



### **LOAN ELIGIBILITY**

Your eligibility for loan funds will be determined based upon your enrollment at Seward County Community College, the period of the loan, the length of your program, the educational costs for this period, and the anticipated financial resources you will receive during the period of the loan. Your loan may be subsidized or unsubsidized depending on your financial need, as determined by the FAFSA, as well as your prior subsidized loan usage. Students must be enrolled 6 eligible credit hours. Students who drop below half-time will have future disbursements cancelled and must complete exit loan counseling.

### **WHAT IS A FEDERAL DIRECT LOAN?**

Direct Loans are available to eligible students through the federal government to help pay for educational expenses. The Department of Education issues Federal Direct Loan funds after approval from the college. While you receive a specific amount that is available to you in federal direct loans, you are not obligated to take out the entirety of the loan offer. There are two different types of federal direct loans: Subsidized loan: awarded based on financial need as determined by the FAFSA. If you qualify, the federal government pays interest on the loan while you are in school at least half-time until you begin repayment and during authorized periods of deferment.

Unsubsidized loan: not awarded based on financial need. If you qualify for an unsubsidized loan you will be charged interest from the time the loan is disbursed until it is repaid in full.

### **150% DIRECT SUBSIDIZED LOAN LIMITATIONS**

Federal law limits eligibility for subsidized loans to 150% of the length of the student's declared academic program. The new limitation affects new borrowers or borrowers whose loans were paid off in full prior to receiving loans on or after July 1, 2013. Once a borrower has reached the 150% limit and has not finished their educational program, they will lose the interest subsidy for subsidized loans. The interest will begin to accrue effective the date of continuing of new enrollment. Unpaid interest will be capitalized (added to the loan principal balance) at repayment. For example: An associate degree (2-year program length) has a maximum of 3 years subsidized eligibility. A certificate (1-year program length) has a maximum of 1.5 years subsidized eligibility.

### **ORIGINATIONS FEES & REPAYMENT**

Origination fees are assessed by the Department of Education for each loan disbursement. Repayment is not required until after the student graduates, withdraws, or is no longer enrolled in at least 6 credit hours. Direct Subsidized and Direct Unsubsidized loans where the first disbursement is made on or after October 1, 2020 and before October 1, 2021 will have a 1.057% origination fee. Interest rates for loans first disbursed on or after July 1, 2020 and before July 1, 2021 will have a 2.75% fixed interest rate for repayment.

### **SEMESTER AND DISBURSMENT INFORMATION**

Disbursement occurs when financial aid funds are applied to the student account. If the financial aid disbursement is more than the charges on the student account, the student will receive a refund. Disbursements are applied to student accounts after Certification Date with refunds available at the cashier's desk with a valid photo ID.

### **ENTRANCE COUNSELING**

An information session that takes place before the loan is disbursed and is required for all Direct Loan borrowers. The session explains your rights and responsibilities as a student loan borrower. Entrance counseling is completed online at <https://studentloans.gov>.

### **ANNUAL STUDENT LOAN ACKNOWLEDGMENT**

An information session that takes place before the loan is disbursed and is required for all Direct Loan borrowers. The session is meant to help you understand how your loans affect your financial future. Annual Student Loan Acknowledgement is completed online at <https://studentloans.gov>.

### **MASTER PROMISSORY NOTE**

A promissory note is a binding legal document you sign when you get a student loan. It contains the loan terms and conditions under which you are borrowing and the terms under which you agree to pay back the loan. It is important to read, understand, and save this document. The Master Promissory note is completed online at <https://studentloans.gov>.

### **CANCELLATION**

You have the right to request cancellation of any part of this loan for a period of up to 14 days after disbursement by submitting a written request to the Financial Aid Office.

### **MAXIMUM ELIGIBILITY PERIOD**

New borrowers are now limited to borrowing subsidized student loans for three years for an associate's degree and one and a half years for most certificate programs.

### **EXIT COUNSELING**

An information session which must be completed when the student loan borrower ceases half-time enrollment or graduates. The session provides information on your loans and when repayment begins. Exit counseling is completed online at <https://studentloans.gov>.