

Direct Student Loans (Frequently Asked Questions)

Q. How do I request a direct student loan?

A. After completing the FAFSA and your financial aid file you must complete all of the following loan steps:

** Request a Federal Financial Aid PIN (or duplicate) at www.pin.ed.gov (If you don't have one)

1. Complete the Electronic Direct Loan Entrance Counseling at www.dl.ed.gov
2. Complete the Electronic Master Promissory Note (eMPN) at www.dlenote.ed.gov
3. Complete the Skagit Valley College Direct Loan request form.

Q. How much can I borrow?

A. Maximum annual loan limits per academic year are:

Dependent Student

Subsidized	+	Unsubsidized
1st year \$3,500	+	\$2,000 = \$5,500
2nd year 4,500	+	\$2,000 = \$6,500

Independent Student

Subsidized	+	Unsubsidized
\$3,500	+	\$6,000 = \$9,500
4,500	+	\$6,000 = \$10,500

To be a 2nd year student you must have earned at least 45 college level credits in your current degree program.

NOTE: The amount you may borrow may be less than what is listed above depending on your financial aid budget, financial aid award, number of quarters that you will be enrolled during the year and other factors. The Financial Aid Office will make this

determination when the loan application is processed. You must be enrolled in at least 6 eligible credits to receive the Direct Student Loan.

Q. Are there loan fees?

A. Loan fees are 1.5% of the amount your borrow. The fees are subtracted each quarter you attend. If you Borrow \$1,000 the fees are \$15 and the loan funds you will receive will be \$985.

Q. What does subsidized and unsubsidized mean?

A. Subsidized loans do not accrue interest while you are in school. Interest is paid by taxpayer funds while you are in school at least half time (6 credits) and during the six month grace period. Unsubsidized loans **DO** accrue interest at a rate of 6.8% while you are enrolled in school. You are responsible to repay this interest.

Q. How much do I need to borrow?

A. You can determine the loan amount you need by reviewing the expenses you will have for the year, including all school related expenses. Determine which expenses will be paid with your income from work or grants you will receive. **Borrow what you need for the whole academic year in your initial request.** If students have additional eligibility, subsequent requests must be submitted in writing. It may take up to 3 months before additional requests can be reviewed. Multiple requests will not be processed.

Q. What are the current interest rates?

A. Subsidized loans currently have an interest rate of 5.6% (effective July 1, 2009) Unsubsidized loans currently have an interest rate of 6.8% (effective July 1, 2009)

Q. What is an average amount students borrow, and what are the estimated monthly payments?

A. Skagit Valley College students borrowing during the past two years have an average total loan indebtedness of \$13972. The average estimated monthly repayment on an unsubsidized Loan in this amount for 10 years with the maximum 6.8% interest rate is \$163. The average estimated monthly repayment on a Subsidized Loan in this amount for 10 years with the maximum 6.0% interest rate is \$157.

To estimate your monthly repayment with your total indebtedness, you can go to:
www.finaid.org/calculators

Q. How long before I will receive my loan funds?

A. It will take anywhere from 3 to 12 weeks to process your loan request, depending on the volume of applications received. Incomplete and/or missing documents will delay the processing of your loan.

After your loan is processed, you will receive a Disclosure Statement from the U.S. Department of Education regarding your loan. This will state the amount of your loan, the estimated disbursement dates, the interest rate, number of disbursements for the academic year and other information. Loan funds should be available to you within two weeks after you receive your disclosure statement.

Q. Do I have to accept the loan funds? Can I cancel the loan? How do I cancel the loan?

A. No you do not have to accept loan funds. You have the right to cancel all or a portion of the loan. You need to submit a written request to the Financial Aid Office to cancel all or a portion of the loan before funds have been disbursed.

Q. What if I've had a student loan before?

A. All borrowers at Skagit Valley College are required to complete Entrance Counseling,

a Master Promissory

Note, and the SVC Direct Loan Request form.

Q. When do I have to start repaying my loan?

A. Loan repayment is deferred while you are enrolled at least half-time (minimum of 6 credits) in an eligible program of study. Once you are no longer enrolled in at least six credits, your repayment period will begin.

There is an initial six-month grace period during which you are not required to make payments. When the grace period ends, you must begin making payments.

Q. How much will my monthly payments be, and for how long?

A. To estimate your monthly payments with you total loan indebtedness, you can use the Loan Payment

Calculator at www.finaid.org/calculators If you have questions about your payments, call the Direct Loan

Servicing Center at (800) 848-0979

Q. What else should I know about my loan?

A. The maximum amount you may borrow is determined by the number of quarters for your loan and your budget. When you receive a Federal Direct Loan, you are agreeing to complete the Exit Counseling when you leave Skagit Valley College. You must complete exit counseling at www.dl.ed.gov

Q. How can I learn more about the Federal Direct Student Loan Program?

A. There are many sources of information, including the Internet sites below.

www.dlssonline.com Choose “Question Center” from the top menu and “FAQ”

www.ed.gov/offices/OSFAP/DirectLoan/student.html the FAQs on the Federal Direct Website

www.nsls.ed.gov choose “Financial Aid Review” to review your financial aid history