



## Office of Financial Aid

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### **How to Apply for a Federal Direct Loan**

**STEP 1:** Complete the **Free Application for Federal Student Aid (FAFSA)** [studentaid.gov](http://studentaid.gov) along with **any other requested information** from the Financial Aid Office.

**STEP 2:** Complete the attached **Federal Direct Loan Request Form** and return it to the Financial Aid Office. Please print and complete all information. New Borrowers, please note the following:

#### **Time limitation on Direct Subsidized Loan Eligibility for New Borrowers**

**Beginning with July 1, 2013 Public Law 112-141 limits for new borrowers of a Federal Direct Subsidized Loan to 150% of the required length to complete a degree, or 3 years of eligibility to complete an associate degree. (For example: A student enrolled in a 2 year program will have 3 years worth of subsidized eligibility.) For further information, go to <http://www.sunysullivan.edu/financialaid/federaldirectloan.php>.**

**STEP 3:** An **Annual Student Loan Acknowledgment** must be completed on-line by every Direct Loan borrower at [studentaid.gov](http://studentaid.gov) before funds will be released. After you sign on the studentaid.gov website, Click "Complete Aid Process" in the upper right screen. Select "Complete Annual Student Loan Acknowledgement" in the second column. If you have problems with this webpage, call COD Applicant Services at 1-800-557-7394 for assistance.

**STEP 4:** Complete the **Federal Direct Loan Master Promissory Note (MPN)** by following the instructions at [studentaid.gov](http://studentaid.gov) and electronically sign your MPN on-line. Click "Complete Aid Process" in the upper right screen. Select "Complete Master Promissory Note" in the middle column. On the next page, log in with your FSA ID and follow the prompts to complete the MPN. If you have problems with this webpage, call COD Applicant Services at 1-800-557-7394 for assistance.

**STEP 5:** A **Federal Direct Loan Entrance Counseling** Interview must be completed on-line by every Direct Loan borrower at [studentaid.gov](http://studentaid.gov) before funds will be released. After you sign on the studentaid.gov website, Click "Complete Aid Process" in the upper right screen. Select "Complete Entrance Counseling" in the third column. Additional information on the Federal Direct Loan can also be found on the [studentaid.gov](http://studentaid.gov) website. If you have problems with this webpage, call COD Applicant Services at 1-800-557-7394 for assistance.

**STEP 6:** The Financial Aid Office will electronically certify your loan. You will receive a Financial Aid Award Letter reflecting the amount of subsidized and/or unsubsidized loan that you are eligible to receive.

**If you do not complete Steps 1 through 4, your Direct Loan cannot be processed. Borrow only what you need for your educational expenses. This is a loan that must be repaid.**

Additional information on the Federal Direct Loan is located on the back side of this page. Should you have any questions, please contact the Financial Aid Office and we will be happy to assist you.

## **Federal Direct Subsidized Loan**

The maximum amount of this loan is \$3,500 for first year students, \$4,500 for second year students or unmet need, whichever is less. (Minimum of 28 degree credits earned for second year status.) The interest rate for loans first disbursed on or after July 1, 2020 is 3.73% and the current loan fee is 1.059%.

## **Federal Direct Unsubsidized Loan**

Same terms and conditions as Federal Direct Subsidized Loans except the borrower is responsible for interest that accrues while he/she is in school. The interest rate for loans first disbursed on or after July 1, 2020 is 3.73%. (The loan fee charged is the same as the Federal Subsidized Loan.) Dependent students may apply for an additional \$2,000 and independent students may apply for an additional \$6,000 in this loan, but cannot exceed the difference between the student's budget and other aid.

## **Entrance Counseling**

All students must complete Entrance Counseling at [studentaid.gov](http://studentaid.gov). Borrowing a student loan is a serious financial obligation and the entrance counseling will provide you with the important information you need to know to be able to make an informed decision about student loan borrowing. Entrance counseling must be completed before any loan funds will be disbursed.

## **Receipt of Loan Funds/Right to Cancel or Lower Amount of Loan**

Your loan funds will be credited to your Student Billing account in equal disbursements for all semesters reflected on your award letter. You will be notified when your loan funds have been credited and that you have the right to lower or cancel the amount of the loan disbursement within fourteen days of receiving the notice from the school that the money was credited. You may also request that any refund that you receive be returned to the Direct Loan Program to lower the amount of your loan. At any time prior to receipt of the loan, you have the right to lower your loan amounts or to cancel any and all of your loans by notifying the Office of Financial Aid.

## **Exit Counseling**

Federal regulations require that all student loan borrowers must complete exit counseling during their final semester at the College. Exit counseling is completed at [studentaid.gov](http://studentaid.gov). Exit counseling provides students with information on: when repayment starts, various repayment plans, deferments, loan consolidation, and consequences of default.

## **Repayment Terms**

### **There are several ways to repay a Federal Direct Loan:**

A **standard repayment plan** has a fixed monthly repayment amount for a fixed period of time, usually 10 years.

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

A **graduated repayment plan** usually begins with lower monthly payments, and payment amounts increase at specified times. Payments may be the usual 10 year period, or they may be extended beyond the usual 10 years.

**Income-contingent repayment plan** sets annual repayment amounts based on the borrower's income after leaving school. The loan is repaid over an extended period of time, not to exceed 25 years.

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 are encouraged 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 [studentaid.gov](http://studentaid.gov).