

Federal Direct Loans

What kinds of Federal Direct Loans are available?

A Direct Loan is a federal loan, made through the William D. Ford Federal Direct Loan Program, for which eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Subsidized Loan, Direct Unsubsidized Loan, Direct PLUS Loans, and Direct Consolidation Loans are types of Direct Loans.

Federal Loan Program

- **Direct Subsidized Loan (Sub)** – for undergraduate students who have financial need. You are not charged interest on the loan during certain periods. The U.S. Department of Education (ED) is the lender; payment is owed to ED.
- **Direct Unsubsidized Loan (Unsub)** – for undergraduate, graduate and professional degree students; financial need is not required. You are responsible for interest during all periods. ED is the lender; payment is owed to ED.
- **Direct PLUS Loan** – for parents of dependent undergraduate students who are borrowing money to pay for their child’s education, and for graduate or professional degree students; financial need is not required. Borrower must not have negative credit history. ED is the lender; payment is owed to ED.

Annual Direct Loans Limits

- **Freshman dependent student with 0 to 30 credit hours** – the maximum is \$3,500 for a subsidized loan and \$2,000 for an unsubsidized loan for a total of \$5,500.
- **Freshman independent student with 0 to 30 credit hours** – the maximum is \$3,500 for a subsidized loan and \$6,000 for an unsubsidized loan for a total of \$9,500.
- **Sophomore dependent student with 31 or more credit hours** – the maximum is \$4,500 for a subsidized loan and \$2,000 for an unsubsidized loan for a total of \$6,500.
- **Sophomore independent student with 31 or more credit hours** – the maximum is \$4,500 for a subsidized loan and \$6,000 for an unsubsidized loan for a total of \$10,500.

Direct Loan Online Instructions

Direct Loan Eligibility Requirements:

To be eligible for direct loans, you must complete:

- The Free Application for Federal Student Aid (FAFSA) at studentaid.gov/fafsa.
- Entrance Counseling and a Direct Loan *Master Promissory Note* (MPN), if required.

In addition, you must be:

- Enrolled in a degree or eligible certificate program.
- Meeting Satisfactory Academic Progress (SAP).
- Enrolled in a minimum of 6 credit hours.

Accepting Your Direct Loan(s)

1. Log in to myLakeland.

2. Click the Student tab.
3. Click on Financial Aid.
4. Select the current aid year and click Submit.
5. Click on Offer tab.
6. You will see the Direct Loan as part of your total financial aid offer. Follow the instructions and choose one of the three options:
 - Accept the loan(s) for the amount offered.
 - Accept the loan(s) for a reduced amount that you specify.
 - Decline the loan(s).

The Master Promissory Note (MPN)

The *Master Promissory Note (MPN)* is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the U.S. Department of Education. It also explains the terms and conditions of your loan(s). A MPN is good for a period of up to 10 years.

To complete a Master Promissory Note, follow these steps:

1. Go to studentaid.gov and click Log In.
2. Enter your FSA ID Username, Email or Mobile Phone and your Password. Click Log In, then click Accept.
3. In the I'm in School Checklist drop down menu, select Complete MPN (i.e. Loan Agreement).
4. In the I am an Undergraduate Student section, click Start.
5. Complete the *Master Promissory Note* session by reading all of the information and answering all of the questions in each section.

Entrance Counseling

As a first-time borrower of a Federal Direct Loan, entrance counseling ensures you understand the terms and conditions of your loan and your rights and responsibilities. You'll learn what a loan is, how interest works, your options for repayment, and how to avoid delinquency and default.

To complete Entrance Counseling, follow these steps:

1. Go to studentaid.gov and click Log In.
2. Enter your FSA ID Username, Email or Mobile Phone and your Password. Click Log In, then click Accept.
3. In the I'm in School Checklist drop down menu, select Complete Entrance Counseling.
4. In the I am an Undergraduate Student section, click Start.
5. Review the Entrance Counseling Overview, then click Continue.
6. Under Let's Notify Your School, select LAKELAND COMMUNITY COLLEGE from the Choose a School From Your Account. (If not listed, you can select I want to search for a school instead.) Click Add, then, click Continue.
7. Complete the counseling session by reading all of the information and answering all of the questions in each section.

Loan Disbursements

Federal Direct Loan disbursements are applied to your Lakeland student account no earlier than 10 days prior to the start of your enrollment period, provided you have completed all loan steps and meet the

eligibility requirements. This applies to all students EXCEPT for One-Term Loan Borrowers and First-Year, First-Time Borrowers (30-Day Delay).

One-Term Loan Borrowers

Students borrowing Direct Loan funds for only one semester will have their loans disbursed in two equal disbursements. The first half of your disbursement will be applied to your Lakeland student account no earlier than 10 days before the start of your enrollment period. The second disbursement will be applied no earlier than the midpoint of the semester.

First-Year, First-Time Borrowers (30-Day Delay)

If you are a first-year, first-time borrower, your initial loan disbursement will not be applied to your Lakeland student account until 30 days after the first day of your enrollment period. This ONLY affects your initial loan disbursement. If the 30-day delay applies to you, Lakeland does offer assistance for books and supplies. You will be notified through your Lakeland email with the information on how to take advantage of this assistance.

Exit Counseling

You must complete exit counseling when you withdraw, graduate, transfer to another college or drop below half-time enrollment. The purpose of exit counseling is to ensure you understand your student loan obligations and are prepared for repayment. You'll learn about what your federal student loan payments will look like after school.

To complete Exit Counseling, follow these steps:

1. Go to studentaid.gov and click Log In.
2. Enter your FSA ID Username, Email or Mobile Phone and your Password. Click Log In, then click Accept.
3. In the I'm in School Checklist drop down menu, select Complete Exit Counseling (for students who are finishing school).
4. In the I am an Undergraduate Student section, click Start.
5. Review the Exit Counseling Overview, then click Start.
6. Review and edit, if necessary, any information in Before We Get Started.... Click Continue.
7. Complete Help Us Stay in Contact With You and Reference Information, then click Continue.
8. Under Let's Notify Your School, select LAKELAND COMMUNITY COLLEGE from the Choose a School From Your Account. (If not listed, you can select I want to search for a school instead.) Click Add, then, click Continue.
9. Complete the counseling session by reading all of the information and answering all of the questions in each section.

Questions?

Lakeland's Financial Aid Office
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