

Policies for the Office of Student Financial Aid

Subject

Direct Student Loans (H-1)

Office of Student Financial Aid/Scholarships

August 2012

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Direct Loans are low-interest loans for students and parents to help pay for the cost of a student's education after high school. The lender is the U.S. Department of Education (the Department) rather than a bank or other financial institution. There are two types of Stafford loans offered to Students:

Subsidized: for students with demonstrated financial need, as determined by federal regulations. No interest is charged while a student is in school at least half-time, during the grace period, and during deferment periods.

Unsubsidized: Available to all students regardless of need; interest is charged during all periods, even during the time a student is in school and during grace and deferment periods.

Eligibility Requirements-

1. Enrolled in at least ½ time hours of coursework towards a student's degree program (6 hours for graduate, 5 hours for undergraduate beginning in the 1718 award year)
2. Meet citizenship requirements
3. Registered with selective service when applicable
4. Not be in default or owe a refund on any Title IV funds
5. Have a processed ISIR on file
6. Enrolled at an eligible institution in an eligible program leading to a degree
7. Maintain satisfactory academic progress
8. Have not used all eligibility at another institution for the current award year
9. Earned a high school diploma or GED

Awarding of Direct Loans

1. Students must have completed the Title IV aid application process as defined in the application section of this manual.
2. Funds not requested when completing a FAFSA can be requested with an Additional Loan Application
3. Verification must be completed if selected
4. The packaging system will award the Loans to all students eligible after all other need base aid has been awarded. Students awarded through the packaging system must accept awards through their MyNSU account or by completing an aid adjustment form.
5. Loans may also be awarded on a case by case basis by completing a manual packaging form
6. The disbursement job, RPEDISB, will run and feed the Loans to the student's account once an origination and disbursement has been made through COD.

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Subsidized Loans –

EFC determines eligibility for a subsidized loan. After eligibility is determined, awarding is based on Cost of Attendance minus Estimated Family Contribution minus other aid. Freshman students cannot exceed \$3500 for an award year, Sophomore students cannot exceed \$4500 for an award year, Junior and Senior students cannot exceed \$5500. Not to exceed a total of \$23,000 at the undergraduate level.

Unsubsidized Loans—

EFC **does not** determine eligibility for an unsubsidized loan. After eligibility is determined, awarding is based on Cost of Attendance minus other aid. Dependent Freshman students cannot exceed \$5500 for an award year. Dependent Sophomore students cannot exceed \$6500 for an award year. Dependent Junior and Senior students cannot exceed \$7500. Independent Freshman students cannot exceed \$9500 for an award year. Independent Sophomores students cannot exceed \$10,500 for an award year. Independent Junior & Seniors students cannot exceed \$12,500 for an award year. Graduate students cannot exceed \$20,500 for an award year. Not to exceed a total of \$31,000 for dependent students & \$57,500 for independent students at the undergraduate level (including subsidized totals). Plus loans are not included in Aggregate totals. Not to exceed a total of \$138,500 at the graduate level

NOTE: Dependent students qualify for an Unsubsidized Stafford Loan if a PLUS loan is denied. Students enrolled in an Associate Degree Program only, cannot exceed Sophomore annual loan limit.

NOTE: The annual maximum loan amount an undergraduate student may borrow may be prorated in certain situations:

- when the student is enrolled in a program that is shorter than a full academic year; and
- when the student is enrolled in a program that is one academic year or more in length but is in a remaining period of study that is shorter than a full academic year.

NOTE: Students enrolled in the eligible-Alternate Teacher Certification (19, 20 & 21) can only receive Senior annual loan limits. Students enrolled in a non-degree program are **not** entitled to receive loans.

A student must complete an Entrance Counseling before loans can be disbursed.

A student must sign a Master Promissory Note (MPN). The MPN is a legal document in which the student promises to repay their loans and any accrued interest and fees to the DOE. The MPN explains the terms and conditions of the loans. The MPN is valid for a ten-year period and is valid for all Direct Loans a student may take out during that time.

Beginning with the 2020-21 award year, all student and parent borrowers must complete the Annual Student Loan Acknowledgement process yearly before loan funds may disburse.

Both Entrance and Exit Counseling are completed by the student online with the Department of Education.

Repayment of Student Loans begin six months after the student graduates, ceases to be enrolled at least half time, or withdraws from NSU.

Effective as of July 1, 2013 students with a zero student loan balance will be limited to the amount of Subsidized Loans they can receive during their Undergraduate career. Eligibility will be limited to 150% of the length of their degree program. If degree is not received by the end of the 150% timeframe subsidized loans will be converted to unsubsidized loans.

Enrollment Reporting is completed by NSU's Registrar's Office to ensure the status of students who borrowed Direct Loans is determined correctly for in-school deferments, grace and repayment periods.

There is a loan fee that is deducted from each disbursement. These fees are determined by the Department of Education at the time of disbursement.