

Vermont College of Fine Arts

William D. Ford Federal Direct Loan Program

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 <https://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).

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.

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% on loans first disbursed on or after 7/1/17 and before 7/1/18. New Rates will be provided upon release by the Department of Education.

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% on loans first disbursed on or after 7/1/17 and before 7/1/18. New Rates will be provided upon release by the Department of Education.

Federal Direct Unsubsidized Loan Application Procedures

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

*****If you need help determining your academic year, please contact the Financial Aid Processing Center*****

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.

- For academic years beginning Summer/Fall 2017 or Winter/Spring 2018
 - Complete the 2017-2018 FAFSA
- For academic years beginning Summer/Fall 2018 or Winter/Spring 2019
 - Complete the 2018-2019 FAFSA
- For academic years beginning Summer/Fall 2019 or Winter/Spring 2020
 - Complete the 2019-2020 FAFSA

To electronically sign your FAFSA, you will need a FSA-ID. Your FSA-ID 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 FSA-ID or request a duplicate of your current FSA-ID, go to <http://www.FSA-ID.ed.gov> . Choose “Apply for a FSA-ID” if you have never had one or “Request for a Duplicate FSA-ID” if you already have one but do not know it. A FSA-ID will be generated and assigned to you. You will have the option of creating your own FSA-ID, receiving your FSA-ID through your email account (2-3 days) or your FSA-ID 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.

For your convenience, you can complete the Online Entrance Counseling requirement online by following the steps below.

1. Log into <https://studentloans.gov> using your FSA-ID issued by the Department of Education
2. Select “Complete Loan Counseling”
3. For Counseling Type, select the start button for “Entrance Counseling”
4. Complete the entire tutorial session

This tutorial reviews basic facts about Federal Direct Loans, and your rights and responsibilities as a borrower. As 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 completed the Entrance Counseling session, it will allow you to submit your counseling to the selected schools displayed. If VCFA is displayed, we will receive the notification of your completed Online Entrance Counseling Session.

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.

For your convenience, you can complete the Master Promissory Note requirement online by following the steps below.

1. Log into <https://studentloans.gov> using your FSA-ID issued by the Department of Education
2. Select “Complete Loan Agreement (Master Promissory Note)”
3. For type of Direct Loan MPN, select the start button for “MPN for Subsidized/Unsubsidized Loans”

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.

Step 4: Complete and submit the Loan Request Form

- For academic years beginning Summer/Fall 2016 or Winter/Spring 2017
 - Complete the 2016-2017 Loan Request Form
- For academic years beginning Summer/Fall 2017 or Winter/Spring 2018
 - Complete the 2017-2018 Loan Request Form

All students who plan to borrow from the Federal Direct Loan program must complete and submit the Loan Request Form. You can request the Loan Request Form by emailing the Financial Aid Processing Center @ VCFA-FAO@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: 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 <https://studentloans.gov>.

For your convenience, you can complete the Graduate PLUS Loan Application by following the steps below.

1. Log into <https://studentloans.gov> using your FSA-ID issued by the Department of Education
2. Select “Apply for a Direct PLUS Loan”
3. For type of Direct PLUS Loan Application, select the start button for “Direct PLUS Loan Application for Graduate/Professional Students”

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).

For your convenience, you can complete the Master Promissory Note requirement online by following the steps below.

1. Log into <https://studentloans.gov> using your FSA-ID issued by the Department of Education
2. Select “Complete Loan Agreement (Master Promissory Note)”
3. For type of Direct Loan MPN, select the start button for “PLUS MPN for Graduate/Professional Students”

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.

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. ****Eligibility amounts and limits for students who have not yet received a bachelor’s degree may differ. Please contact the Financial Aid Processing Center for additional information. ****

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.

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 <https://studentloans.gov>. This will satisfy all requirements for exit counseling and give the borrower up to date information on their student loan balances.

Loan Repayment

Interest Rates and Loan Origination Fees:

Federal Direct Unsubsidized Loans have a fixed interest rate of 6% on all loans first disbursed on or after 7/1/17 and before 7/1/18. In addition, the Federal Direct Unsubsidized Loan has an origination fee of 1.066% on all loans first disbursed on or after 10/1/17 and before 10/1/18.

Federal Direct Graduate PLUS Loans have been set at a fixed interest rate of 7% on all loans first disbursed on or after 7/1/16 and before 7/1/17. In addition, the Federal Direct PLUS loan has an origination fee of 4.264% on all loans first disbursed on or after 10/1/17 and before 10/1/18.

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.

Revised Pay As You Earn (REPAYE) plan helps keep your monthly student loan payments affordable. The monthly payments are recalculated each year and are based on your updated income and family size. Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20-25 years.

Pay As You Earn (PAYE) plan helps keep your monthly student loan payments affordable. You must be a new borrower on or after October 1, 2007, and must have received a disbursement of a Direct Loan on or after October 1, 2011. The monthly payments are recalculated each year and are based on your updated income and family size. Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 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.

National Student Loan Data System

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data. https://www.nsls.ed.gov/nsls/nsls_SA/

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 <https://studentloans.gov>.