



2016-17 Loan Information Sheet

The U.S. Department of Education's student loan program is the **Federal Direct Loan Program**. You, the student, borrow from the Department and repay the federal government.

Federal Direct Loan Requirements

- You must complete the Free Application for Federal Student Aid (FAFSA) prior to requesting a Federal Direct Student Loan. This can be completed at www.fafsa.gov. Williamson College's school code is 03513500.
- Your financial aid package may include a combination of subsidized and unsubsidized loans. All Federal Direct Student Loans are disbursed in two equal portions, usually seen as divided for each term on our award notice. You must be enrolled at least half time (6 hours or more) while meeting all basic eligibility requirements including Satisfactory Academic Progress.
- Once awarded by Williamson College, review your loan award(s) on your award letter; confirm your request for a student loan accepting the award(s) on your Populi account (found at <https://williamsoncc.edu/academics/populi/>). If you wish to decline any loan award, click the decline field next to that award. You may also reduce the loan amount by contacting the Financial Aid Office by phone or email.
- First time borrowers must sign a **Master Promissory Note (MPN)** electronically www.studentloans.gov here. The MPN is the legal instrument in which you promise to repay your loan. The signature on the MPN is active for 10 years.
- First time borrowers will also need to complete **Loan Entrance Counseling** found on www.studentloans.gov. It covers how the loan process works and your rights and responsibilities as a borrower.
- First year, first time borrowers will have a 30 day delay on the disbursement of the first installment of the Direct Loan. You must wait at least 30 calendar days after your program of study begins. If there are excess funds (above institutional costs), the school will mail a check to the student within 14 days of that date.

How much can I borrow?

Class Level	Dependent Student (Yearly maximum loan limits)	Independent Student (And dependent with PLUS denial) (Yearly loan limits)
Freshman (0-29 hrs)	\$5,500—No more than \$3,500 in subsidized loans.	\$9,500—No more than \$3,500 in subsidized loans.
Sophomore (30-59 hrs)	\$6,500—No more than \$4,500 in subsidized loans.	\$10,500—No more than \$4,500 in subsidized loans.
Junior and beyond (60 or more hrs) undergraduate	\$7,500—No more than \$5,500 may be in subsidized loans.	\$12,500—No more than \$5,500 in subsidized loans.

A student loan, unlike grants and scholarships, is borrowed money that accrues interest.

You must repay your loans, regardless of successfully completing your program or obtaining employment.

You may only use loan funds for educationally related expenses at Williamson College.

***The financial aid office will determine eligibility for subsidized and unsubsidized loans.**

- *Subsidized loans** – The Dept. of Education pays the interest (3.76%) for the student while attendance is at least half-time.
- *Unsubsidized loans** - The student is responsible for the interest (3.76%) once the loan is disbursed. You may pay the interest while in school or have the interest accrue and added to the principal when you go into repayment.
- *Parent PLUS loans** – The parent borrower will begin paying interest of 6.31% once the loan is disbursed.

***(Between dates 10/1/16 and 10/1/17) The Department of Education will deduct 1.069% origination fee from the student loan amounts before loan funds are disbursed and deduct a 4.276% origination fee from Direct PLUS loans.**

Maximum Eligibility Period

If you are a first-time borrower on or after July 1, 2013, there is a limit on the maximum period of time (measured in academic

years) that you can receive Direct Subsidized Loans. If this limit applies to you, you may not receive Direct Subsidized Loans for more than 150 percent of the published length of your program. This is called your “**maximum eligibility period.**” Your maximum eligibility period is based on the published length of your current program.

Can I cancel my loan?

If you wish to cancel any part of your loan, or a loan disbursement prior to disbursement of loan funds to your student account, Williamson College must obtain written confirmation of the amount to cancel no later than 14 days after your first invoice. You will receive an invoice of fees from the Business Office by your first day of class of your term start date. If the request for canceling any or your entire loan is received within that timeframe (above), any disbursed loan funds will be returned and any undisbursed loan portions will be automatically cancelled.

National Student Loan Data System (NSLDS)

The NSLDS is the Department of Education’s central database for housing student aid. The data system contains information about your federal financial aid, which you can access using your PIN at www.nsls.ed.gov. Williamson College is required to report your enrollment information to the NSLDS which will be accessible by guaranty agencies, lenders and institutions determined to be authorized users of the data system.

Exit Counseling

When a student borrower drops below half-time, has a break longer than 45 days between classes, or withdrawals from a term, they will be notified to perform Exit Loan Counseling. This can be completed www.studentloans.gov here. Williamson College will report the student’s enrollment to the National Student Loan Database System (NSLDS). Any student reported below half-time (below 6 hours) will go into repayment.

Repaying your loans

You generally have 10-25 years to repay your loans, depending on the repayment program you choose. Your servicer will notify you when your first payment is due and you will be set up on a monthly payment plan. To learn about loan repayment choices and work out your Federal Loan monthly payment, go to: <https://studentaid.ed.gov/repay-loans/understand>.

Examples of Typical Direct and FFEL Stafford Loan Repayments

Estimated Monthly Payments & Total Amounts Repaid Under Different Repayment Plans						For Direct Loans Only: Income Contingent(c) (Income = \$25,000)				
Initial Debt When you Enter Repayment	Standard (not to exceed 10 years)		Extended(a)		Graduated(b)		Single(c)		Married/HOH(d)	
	Per Month	Total Repaid	Per Month	Total Repaid	Per Month	Total Repaid	Per Month	Total Repaid	Per Month	Total Repaid
\$3,500	\$50	\$4,471	Not Available		\$25	\$5,157	\$27	\$6,092	\$25	\$6,405
\$5,000	\$58	\$6,905			\$40	\$7,278	\$38	\$8,703	\$36	\$9,150
\$7,500	\$83	\$10,357			\$59	\$10,919	\$57	\$13,055	\$54	\$13,725
\$10,500	\$121	\$14,500			\$83	\$15,283	\$80	\$18,277	\$76	\$19,215
\$15,000	\$173	\$20,714			\$119	\$21,834	\$114	\$26,110	\$108	\$27,451
\$40,000	\$460	\$55,239			\$277	\$83,289	\$316	\$58,229	\$253	\$72,717

Payments are calculated using the fixed interest rate of 6.8 percent for student borrowers.

You can also find a repayment calculator at <http://mappingyourfuture.org/paying/standardcalculator.cfm>.

(a) **Extended repayment plan:** For a Direct Loan borrower, the requirement is that the borrower (1) must have had no outstanding balance on a Direct Loan Program loan as of Oct. 7, 1998, or on the date the borrower obtained a Direct Loan Program loan on or after that date, and (2) must have more than \$30,000 in outstanding Direct Loan Program loans. The amounts were rounded to the nearest dollar and were calculated based on a 25-year repayment plan.

(b) **Graduated repayment plan:** This is an estimated monthly repayment amount for the first two years of the term and total loan payment. The monthly repayment amount will generally increase every two years, based on this plan.

(c) **Income-Contingent repayment plan:** Assumes a 5 percent annual growth (Census Bureau) and amounts were calculated using the formula requirements in effect during 2006.

(d) **HOH is Head of Household.** Assumes a family size of two.

Are there tax incentives while paying back student loans?

Tax benefits are available for certain higher education expenses, including a deduction for student loan interest for certain borrowers. This benefit applies to all loans used to pay for post-secondary education costs, including PLUS Loans. The Internal Revenue Service (IRS) Publication 970, Tax Benefits for Higher Education, explains these credits and other tax benefits. You can get more information online at www.irs.gov or by calling the IRS at 1-800-829-1040. TTY callers can call 1-800-829-4059.

Rights and Responsibilities in Student Loan Borrowing

You have the right to know all terms and conditions of any loan you accept. When you accept loans, it is your responsibility to repay the entire amount due. You must read and understand all materials sent to you by the Financial Aid Office and other agencies awarding you aid. Stay in touch with your servicer and update them with any name, permanent address and phone number changes. Let them know if you have transferred schools and when you complete your educational program. Know there are deferment and forbearance options if you have trouble making payments. Let your servicer know if you are having trouble making payments as they are there to service you and help you through the repayment process.

Ombudsman for Student Loans

To dispute any issue regarding your federal student loan, the Federal Student Aid Ombudsman of the Department of Education is dedicated to assist. Borrowers are encouraged to make every effort to resolve their student loan problems on their own, however, when a solution cannot be reached, the Ombudsman has a process and resources to assist borrowers. For more information and to connect with the Ombudsman, visit online at <https://studentaid.ed.gov/sa/repay-loans/disputes/prepare/contact-ombudsman>.