



MAGDALEN COLLEGE OF THE LIBERAL ARTS

Federal Loans- Title IV Federal Student Aid

Federal Direct Loans are low-interest loans for students and parents to help pay for the cost of a student's education. The lender is the U.S. Department of Education rather than a bank or other financial institution. To receive a Direct Student Loan the student must complete the FAFSA. The college applies for the loan for you, after you approve the amount on your award letter. Please note that Title IV Loans are submitted to the National Student Loan Database System, which is accessible by authorized agencies, lenders, and institutions.

Direct Subsidized Loans: Loans made to eligible students who demonstrate financial need (see FAFSA score). The government pays the interest while the student is in school at least half-time and during the grace period after graduation.

Direct Unsubsidized Loans: The student is responsible for the interest during all periods. Unsubsidized loans are not need-based and are calculated by the school after all other financial aid is received.

Parent PLUS Loans:

- Student and parent must have completed and signed the FAFSA.
- Parent borrowers must complete the Direct PLUS application and sign a Master Promissory Note at <https://studentaid.gov/app/launchPLUS.action?plusType=parentPlus>
- The amount of the PLUS Loan must be approved by the Financial Aid Office to assure that it does not exceed the Cost of Attendance.

Entrance Counseling and Exit Counseling for Federal Loans

Counseling: It is mandatory that students who receive federal loans complete **Entrance Counseling** before receiving the loans and **Exit Counseling** upon graduating or leaving the school. These help you understand your responsibilities regarding your loans. Entrance Counseling is completed online at this website: <https://studentaid.gov/app/counselingInstructions.action?counselingType=entrance>. The Financial Aid Office contacts you when you are ready to complete Exit Counseling.

Master Promissory Note (MPN): To take out a federal loan for the first time, you must complete a Master Promissory Note. The MPN is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the Department. It also explains the terms and conditions of your loan(s). Complete the MPN online at: <https://studentaid.gov/mpn/>

Interest Rates and Fees for Federal Direct Loans

The Department of Education will deduct an origination fee from loan funds prior to disbursement to the college. Direct Loan interest rates and fees for Federal Student Loans and Parent PLUS Loans are determined by Congress each year:

<https://studentaid.gov/understand-aid/types/loans/interest-rates>

Disbursement of Federal Loans

- Funds will be sent directly to the school in two disbursements (installments): half will be disbursed for Fall Semester, half for the Spring Semester.
- If you are a first-year undergraduate student and a first-time borrower, your first disbursement can't be made until 30 days after the first day of your enrollment period.
- Parent PLUS Loans go into repayment after the second disbursement—usually during the Spring Semester, unless the parent borrower requests a deferment.
- Your school usually credits your loan payment to school charges on your account (tuition and fees, room and board, and other authorized charges).
- If the loan money exceeds your school charges, the school will pay you the credit balance by check within 14 days of disbursement to the school.

You have the right to cancel your federal loans within 14 days of disbursement of your loans; and you may increase your loans during the loan period, if you initially accept less than the maximum loan eligibility.

Use of Federal Student Loan Funds

You may use the money you receive only to pay for education expenses at the school that awarded your loan. Education expenses include such school charges as tuition, room and board, fees, books, supplies, equipment, dependent child care expenses, transportation, and rental or purchase of a personal computer.

Important Website for Information on Your Federal Loans:

<https://studentaid.ed.gov/sa/types/loans>

Will answer questions on when loan payments will be due, how to calculate your loan debt, and different repayment options.

Private Loans

The terms and conditions of Title IV program loans are usually more favorable than private education loans. For students seeking additional funding to cover the balance due, however, private loans may be an option. Magdalen College has researched various lenders using the following criteria: customer service, published borrower benefits, interest rates, fees, repayment options, and lender stability. To compare lenders and begin the application process for a private loan, link to: <https://magdalen.edu/admissions-mc/financial-aid/private-loans/>