

William D. Ford Federal Direct Loan Program

For Students attending Meadville Lombard Theological School

2015-2016 Award Year

Direct Loans are low-interest loans available to students and parents through the Department of Education. The U.S. Department of Education is the lender of all Direct Student Loans, but the loans may be serviced through a loan servicer chosen by the Department of Education. Direct Loans make loan repayment much easier--payments go directly to the federal government. Additional information on Federal Direct Loans is available at <http://www.studentloans.gov>, <http://www.studentaid.ed.gov> or you can contact the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243).

Types of Direct Loans for Graduate Students

There are two types of loan programs offered for Graduate students by the U.S. Department of Education.

Federal Direct Unsubsidized Loans: Students are eligible for Federal Direct Unsubsidized Loans regardless of need, but will have to pay all interest charges. The Unsubsidized Loan has a fixed interest rate of 6.21% on loans first disbursed on or after 7/1/14 and before 7/1/15. On loans first disbursed on or after 7/1/15 and before 7/1/16, the fixed interest rate is 5.84%.

Federal Direct Grad PLUS Loans (Plus Loans for Graduate and Professional Degree Students): Graduate and professional degree students may borrow under the PLUS Loan program up to their school's cost of attendance minus other financial assistance. The PLUS Loan is a credit-based loan with a fixed interest rate of 7.21% on loans first disbursed on or after 7/1/14 and before 7/1/15. On loans first disbursed on or after 7/1/15 and before 7/1/16, the fixed interest rate is 6.84%.

Federal Direct Unsubsidized Loan Application Procedures

To apply for a Federal Direct Unsubsidized Loan you will need to complete the four steps below.

Step 1: Complete the Free Application for Federal Student Aid (FAFSA) by using "FAFSA on the Web" at <http://www.fafsa.ed.gov>.

Step 2: Complete the online loan entrance counseling

Step 3: Complete and sign the electronic Master Promissory Note for the Federal Direct Unsubsidized Loan program

Step 4: Complete the 2015-2016 Loan Request Form

Step 1: Complete the FAFSA online at <http://www.fafsa.ed.gov>

The Free Application for Federal Student Aid (FAFSA) is the first step toward getting federal aid for college, career school, or graduate school. Completing the FAFSA is free and easier than ever, and it gives you access to the largest source of financial aid to pay for college, career school, or graduate school. The FAFSA data will be used to determine your aid eligibility for federal aid.

To electronically sign your FAFSA, you will need a federal PIN. Your PIN can be used each year to electronically apply for federal student aid and to access your Federal Student Aid records online. To apply for a PIN or request a duplicate of your current PIN, go to <http://www.pin.ed.gov>. Choose "Apply for a PIN" if you have never had one or "Request for a Duplicate PIN" if you already have one but do not know it. A PIN will be generated and assigned to you. You will have the option of creating your own PIN, receiving your PIN through your email account (2-3 days) or your PIN can be mailed to you (7-10 days).

Step 2: Complete Online Entrance Counseling

All students who plan to borrow from the Federal Direct Loan program must complete the Federal Direct Student Loan Entrance Counseling. Borrowing a student loan is a serious financial obligation, and entrance counseling will provide you with the important information you need to make an informed decision about student loan borrowing. The entrance counseling must be completed before the Financial Aid Office will accept and process your loan application.

Complete the online entrance counseling on the Federal Direct Loan Servicing website at <http://www.studentloans.gov>. This tutorial reviews basic facts about Federal Direct Loans, and your rights and responsibilities as a borrower. After you complete the tutorial, you will be required to take and pass a quiz. The tutorial and quiz will take approximately 30 minutes to complete. Once you have passed the quiz, the system will display your quiz results and ask you to choose a school. You may print your passing entrance counseling quiz results along with a copy of your rights and responsibilities by clicking "Retrieve Quiz Results" from the main page.

Step 3: Complete and Sign the Unsubsidized Loan Electronic Master Promissory Note (MPN)

All students who plan to borrow from the Federal Direct Loan program must sign a Federal Direct Loan Master Promissory Note (MPN). If you have previously signed a Federal Direct MPN for another Direct Loan college (online or paper) you may not be required to complete a new MPN if the MPN on file has not expired.

Students are also able to sign their MPN electronically on the web at <http://www.studentloans.gov>. To complete and sign your Master Promissory Note, go to <http://www.studentloans.gov>, log in using your PIN issued by the Department of Education and select "Complete Master Promissory Note", then select "Subsidized/Unsubsidized".

Completing an electronic MPN is fast, easy, and free. You must complete the entire process in a single session so be prepared and give yourself plenty of time. If you exit the site before signing your electronic MPN, you will be required to start over from the beginning. This process will take approximately 30 minutes to complete.

IMPORTANT: Before beginning your electronic MPN session:

- Have your federal PIN ready. If you misplaced your PIN, see the instructions on how to obtain a new PIN.
- Be ready to provide two references (name, address, and telephone number). These should be people who have known you for at least one year (preferably relatives) who live at different addresses.

- Remember to always use your full legal name as it appears on your social security card.

Paper Option: If you do not wish to sign your MPN with your PIN, you may request that the Financial Aid Office print a copy of your MPN. The printed copy will be mailed to your home address for your signature, but this will significantly delay the processing of your loan application. We recommend you complete your MPN electronically.

Step 4: Complete the 2015-2016 Loan Request Form

All students who plan to borrow from the Federal Direct Loan program must complete the 2015-2016 Loan Request Form. You can request the 2015-2016 Loan Request Form by emailing the Financial Aid Processing Center @ Meadville@financialaidservices.org. Please send the completed form back to the Financial Aid Processing Center @ Meadville@financialaidservices.org.

Federal Direct Graduate PLUS Loan Application Procedures

Do you need **additional** funding beyond what you are eligible for in the Federal Direct Unsubsidized Loan Program? If so, you can apply for the Federal Direct Graduate PLUS Loan program.

The Federal Direct Graduate PLUS Loan program is a credit based loan program offered by the U.S. Department of Education to graduate and professional level students. The borrower must not have an adverse credit history. If the borrower has an adverse credit history, they may receive a Federal Direct Graduate PLUS Loan by obtaining an endorser who does not have an adverse credit history. The maximum loan amount is the student's cost of attendance minus any other financial aid received. Please contact the Financial Aid Processing Center for specifics on your loan amount eligibility.

To apply for a Federal Direct Graduate PLUS Loan you will need to complete the four steps below.

Step 1: Make sure you have successfully completed the Free Application for Federal Student Aid (FAFSA) by using "FAFSA on the Web"

Step 2: Make sure you have successfully completed the online loan entrance counseling

Step 3: Request a Direct PLUS Loan

Step 4: Complete and sign the electronic Master Promissory Note for the Federal Direct Graduate PLUS Loan program

Step 1: Complete the FAFSA online at <http://www.fafsa.ed.gov> – Refer to the information on page 1.

Step 2: Complete Online Entrance Counseling – Refer to the information on page 2.

Step 3: Request a Direct PLUS Loan

All students who plan to borrow from the Federal Direct Graduate PLUS Loan program must complete the credit application. The credit application is fast, easy, free and available online at www.studentloans.gov.

To request a Direct PLUS Loan, go to <http://www.studentloans.gov>, log in using your PIN issued by the Department of Education and select "Request a Direct PLUS Loan".

You must complete the entire process in a single session so be prepared and give yourself plenty of time. If you exit the site before completing the request, you will be required to start over from the beginning. This process will take approximately 30 minutes to complete. You will receive the credit decision at the end of the process. Please be sure to print a copy for your records and notify the Financial Aid Processing Center that your Federal Direct Graduate PLUS Loan request has been successfully submitted.

Step 4: Complete and sign the Graduate PLUS Loan Electronic Master Promissory Note

All students who plan to borrow from the Federal Direct Graduate PLUS Loan program must sign a Federal Direct Graduate PLUS Loan Master Promissory Note (MPN).

Borrowers are able to sign their MPN electronically on the web at <http://www.studentloans.gov>. To complete and sign your Master Promissory Note, go to <http://www.studentloans.gov>, log in using your PIN issued by the Department of Education and select "Complete Master Promissory Note", then select "Graduate PLUS".

Completing an electronic MPN is fast, easy, and free. You must complete the entire process in a single session so be prepared and give yourself plenty of time. If you exit the site before signing your electronic MPN, you will be required to start over from the beginning. This process will take approximately 30 minutes to complete.

Basic Loan Eligibility Criteria

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

1. Be a U.S. citizen or an eligible noncitizen
2. Have a valid Social Security Number
3. Be enrolled and accepted in a degree program for at least half time
4. Not owe any Pell or Loan Overpayment and not currently default on any type of student loan.

Exit Counseling

Federal regulations require that all student loan borrowers must have an exit interview/exit counseling if they withdraw, graduate, or drop below half-time enrollment. The counseling session provides important and helpful information about how to manage your student loans after college and your rights and responsibilities as a borrower.

Students may access and complete the Exit Counseling at www.studentloans.gov. This will satisfy all requirements for exit counseling and give the borrower up to date information on their student loan balances.

Maximum Loan Amounts

A graduate student may be eligible to borrow up to a total of \$20,500 in Federal Direct Unsubsidized Loans per academic year. An independent graduate student may borrow up to an aggregate limit of \$138,500. No more than \$65,500 of this amount may be in subsidized loans. This maximum total graduate debt limit includes Federal Loans received for undergraduate study.

There are no fixed annual or aggregate loan limits for Federal Direct Graduate PLUS Loans. A graduate student may be awarded a Federal Direct Graduate PLUS Loan for up to the student's cost of attendance minus other estimated financial assistance.

Loan Repayment

Interest Rates and Loan Origination Fees:

Federal Direct Unsubsidized Loans have a fixed interest rate of 6.21% on all loans first disbursed on or after 7/1/14 and before 7/1/15. In addition, the Federal Direct Unsubsidized Loan has an origination fee of 1.073% on all loans first disbursed on or after 10/1/14 and before 10/1/15.

Federal Direct Unsubsidized Loans have a fixed interest rate of 5.84% on all loans first disbursed on or after 7/1/15 and before 7/1/16. In addition, the Federal Direct Unsubsidized Loan has an origination fee of 1.068% on all loans first disbursed on or after 10/1/15 and before 10/1/16.

Graduate Federal Direct Loans have been set at a fixed interest rate of 7.21% on all loans first disbursed on or after 7/1/14 and before 7/1/15. In addition, the Federal Direct PLUS loan has an origination fee of 4.292% on all loans first disbursed on or after 10/1/14 and before 10/1/15.

Graduate Federal Direct Loans have been set at a fixed interest rate of 6.84% on all loans first disbursed on or after 7/1/14 and before 7/1/15. In addition, the Federal Direct PLUS loan has an origination fee of 4.272% on all loans first disbursed on or after 10/1/15 and before 10/1/16.

Repayment Plan Options:

The U.S. Department of Education uses several loan servicers to handle the billing and other services on loans for the William D. Ford Federal Direct Loan Program. There are several repayment plan options that are designed to meet your needs. The amount you pay and the length of time to repay your loans will vary depending on the repayment plan you choose. Below are the repayment plan options that are available through your loan servicer.

A **standard repayment plan** has a fixed monthly repayment amount for a fixed period of up to 10 years.

An **extended repayment plan** has a lower fixed monthly payment amount, and loan repayment can be extended beyond the usual 10 years for up to 25 years.

A **graduated repayment plan** usually begins with lower monthly payments that increase every two years. Payments are made for up to 10 years.

Income-based repayment (IBR) plan is for student loan debt that is high relative to your income. Income-based repayment (IBR) is designed to reduce monthly payments to assist with making your student loan debt manageable. The monthly payments will never be more than the 10-year standard repayment amount and the monthly payments can be made over a period of 25 years.

Pay As You Earn plan helps keep your monthly student loan payments affordable, and usually has the lowest monthly payment amount of the repayment plans that are based on your income. The monthly payments will never be more than the 10-year standard repayment amount and the monthly payments can be made over a period of 25 years.

Income-contingent repayment (ICR) plan is based on your adjusted gross income, family size, and the total amount of your Direct Loans for up to 25 years. This plan is designed for borrowers who need to make lower payments, but do not qualify for the IBR or Pay as You Earn plans.

Income-sensitive repayment (ISR) plan is based on your annual income and the total amount of your Direct Loans for up to 10 years. The payments change as your income changes. Each lender's formula for determining the monthly payment under this plan can vary.

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 have the option to consolidate all of their student loans into one Federal Direct Consolidation Loan. This will help the borrower avoid the situation of owing 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 www.studentloans.gov.