

2018-2019 Federal Direct Loan Information

(Be sure to password protect documents prior to sending through email)



Be a smart borrower! Only borrow what you need- you will have to pay back all loans you borrow!

Your direct loan eligibility is indicated on your financial aid award letter. You can choose to borrow the amount indicated, a lesser amount, or choose not to borrow at all. The loan indicated is based on your grade level and is your base loan eligibility; see the chart on the back of the loan application for more information.

- You must remain enrolled for at least 6 credits for each semester you wish to borrow loan and must be currently attending 6 credits at the time of each disbursement.
- This loan must be repaid. The amount you borrow increases your total debt, increases your monthly payments, and will affect how you live after school.

Direct Subsidized Loan: Subsidized loan is a need based loan, as determined by the information provided on your 2018-2019 FAFSA. The federal government pays the interest while you are enrolled at least half-time. Subsidized loans begin accruing interest when a student drops below half-time or enters their grace period (for loans disbursed July 1, 2012- July 1, 2014). Subsidized loans disbursed after July 1, 2014 will begin accruing interest once you enter repayment. The interest rate for subsidized loans is fixed at **5.05%**. Repayment of both interest and principal starts after a 6 month grace period, which begins once you graduate or drop below half-time in a semester. Loan origination fees are deducted from each disbursement; the current origination fee is 1.066% before October 1, 2018; the origination fee will adjust for all new loans first disbursed after October 1, 2018.

New borrowers on or after July 1, 2013 will not be eligible for new direct subsidized loans, if the period which the borrower has received such loans exceeds 150% of the published length of the borrower's educational program. The borrower becomes ineligible for interest subsidy benefits on all direct subsidized loans first disbursed to that borrower on or after July 1, 2013. Ex: a student enrolled in a 2 year associate degree program may become ineligible after completing their 3rd year in the program.

Direct Unsubsidized Loan: Students who borrow an unsubsidized loan are responsible for paying the interest on their loan while enrolled or allow the interest to accumulate while enrolled. Repayment of both interest and principal begin after a 6 month grace period, which begins once you graduate or drop below half-time in a semester. The interest rate for unsubsidized loans is fixed at **5.05%**. Loan origination fees are deducted from each disbursement; the current origination fee is 1.066% before October 1, 2018; the origination fee will adjust for all new loans first disbursed after October 1, 2018.

- In addition to the amount listed on the award letter, students are eligible to borrow additional unsubsidized loans to assist with the cost of education, if needed. We recommend only borrowing unsubsidized loans as a last resort and only borrowing what you need. If you need to borrow additional loan funds, indicate the total amount you wish to borrow on the Federal Direct Loan Application.

*Interest Rates are the expected rates as of July 1, 2018 and are subject to change, Origination Fees subject to change October 1, 2018

Entrance counseling: The federal government requires all students borrowing a federal loan to complete online entrance counseling. Go to www.studentloans.gov and sign in. Select "Complete Entrance Counseling" for undergraduate students; follow the steps.

Master Promissory Note (MPN): First-time direct loan borrowers at YCCC must complete an online MPN before we will be able to disburse your loan. Go to www.studentloans.gov and select Complete MPN for subsidized and unsubsidized loans.

Create a iGrad account: Sign up for iGrad by going to www.iGrad.com/schools/YCCC.

To receive a Direct Loan at YCCC you must:

1. Submit a YCCC Federal Direct Loan application to the Financial Aid Office.
2. Complete Entrance Counseling.
3. Complete MPN, if this is your first time borrowing at YCCC.
4. Create an iGrad account and print page as proof that account was created and return to the Financial Aid Office.
5. Maintain enrollment and attendance in at least 6 credits per semester you wish to borrow a loan.

Access your Federal Direct Loan Information Online: All students who have borrowed a federal student loan have access to the National Student Loan Data System (NSLDS). NSLDS is a federal website where, after signing in, you can gain access to your full federal borrowing history, access contact information for your servicing agency, view amounts owed and more. You can visit NSLDS at www.NSLDS.ed.gov.

Federal Direct PLUS loans for Parents: Biological, adoptive and stepparents of a dependent student may be eligible to borrow a loan to assist in paying for the student's educational expenses. The interest rate is 7.60%* and repayment begins 60 days after the loan is fully disbursed, unless deferment arrangements are made with your servicing agency. A federal loan origination fee of 4.264%** is deducted from each disbursement of the loan. The parent borrower must be credit-worthy and complete a PLUS loan application (available at the Financial Aid Office) and a PLUS MPN. Parent loan eligibility is not listed on the financial aid award notice. Contact financial Aid for further information

*Interest Rates subject to change July 1, 2018, Origination Fees subject to change October 1, 2018

Direct Loan Disbursement Variations:

- **Disbursement Delay:** Loan funds for first-time direct loan borrowers are applied to the student accounts 30 days after the start of the semester. This delays any expected loan refund until approximately the 6th week of the semester for full year loans, and until one week after the mid-point of the semester for single semester loans.
- **Split Disbursements:** Loan funds for direct loan borrowers attending one semester are split into two equal disbursements. The first disbursement will be applied to the student's account approximately 2 weeks after the end of the add/drop period. The second disbursement will be applied to the student's account after the midpoint of the semester (late-October for fall, mid-March for spring students). You must be attending at least half-time (6 credits or more) at the time of both disbursements.
- **Single semester enrollment:** If you are enrolled or receiving a loan for only one semester you may be subject to a split disbursement, disbursement delay or both. Check with Financial Aid for info on your individual situation.
- **Loan Proration:** Students enrolled in their last semester of enrollment and attending for only one semester are subject to loan proration (a *reduction* in the maximum amount the student can borrow). Loans are prorated based on the total number of credits you are enrolled in and the maximum loan you are eligible for based on your grade level.
- **Reallocation and Changes to loans awarded:** Loan amounts and types that have been awarded are subject to change if the student's situation has changed. Changes in enrollment or receipt of outside scholarships are examples of changes that could impact eligibility; there are many other changes that could also impact a student's eligibility.
 - Example 1: student A is awarded \$3,500 in subsidized loan (need based aid). The financial aid office is notified that the student received a \$5,000 scholarship and is no longer eligible for "need based aid" as determined by the FAFSA information. The financial aid office would reallocate the student's subsidized loan funds to unsubsidized loan (non-need based) funds, as required by federal regulation.
 - Example 2: student B is awarded \$3,500 in subsidized loan (need based aid) with an expected full-time enrollment. Student B enrolls for the semester in 6 credits, equaling half-time enrollment, with a reduced cost of attendance. Based on factors and information provided from the FAFSA, the student is determined to no longer be eligible for \$3,500 in subsidized loan and now has their loan reallocated between subsidized and unsubsidized, as required by federal regulation.

iGrad: A financial literacy resource available to all YCCC students (perspective, current & alumni) brought to you as part of our financial services to help our students succeed financially. iGrad is a tool that provides online resources and information, personalized loan counseling, loan repayment calculators, scholarship searches and more.

- Sign up for iGrad today by going to www.iGrad.com/schools/YCCC. Make sure you list YCCC as your school to gain access to added benefits. For questions contact YCCC Financial Aid or iGrad directly at 1-855-469-2724 or www.iGrad.com/schools/YCCC.

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