vary depending on your grade level and dependency status. The annual loan limits are listed below:

Dependent Undergraduates	Base (Un)/Subsidized Annual Limit	Additional Unsubsidized <sup>1</sup>	Supplemental Unsubsidized	Annual Maximum
First year	\$3,500	\$2,000	-	\$5,500
Second year	\$4,500	\$2,000	-	\$6,500
Third year and beyond	\$5,500	\$2,000	-	\$7,500

Independent Undergraduates/Dependents Whose parents have been denied a PLUS Loan	Base (Un)/Subsidized Annual Limit	Additional Unsubsidized <sup>1</sup>	Supplemental Unsubsidized	Annual Maximum
First year	\$3,500	\$2,000	\$4,000	\$9,500
Second year	\$4,500	\$2,000	\$4,000	\$10,500
Third year and beyond	\$5,500	\$2,000	\$5,000	\$12,500

A second limit is called an **Aggregate Limit**. As its name implies, Federal Direct Loan Aggregate Limits represent the most a student may borrow for their academic lifetime. These limits vary depending on your dependency status. The aggregate loan limits are listed below:

	Base (Un)/Subsidized Aggregate Limit	Additional Unsubsidized <sup>1</sup>	Supplemental Unsubsidized	Aggregate Maximum
<b>Dependent Undergraduates</b>	\$23,000	\$2,000 per year	-	\$31,000
<b>Independent Undergraduates</b>	\$23,000	\$2,000 per year	Not to exceed aggregate	\$57,500
<b>Dependent undergraduates Whose parents have been denied a PLUS Loan</b>	\$23,000	\$2,000 per year	Not to exceed aggregate	\$57,500

A third limit recently introduced by the Department of Education is a **Time Limit**. Students who are borrowing a Federal Direct Loan for the first time on or after July 1, 2013 will be limited in the amount of time that they will be eligible to receive a Direct Subsidized Loan. **Measured in academic years**, this time limit is 150% of the published length of your academic program (for example, a four year program would have six years of eligibility). Once this limit is reached, the student will be unable to receive additional Direct Subsidized Loans and all outstanding Direct Subsidized Loans will begin accruing interest. The student may continue to receive Direct Unsubsidized Loans if otherwise eligible.

**Don't Borrow More Than You Can Afford To Repay:** In order to ensure that your post graduation financial future is successful, it is *very* important that you borrow responsibly while in school. Don't allow yourself to become one of the many students who graduate with an unmanageable student loan debt.

Please review the chart below to approximate your monthly payment per \$1,000 of outstanding principal balance of both Subsidized and Unsubsidized Federal Direct Loans (be sure to include capitalized interest in your Unsubsidized Federal Direct Loan principal balance estimate, if applicable):

Payment	Interest Rate <sup>2</sup>									
	4.0%	4.5%	5.0%	5.5%	6.0%	6.5%	7.0%	7.5%	8.0%	8.25%
<b>Monthly Payment per \$1,000 Principal Balance</b>	\$ 10.12	\$ 10.36	\$ 10.61	\$ 10.85	\$ 11.10	\$ 11.35	\$ 11.61	\$ 11.87	\$ 12.13	\$ 12.27

- \* The above chart is based on a 10 year Standard Repayment Term.
- \* Direct Loan interest rates vary based on disbursement date and loan type. In order to find out the interest rates being assessed on your loans, view your account on [www.studentloans.gov](http://www.studentloans.gov)
- \* The minimum monthly student loan payment is \$50.00 per month. If you have a low principal balance, you will be required to pay the minimum \$50.00 per month but will most likely be finished paying prior to the 10 year term.
- \* In order to find out what your current outstanding Federal Direct Loan principal balance is, visit [www.nslds.ed.gov](http://www.nslds.ed.gov)
- \* A sample loan repayment calculator is available online at [www.studentloans.gov](http://www.studentloans.gov)
- \* When you enter repayment, you'll have from 10 to 25 years to repay your loan, depending on which repayment plan you choose. If you do not choose a repayment plan, you will be placed on the Standard Repayment Plan, with fixed monthly payments for up to 10 years.
- \* You can change repayment plans at any time by contacting your loan servicer.

**Current Interest Rates:** The interest rate for new subsidized loans first disbursed on or after July 1, 2014, is a fixed rate of 4.66%, and unsubsidized loans first disbursed on or after July 1, 2014, is a fixed rate of 4.66%.

**Origination Fees:** For loans disbursed on or after 12/1/2013 and before 10/1/2014, there is a 1.072% origination fee. For loans disbursed on or after 10/1/2014 and before 10/1/2015, the origination fee will adjust to 1.073%.

**Example:** If you borrow \$2,000 in a Direct Student Loan, the origination fee for 2014-2015 is 1.072%, or \$21. This means the college receives \$1,979. The student borrows \$2,000 and needs to repay \$2,000.

<sup>1</sup> Amount not to exceed \$2,000 per year. This amount is all unsubsidized dollars regardless of need or PLUS activity and cannot exceed cost of attendance as determined by the school. This additional amount can be accepted on **NewCLEIS** at <https://myncf.ncf.edu>.

<sup>2</sup> Direct Loan interest rates vary based on disbursement date and loan type. In order to find out the interest rates being assessed on your loans, view your account on [www.studentloans.gov](http://www.studentloans.gov).