

The following applies only to **degree-seeking** students who wish to apply for, and are eligible to receive, **US Federal Loans**.

Dear Students and Families,

July 1st is finally here and John Cabot has successfully made the move to Direct Lending! Below you will find a detailed description of how to apply for Federal Financial Aid through the Direct Lending program. But first a few updates:

1. John Cabot had the unique opportunity to host the Department of Education's overseas training from June 9th through June 11th. Over 40 international universities and schools of higher education attended. The conference was a great opportunity for administrators to learn how to administer the new legislation and to connect with peers from across Europe, the Middle East, and North Africa.
2. The Office of Financial Aid is available to answer all Financial Aid related questions; however, you may experience slightly longer response times due to the higher volume of emails, phone calls, and walk-ins we anticipate receiving in the following weeks.
3. We will be invoicing students shortly; however, if you plan to receive federal or private loans, you will only need to pay the amount that will not be covered by the loans. In this case, you must fill out a loan request form so that JCU is aware of your plans to receive federal funding. **If you choose to take out a private loan, please contact the Office of Financial Aid for counseling.** Example:

If Johnny owes, in total \$10,000, and plans to receive \$5,500 in federal funding, then Johnny must only pay JCU \$4,500 before the deadline. The remaining funds will be paid into Johnny's account when the Direct Lending Funds are disbursed in September. This will be true for Johnny's account in the Spring Semester as well.

Please read the entire document before proceeding to the next step! **We are always here to help !**

Directions to Apply for the William D. Ford Direct Loan Program

John Cabot has recently agreed to participate in the William D. Ford Federal Stafford Direct Loan Program. Under this program, students borrow money from the federal government to pay their college costs. The U.S. Department of Education makes the loans through the university directly to the students. John Cabot University will use the student's Direct Loan to pay college charges and will give the student any remaining money for living expenses.

Under the Federal Family Education Loan Programme (FFELP), private lenders provide the money for loans, and lenders deliver the loan money to schools. With the new legislation signed into effect on March 30th, this program has been eliminated and the direct lending program will come into effect on July 1st 2010. Direct Loans simplify the loan process and eliminate the need for an outside lender, such as a bank. Direct Loans make loan repayments much easier, the payments will go directly to the federal government.

There are Three Types of Direct Loans:

Federal Direct Loan Subsidized Stafford Loans

These are based on financial need. The government will pay the interest on the loan while the student is in school.

Federal Direct Unsubsidized Stafford Loans

Students get Federal Direct Unsubsidized Stafford Loans regardless of need, but will have to pay all interest charges.

Federal Direct PLUS Loans (Parent Loans for Undergraduate Students)

Parents of dependent students can borrow a Federal Direct PLUS Loan to help pay for their child's education.

Application Procedures:

All Students must Complete the Free Application for your Federal Student Aid (FAFSA) by using 'FAFSA on the Web' at <http://www.fafsa.ed.gov>. Once the FAFSA has been completed and the Office of Financial Aid has the results, the student loan application process consists of four steps:

Step 1: Locate or apply for your Federal PIN (sent to you by the U.S. Department of Education)

Step 2: Complete your online loan entrance counseling (required for first time borrowers)

Step 3: Complete and sign your electronic Master Promissory Note (if not already signed)

Step 4: Complete your Request for a Federal Direct Student Loan form.

Step 1: Locate or Apply for your Federal PIN

You should have received a Federal PIN from the U.S. Department of Education shortly after the first time that you completed a Free Application for Federal Student Aid (FAFSA). The PIN serves as your electronic signature and holds the same legal status as your written signature. You should keep your PIN in a safe place and do not share it with anyone.

If you do not have a PIN, go to <http://www.pin.ed.gov> and choose either 'Apply for a PIN' if you have never had one or 'Request a Duplicate PIN' if you had one but do not know it. You will need to submit your name, social security number, date of birth, and email or mailing address. A PIN will be generated and sent to you. You will have the option of receiving your PIN either through your email account (2-3 days) or your PIN can be mailed to you (7-10 days).

Step 2: Complete an Entrance Interview

Previous Federal Direct Loan Recipients. Students who have **previously borrowed** a Federal Direct Loan and have completed an Entrance Interview are not required to complete a second interview.

First Time Loan Borrowers and persons who have borrowed more than 10 years ago must complete an Entrance Interview before your loan request will be processed. The interview may be completed by following the steps below.

1. Complete the Entrance Interview on the web by doing the following:

- a. Sign on to www.direct.ed.gov
- b. Click students on the left
- c. Click applying
- d. Scroll down until you get to **Entrance Counseling** and then click 'complete this counseling online'. And then, 'Take the **Entrance Counseling Session**'. This online entrance counseling session will take about 20-30 minutes to complete.
- e. Read all the Loan information page by page.
- f. Take the 'Rights & Responsibilities' quiz (you must pass).

Step 3: Complete an online Master Promissory Note (MPN)

You must also complete a **Direct Loan Master Promissory Note (MPN)**. This step **must** be done on the web at www.dlenote.ed.gov/. You will need your Federal PIN in order to sign your MPN online. (See step 1 for information on obtaining a PIN) Signing the MPN electronically will shorten the time frame needed to get your loan funds to you.

Once you have a **Direct Loan Master Promissory Note (MPN)** on file with the Federal Government, you are no longer required to complete a new promissory for each new loan. However, you (previous borrowers) will still receive disclosure notices which will have the amounts of your loan and the anticipated disbursement dates. You will be notified by mail or email when your checks will be available. To insure that your notifications are received, be sure to check your JCU email address if you are a returning student.

Once your loans have been processed you will receive Disclosure Notice. The Disclosure Notice will indicate the approved gross loan amounts, fees, net loan amounts, and anticipated disbursement dates. All loans are disbursed in at least 2 disbursements. If the loan period requested is fall and spring, then the first installment will be disbursed at the beginning of the fall semester and the second installment will be disbursed at the beginning of spring semester. If the student is graduating and has requested a one semester only loan, then the first installment will be disbursed at the beginning of the semester and the second installment will be disbursed after midterm.

You will have 14 days after the loan(s) have been disbursed to decline any funds that you no longer wish to receive. You will be notified by mail, email or by phone when your checks are available.

IMPORTANT: Before beginning your Electronic Master Promissory Note (MPN) Session:

1. Have your Federal PIN ready. If you misplaced your PIN, see the instructions on how to obtain a new PIN.
2. Be ready to provide two references (name, address, and telephone number). These should be people who have known you for a least one year (preferably relatives) who live at different addresses.
3. Remember to always use your full legal name as it appears on your social security card.

Step 4. Complete the Request for Federal Direct Student Loan Form

You should submit it to the Financial Aid Office (via email or fax). You cannot electronically send your signature. You must sign the form and scan and fax or email it to the Office of Financial Aid. You should attach a copy of your entrance counseling rights and responsibilities and a copy of your electronic MPN.

Eligibility Criteria

To be eligible for a Federal Direct Loan a student must:

1. Be a U.S. citizen or permanent resident alien;
2. Be taking at least six credit hours and be matriculated in a degree or certificate program;
3. Not owe any refunds on a Pell Grant or other awards received and not be in default on repayment on any type of student loan.

Each new student loan recipient will be required to complete entrance counseling before a loan application is processed and attend an exit interview when graduating or terminating from school.

Exit Counseling

Federal regulations require that all student loan borrowers must have an exit interview/exit counseling during their final semester at the JCU. All borrowers should plan to attend exit counseling with the Office Financial Aid at this time. During the exit counseling, students are reminded of their rights and responsibilities as a student loan borrower. The Federal Direct Loan Exit Counseling Guide for Borrowers is the primary resource used. Topics include: when repayment starts, various repayment plans, deferments, loan consolidation, and consequences of default.

Students may access information about Exit counseling at <http://www.ed.gov/DirectLoan>. This provides access to the Exit Counseling Guide as well as the Borrower's Right's and Responsibilities Form which must be completed in the exit interview process.

Students who have a PIN number have the option of using the online Exit Counseling at <http://www.Dissonline.com/exitcounseling/ecec-main.asp>. This will satisfy all requirements for exit counseling and give the borrower up to date information on their student loan balances. This is the quickest and easiest way to satisfy the exit counseling requirement.

Maximum Loan Amounts

Dependent Students - A first year Dependent student (parent information is required on the FAFSA), with less than 30 earned or transfer credits, may borrow up to \$5,500 per year with a maximum of \$3,500 of the amount being in a subsidized loan. Second year dependent students, with at least 30 earned or transfer credits, may borrow up to a maximum of \$6,500 per year with a maximum of \$4,500 of that amount in a subsidized loan. A dependent undergraduate student may only borrow up to an aggregate limit of \$31,000 over four years.

Independent Students – Independent students (parent information is not required on the FAFSA) may have up to an additional \$4,000 in unsubsidized loans per year. A first year independent student, with less than 30 earned or transfer credits, may be eligible to borrow up to \$10,500 per year with a maximum of \$4,500 in a subsidized loan. An independent undergraduate student may only borrow up to an aggregate limit of \$57,500.

Aggregate Loan Limits - Stafford Loan			
	Combined Base Limit for Subsidized and Unsubsidized Loans	Additional Limit for Unsubsidized Loans	Total Limit for Unsubsidized Loans (minus subsidized amounts)
Dependent Undergraduate Students (whose parents were not denied a PLUS loan)	\$23,000	\$8,000	\$31,000
Independent Undergraduate Students (and dependent students whose parents were denied a PLUS loan)	\$23,000	\$34,500	\$57,500

In addition, Students may pursue private loans.

Repayment Terms

The fixed interest rate for subsidized Federal Direct Loans is 4.5% (2010-2011) and unsubsidized Federal Direct Loans is 6.8%. In addition, all Federal Direct Loans are charged an origination fee of 1.5%. With the current rebate allowances for on time payments of 1.0% the actual originated fee charged is 0.5%.

For Federal Direct PLUS loan, the fixed interest rate is 7.9% which is less than the FFELP PLUS loan rate of 8.5%. In addition, the Federal Direct PLUS loan has an origination fee of 4%. With the current rebate allowances for on-time payment, the actual origination fee charged is 2.5%.

There are several ways to repay a Federal Direct Loan:

A **Standard Repayment Plan** has a fixed monthly repayment amount for a fixed period of time, usually 10 years.

An **Extended Payment Plan** has a lower fixed monthly payment amount, and loan repayment can be extended beyond the usual 10 years.

A **Graduated Repayment Plan** usually begins with lower monthly payments, and payment amounts increase at specified times. Payments may be the usual 10 year period, or they may be extended beyond the usual 10 years.

Income-contingent Repayment Plan sets annual repayment amounts based on the borrower's income after leaving school. The loan is repaid over an extended period of time, not to exceed 25 years.

A servicing agency will be responsible for maintaining the loan account and repayments. It is the student's responsibility to maintain contact with that agency.

Loan Consolidation

Students who have previously borrowed FFELP student loans through a lending institution and who are now borrowing a Federal Direct Loan are encouraged to consolidate all of their student loans into one Federal Direct Consolidation Loan. This will help the borrower avoid the situation of owning two separate loans to two different lenders. Borrowers who are interested in consolidation of all their student loans into one Consolidation Loan can contact the U.S. Department of Education for more information at <http://loanconsolidation.ed.gov>.

John Cabot University

Federal Direct Loan Request Form

PLEASE FILL THIS FORM OUT IN ALL CAPS

Student's Last Name

Student's First Name

MI

Date of Birth

Social Security Number

You must complete a Free Application for Federal Student Aid (FAFSA), receive a valid Student Aid Report (SAR), and understand the following before you complete this application.

The Direct Loan is a loan and must be repaid.

You must be enrolled for at least 6 credits per term throughout the loan period.

First-time borrowers must complete an online counselling quiz.

You are required to electronically complete and sign your Master Promissory Note, www.dlenote.ed.gov

John Cabot University may decrease or terminate loan eligibility due to excessive borrowing at another institution.

You cannot be in default or overpayment of any federal grant/loan programs.

Address:

Email Address

Home Phone No.

Cell Phone No.

Drivers License #

State

Requested Stafford Amount \$ _____, _____ .00

Requested PLUS Amount \$ _____, _____ .00

Loan Period: Select only one.

- 1 Fall/Spring [Request is for full academic year]
- 2 Fall only
- 3 Spring only

Your Loan will be processed as either a subsidized or unsubsidized depending upon your financial aid eligibility. John Cabot University will always consider you for subsidized loan funds first. If you are ineligible for subsidized funds and are still in need of Direct Loan funding, would you be willing to accept any or all your entire loan in unsubsidized funds? Please check yes or no below.

Yes

No

By signing below, I understand that I am authorizing the Financial Aid Office at John Cabot University to provide the Direct Lending Servicer with any information that is necessary for the electronic transfer of my direct loan funds.

Student Signature

Date