



Federal Student Loans

What are Federal Direct Loans?

They 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. The National Student Loan Data System (NSLDS) is the U.S. Department of Education's central database for federal student aid records. You can use it to keep track of your federal loans, grants, work study. To access NSLDS, you will need to use your FSA ID. Click the link below to login into NSLDS:

What are the Differences between Federal and Private Student Loans?

Federal student loans are offered by the government, with terms and condition that are set by law and include many benefits (such as fixed interest rates and income-driven repayment plans) not typically offered by private lenders.

How to I Apply for a Student Loan?

To receive a Direct Student Loan the student must complete the **Free Application for Federal Student Aid (FAFSA)**. Based on your FAFSA EFC, the college determines the types and amounts of loans you are eligible for. The federal loans are offered to you on your financial aid award letter and you may accept or decline the loans or part of the loan amount.

What Types of Federal Student Loans are Offered by Magdalen College?

Direct Subsidized Loans: Loans made to eligible students who demonstrate financial need based on the FAFSA EFC. 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.
- 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.

When do I Begin Repayment of My Student Loans?

Repayment of student loans begins six months after you leave school or drop below half-time status. You will be assigned a Loan Servicer, with whom you will consult on your repayment options. There are a variety of plans, including income-based repayment, standard repayment, or graduated repayment, for example.

What Else do I Need to Do to Obtain my Loans?

Entrance Counseling and Exit Counseling for Federal Loans

Students who receive federal loans complete **Entrance Counseling** before receiving the loans and **Exit Counseling** upon graduating or leaving the school. This will help you understand your responsibilities regarding your loans. Entrance Counseling is completed online at this website: [Direct Loan Entrance Counseling](#). 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: [Direct Loan Master Promissory Note](#)

What are the 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:

Disbursement of Federal Loans

- Funds will be sent directly to the school in two disbursements (installments): half will be disbursed at the beginning of the Fall Semester, half at the beginning of the Spring Semester.
- If you are a first-time borrower, your first disbursement will be made 30 days after classes begin.
- Parent PLUS loans go into repayment after the second disbursement, unless the parent borrower requests a deferment.
- Your loan payment is credited to school charges on your account.
- If the loan money exceeds school charges, you will be issued a check for the credit balance within 14 days of disbursement.

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

Options and Responsibilities

The [Federal Loan Website](#) will answer questions on when loan payments will be due, how to calculate your loan debt, and different repayment options.

Other Loan/Payment 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: [ELM Resources](#)

Payment Plans: To assist students and their families with the cost of education, the college offers several payment plans. Any alternative to standard payment arrangements must be made in consultation with the Business Office.