North Shore Community College participates in the William D. Ford Federal Direct Student Loan program administered by the U.S. Department of Education and NSCC. Loan funds are borrowed directly from the federal government. Loans are financial assistance that must be repaid after you graduate or drop below six credits.

A. How Do I Borrow a Loan at NSCC?
1. Complete a 2014-2015 FAFSA and make sure there are no outstanding financial aid requirements on Pipeline.
2. After the FAFSA file is reviewed, most students will be “offered” a loan amount that they can accept, decrease or decline on Pipeline’s “Financial Aid Award” section. The loan will not be considered part of your payment unless it is accepted.
3. New borrowers at NSCC must complete the following requirements online at www.studentloans.gov before the loan deadline:
   a. Loan Entrance Counseling Interview (Information regarding student loan management and repayment)
   b. Master Promissory Note (MPN) (Agreement to terms of loan including two references)
4. Student borrowers must remain enrolled in at least 6 credits and be making Satisfactory Academic Progress.
5. To request an adjustment to an existing loan or to request a loan if one was not offered in the financial aid award, a Federal Direct Loan Request Form must be completed and submitted.

B. How Much Can I Borrow?
Generally a student can borrow up to the amounts indicated in the below chart. Actual loan eligibility may be less than the requested loan amount. Approved amounts are based on a student’s cost of attendance, EFC (expected family contribution), grade level, semester credit load, dependency status, and other awarded financial aid.

C. Yearly Loan Limits

<table>
<thead>
<tr>
<th>Year in College</th>
<th>Dependent Student</th>
<th>Independent Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshman (0–29 credits)</td>
<td>$5,500–up to $3,500 subsidized</td>
<td>$9,500–up to $3,500 subsidized</td>
</tr>
<tr>
<td>Sophomore (30+ credits)</td>
<td>$6,500–up to $4,500 subsidized</td>
<td>$10,500–up to $4,500 subsidized</td>
</tr>
<tr>
<td>Life Time Undergraduate Loan Limits</td>
<td>$31,000 (up to $23,000 Subsidized)</td>
<td>$57,500 (up to $23,000 Subsidized)</td>
</tr>
</tbody>
</table>

D. What Types of Loans Can I Borrow?
There are two types of federal loans for students to borrow. Federal Direct loans are not based on credit, but they will affect a student’s credit in the future.

Direct Subsidized Loan
- Need-based loan, meaning the student must demonstrate financial eligibility according to federal regulations.
- Federal government pays interest while the student is enrolled in at least 6 credits, so no interest accrues while student is attending at least half-time.
- Interest rates for 2014-15 are 4.66% fixed.
- If you are a first-time borrower, there is a time limit on the subsidized loans you can borrow. A student may not receive Direct Subsidized Loans for more than 150 percent of the published length of their program.
  - For example, if you are enrolled in a two-year Associate’s degree program, the maximum period for which you can receive Subsidized Loans is three years (150 percent of 2 years = 3 years).
  - A student’s maximum eligibility is based on the type of program a student is enrolled in. Therefore, if you receive Subsidized Loans for one program and change to another program, the Subsidized loans from the earlier program count toward your new program. This could affect your subsidized loan eligibility partway through a semester.
Certain types of enrollment may cause you to become responsible for the interest that accrues on your Subsidized Loan. For example, if a student is in an Associate’s Degree Program and they have used all 3 years of eligibility without graduating and remain enrolled, their loans begin accruing interest. When the loan goes into repayment the student is responsible for repaying the original amount of the loan plus the amount of interest that accrued.

More information is provided during Entrance Counseling and at http://studentaid.ed.gov/types/loans/subsidized-unsubsidized

Direct Unsubsidized Loan
- Non-need-based loan offered to students who do not qualify for the Subsidized loan, or who only qualify for a portion of the Subsidized loan.
- Interest accrues on an Unsubsidized Loan after the loan is disbursed regardless of the student’s enrollment status.
- Students may elect to pay the interest when in school or have it capitalized (added to the principal) at the end of the loan’s grace period.
- Interest rates for 2014-15 are 4.66% fixed.

E. How Do I Get My Loan Money?
- Once MPN (Master Promissory Note) and Entrance Counseling is confirmed, the loan will be processed and visible in Pipeline within one week.
- Actual payment (disbursement) of the loan occurs approximately 6 weeks after classes begin, and disbursements occur weekly through the remainder of the semester.
- Federal student loans are only disbursed when class attendance is verified, enrollment is at least 6 credits, the financial aid file is complete, and all other federal requirements are satisfied.
- An origination fee of 1.072% is taken out of your loan by the federal government. The remaining loan money is then applied to any outstanding charges from NSCC. After charges are paid, excess funds are sent via check to the student borrower’s home address in NSCC’s database.
- Withdrawing from the college or dropping below 6 credits before the loan disburses can prevent the release of loan funds and may cause you to owe money to NSCC.

Loan Cancellation
Students and parents have the right to cancel a loan at any time prior to disbursement. Once the loan proceeds have been disbursed to the school on the student’s behalf, the student/borrower has 30 days from the date of disbursement to notify NSCC to return the loan on the student’s behalf.

Loan Exit Counseling
- All borrowers who graduate, drop below 6 credits, or withdraw from NSCC must complete loan exit counseling at www.studentloans.gov. This provides information on loan repayment and responsibilities.

F. How and When Do I Repay My Loan?
- Repayment begins six months after a student graduates, withdraws from school, or drops below 6 credits (half-time).
- The six months leading up to repayment is referred to as a ‘grace period.’ Both subsidized and unsubsidized loans will accrue interest during the grace period.
- The loan servicer (not NSCC) will send repayment information via mail at the student’s last known address, or the student can choose electronic billing. The loan servicer and the financial aid office must be notified of any change of address.
  - Find loan servicer and loan history information at www.nslds.ed.gov
- FAILURE TO MAKE PAYMENTS MAY RESULT IN DELINQUENCY AND DEFAULT. This affects your credit score and prevents you from receiving future financial aid at any school.

Loan Deferment
- A loan deferment is a postponement of payment. If your loan is subsidized, you will not be required to pay interest in deferment.
  - Deferment may be possible if the student is:
    - Currently enrolled in at least 6 credits in an eligible post-secondary school
    - The National Student Loan Data System (NSLDS) will generate loan deferment automatically if it receives notification of your enrollment from the institution that you are:
      - Attending a graduate fellowship program, or participating in an approved disability rehabilitation program
      - Unemployed or meets federal rules for economic hardship (limited to 3 years)
      - Active-duty in the U.S. Armed Forces or National Guard
    - Students seeking deferment should contact their loan servicer as further documentation may be necessary.

Forbearance
- If a borrower cannot make scheduled loan payments, but doesn’t qualify for deferment, the loan servicer may be able to grant forbearance. This allows the borrower to temporarily stop making loan payments, temporarily make smaller payments, or extend the time for making payments. Students in default on their loans are not eligible for forbearance.