

## What is a Federal Direct Student Loan?

Federal Direct Student Loans are a long-term financial obligation. Getting a loan means, you are responsible for repaying the money you borrowed including interest, costs and fees.

Repayment is necessary:

- »when you graduate
- »when you drop below 6 units a semester
- »when you withdraw from all your classes

Three requirements of all Borrowers:

- Complete an in-person Loan Entrance Counseling Session, a tool to ensure you understand your obligation to repay the loan; and
- Sign a loan contract called a [Master Promissory Note](#) agreeing to the terms/repayment of the loan.
- Exit Counseling is required of **borrowers** when the borrower drops below 6 units during a semester, completes just one semester, and for students who are graduating or transferring. Exit Counseling is completed at :  
<https://studentaid.gov/app/counselingInstructions.action?counselingType=exit> Additional information is available in the federal publication *Exit Counseling Guide for Direct Loan Borrowers* available **here**.

## How to Apply?

To apply for a Direct Loan, you must first complete a [Free Application for Federal Student Aid \(FAFSA®\) form](#). Yuba College will use the information from your FAFSA to determine how much student aid you are eligible to receive.

Conditions:

- Received a Financial Aid Award Notification email for the current academic year, which indicates your financial aid file is complete and your eligibility for federal aid has been determined.
- You must be enrolled in a degree-granting or eligible certificate program (Associate degree or Certificate of Achievement).
- You must be registered in and actively attending a minimum of 6 units (at least half-time) per semester.
- You must **not** be in default on any type of student loan
- You must **not** owe a repayment on a federal student grant
- You must meet [Satisfactory Academic Progress \(SAP\)](#) requirements.

**Students who do not meet these eligibility requirements cannot apply for a student loan or may be subject to a delayed process. Please plan accordingly.**

## Direct Loan Request Process:

Come in person to the Financial Aid Office to request a Yuba College Direct Loan Interest Form. Only students who meet the preliminary review process will be able to attend the in-person Loan Entrance Counseling Session. Loan request packets are available solely at the Financial Aid Office or from a Financial Aid representative in the counseling session (see *Contact Hours* for Financial Aid Administrator's hours at Marysville Campus and Sutter County Center). **Loan forms are not online as forms are handed out after preliminary review has been met.**

- **Submit a completed Loan Request Packet.**
- **Specific instructions are included in the packet thus an incomplete packet will not be accepted.**

- **Last Day to Submit Direct Loan packet for Fall 2020 is “October 1, 2020”**

**Types of Direct Loans:**

The U.S. Department of Education’s federal student loan program is the [William D. Ford Federal Direct Loan \(Direct Loan\) Program](#). Under this program, the U.S. Department of Education is your lender. There are two types of Direct Loans available:

- [Direct Subsidized Loans](#) are loans made to eligible undergraduate students who demonstrate financial need to help cover the costs of higher education at a college or career school.
- [Direct Unsubsidized Loans](#) are loans made to eligible undergraduate, graduate, and professional students, but eligibility is not based on financial need.

**How Much Can You Borrow?**

Year	Dependent Students	Independent Students
First-Year Undergraduate Annual Loan Limit	\$5,500—No more than \$3,500 of this amount may be in subsidized loans.	\$9,500—No more than \$3,500 of this amount may be in subsidized loans.
Second-Year Undergraduate Annual Loan Limit	\$6,500—No more than \$4,500 of this amount may be in subsidized loans.	\$10,500—No more than \$4,500 of this amount may be in subsidized loans.
Subsidized and Unsubsidized Aggregate Loan Limit	\$31,000—No more than \$23,000 of this amount may be in subsidized loans.	\$57,500 for undergraduates—No more than \$23,000 of this amount may be in subsidized loans.

**Interest Rates and Fees:**

**Interest.** Loans must be repaid in full. In addition to the principal (the amount you borrow), interest accumulates on the loan as an expense paid by the borrower for the use of the money. The expense is calculated as a percentage of the unpaid principal amount. The federal government pays subsidized loans Interest while a student is in school at least ½ time, and during authorized periods of deferment. With unsubsidized loans a student is always responsible for paying the interest even while enrolled. Both loans offer a repayment grace period of 6 months.

Interest Rates for Direct Loans First Disbursed on or After July 1, 2019 and Before July 1, 2020.		
Loan Type	Borrower Type	Fixed Interest Rate
Direct Subsidized Loans and Direct Unsubsidized Loans	Undergraduate	4.53%

All interest rates shown in the chart above are fixed rates that will not change for the life of the loan.

**Fees.** All loans have loan fees (also called origination fees) that are deducted proportionately from each loan disbursement you receive. This means that the money you receive will be less than the amount you actually borrow. You are responsible for repaying the entire amount.

**An origination fee will automatically be deducted before disbursement.**

Loan Type	First Disbursement Date	Loan Fee
Direct Subsidized Loans and Direct Unsubsidized Loans	On or after 10/1/19 and before 10/1/20	1.059%
	On or after 10/1/18 and before 10/1/19	1.062%

Loans first disbursed prior to Oct. 1, 2017, have different loan fees.

**Disbursement Timing:**

**Federal regulations require loans to be released in at least two payment**

- **Academic-year loans** (fall and spring semesters) have one payment after the loan is originated in the fall and the second at the beginning of the spring semester.
- **One-semester loans** are divided into two payments, one after the loan is originated and a second at a later date. Students must maintain at least half-time enrollment (6 units) to receive a second payment under either loan arrangement.
- **Summer Session** is not part of the regular academic year (fall and spring semesters) and student loans are not granted for summer course work.

**Fall 2020 Disbursement Schedule:**

<b>October 2, 2020</b>	<b>October 16, 2020</b>	<b>October 30, 2020</b>
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**\*\*Disbursement Dates subject to change**

**\*\*First time student borrowers** with no prior Federal Direct Loan are required by law to **complete 30 days** of their program of study before receiving their first loan disbursement.

**Yuba College's responsibility incurred in originating and disbursing a loan:**

**Student loan debt** is an issue for individuals and well as a national concern. The federal government has set a maximum amount that undergraduates may borrow. Since "undergraduate" includes all course work completed up through a Bachelor's degree, it is important not to "over-borrow" at the community college level.

**Per HEA SEC.479(A)(c),34CFR 685.301(a)(8), on a case-by-case basis, Yuba College Financial Aid Office may refuse to originate a loan for an individual borrower, or may originate a loan for an amount less than the borrower's maximum eligibility.** Yuba College reviews each student's loan request individually. The Yuba College Financial Aid Office will notify the student in writing once the loan has been originated and accepted by Common Origination and Disbursement. In an event the originated loan amount be reduced **or** for those whom the financial aid office has refused to originate a loan, the student will be notified in writing immediately.

The financial aid office will review on a case-by-case basis a student's: current loan debt, satisfactory academic progress, evaluation of time to complete, ability to repay accumulated loan debt based on an analysis of the student's program of study and median annual earning potential after 2 years of employment in the field. The Financial Aid Office reserves the right to refuse to originate any Federal Direct Loans when a student and/or parent indicates that educational loan funds will be used for purposes other than educational expenses and when fraud has been detected.

**Be money smart.** Review your aggregate loan totals online at [www.nslsds.ed.gov](http://www.nslsds.ed.gov). Sign in with your Federal Student Aid ID (FSA ID). If you borrow the annual maximum every year, you may reach the aggregate limit before you have completed your program of study. Be aware that National Student Loan Data System (NSLDS) may not yet include your most recent loan, so keep an accurate track of your loans.

**Loans must be repaid.**

**Can I cancel a loan if I decide I don't need it or if I need less than the amount offered?**

Yes. Before your loan money is disbursed, you may cancel all or part of your loan at any time by notifying your school. After your loan is disbursed, you may cancel all or part of the loan within certain time frames. Your promissory note and additional information you receive from your school will explain the procedures and time frames for canceling your loan.

**150% Subsidize eligibility limitations:**

**1st-TIME BORROWERS ONLY:** Per Department of Education regulations, the "**maximum eligibility period**" for subsidized loans may not extend beyond 150% of the published length of a student's Academic Program (Major), as officially described in the Yuba College Catalog.

<b>EXAMPLES of How "Maximum Eligibility Period" Works</b>
<ul style="list-style-type: none"><li>◆ If you are enrolled in an Academic program for a <b>2-year Associate degree</b> goal, the maximum period for which you can receive Subsidized Loans is 3 years (150% of 2 years = 3 years).</li><li>◆ If you are enrolled in a <b>Certificate of Achievement</b> goal with a published length of 1 year, the maximum period for which you can receive Subsidized Loans is 1½ years (150% of 1 = 1½ years).</li></ul>



Because the maximum eligibility period is based on your current Program of Study, your eligibility can change if you change programs. If you receive Subsidized Loans for one program and then change to another, the Subsidized Loans you received for the earlier program will count against your new maximum eligibility period.

**THREE COMPONENTS OF CURRENT SUBSIDIZED LOAN ELIGIBILITY POLICY**

1. "**Maximum Eligibility Period**" 150% of the published length of the Program of Study (major) in which the student borrower is currently enrolled.
2. "**Subsidized Usage Period**" Period of time for which a borrower received a Subsidized Loan.
3. "**Remaining Eligibility Period**" Difference between the Maximum Eligibility Period and the total of all Subsidized Usage Periods.

**LOSS OF ELIGIBILITY FOR ADDITIONAL SUBSIDIZED LOANS**

After you have received Subsidized Loans for your Maximum Eligibility Period, you are no longer eligible to receive Subsidized Loans. You may receive Unsubsidized Loans.

**LOSS OF INTEREST SUBSIDY: Responsibility for Paying Interest on Subsidized Loans**

If you continue to be enrolled in any undergraduate program after you have reached your maximum eligibility period for Subsidized Loans, the **Department of Education will no longer pay the interest** that accrues on your Subsidized Loans. After meeting the 150% ceiling, you become responsible for the

interest that accrues on all your Subsidized Loans from the date of your enrollment. Your loan servicer will notify you if you become responsible for paying the interest.

**REGAINING ELIGIBILITY FOR SUBSIDIZED LOANS**

A student may again be eligible to receive Subsidized Loans if enrolled in a new program that is longer than the previous one. In this case, the Department of Education will pay the interest that accrues on any new loans within eligible pay periods.