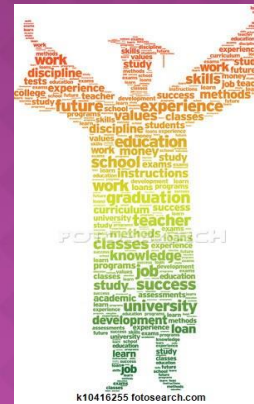


# UNDERSTANDING FEDERAL DIRECT LOANS



# WILLIAM D FORD FEDERAL DIRECT LOAN PROGRAM

- ◉ Funded by the US government



- ◉ Apply by completing the Free Application For Federal Student Aid {FAFSA} online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov)
- ◉ Complete the application prior to the start of classes
- ◉ You must minimally be a half-time student [5 credits per term] in a degree program. Full-time is equal to 9 credits or more per term.
- ◉ As a graduate student you must have a minimum of 72 credits in undergraduate education.

# GENERAL ELIGIBILITY REQUIREMENTS FOR FEDERAL STUDENT AID....

- ◉ A student must meet the general eligibility requirements for federal student aid.
- ◉ Males - must have registered with Selective Service when you were between the ages 18 to 25
- ◉ Have a valid Social Security Number
- ◉ Sign certifying statements on the FAFSA [Free Application for Federal Student Aid] stating that
  1. you are not in default on a federal student loan and do not owe a refund on a federal grant and
  2. you will use federal student aid **only** for educational purposes



# ... CONTINUE GENERAL ELIGIBILITY REQUIREMENTS

- ◉ Maintain SAP [Satisfactory Academic Progress] ---

You must maintain a minimum GPA of 2.0 and move forward toward your degree in a timely fashion. Details are found in Biblical's Financial Aid Handbook found online at

<http://biblical.edu/images/stories/forms/handbooks/financial-aid-handbook.pdf>



# FEDERAL STUDENT LOAN TYPES

- ◉ Direct Subsidized Loans - Available to UNDERGRAD STUDENTS ONLY as of 7/1/2012
- ◉ Direct Unsubsidized Loans
- ◉ Direct PLUS Loans



# REQUIRED FOR LOAN DISBURSEMENTS

- ◉ Before you receive loan funds, you will be required to:
  - a. complete Entrance Counseling which is a tool to ensure you understand your obligation to repay the loan and
  - b. sign a Master Promissory Note {MPN}, agreeing to the terms of the loan. The MPN is valid for a 10 year period.



You may complete these requirements online at [www.studentloans.gov](http://www.studentloans.gov)

# DIRECT UNSUBSIDIZED LOAN...

- ◉ No requirement to demonstrate financial need
- ◉ Amount you can borrow is based on your cost of attendance as estimated by Biblical and other financial aid you receive
- ◉ Graduate Annual Limit for Unsubsidized Loans - \$20,500
- ◉ Graduate Unsubsidized Loan - 5.84% interest on loans disbursed between July 1, 2015 and June 30, 2016
- ◉ Unsubsidized Loan Origination Fee - is deducted from each disbursement prior to funds being received by the school
  - Unsubsidized Loans first disbursed July 1, 2015 but before October 1, 2015 have a loan fee of 1.073%
  - Unsubsidized Loans first disbursed October 1, 2015 or after have a loan fee of 1.068%

## ...DIRECT UNSUBSIDIZED LOAN

- ◉ You are responsible for paying all of the interest which begins accruing on funds disbursed



- ◉ You may choose to have your loans deferred. This means you will not be required to pay principal or interest while you attend school at least as a half-time student.
- ◉ If you choose not to pay the interest while you are in school and during grace periods and deferment or forbearance periods, your interest will accrue [accumulate] and be capitalized [that is, your interest will be added to the principal amount of your loan].
- ◉ Biblical recommends that you contact your loan servicer to discuss a payment plan to pay the interest as you go in order to minimize the total amount of your loan repayment.



# GRAD PLUS LOANS...

- ◉ Grad PLUS Loans may be available for Cost of Attendance {COA} expenses beyond \$20,500.
- ◉ A credit history check is required for loan approval.
- ◉ 6.84% interest on Grad PLUS Loans disbursed between July 1, 2015 and June 30, 2016.
- ◉ Grad PLUS Loan Origination Fee - is deducted from each disbursement prior to funds being received by the school
  - a. Grad PLUS Loans first disbursed July 1, 2015 but before October 1, 2015 have a loan fee of 4.292%
  - b. Grad PLUS Loans first disbursed October 1, 2015 or after have a loan fee of 4.272%

## ...CONTINUE GRAD PLUS

- You are required to complete a separate Direct PLUS Master Promissory Note which can be found online at [www.studentloans.gov](http://www.studentloans.gov)

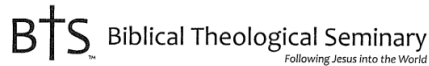


## IMPORTANT TO NOTE:

- ◉ Federal student loans have loan fees that are deducted proportionately from each loan disbursement you receive. This means the money you receive will be less than the amount you actually borrow. You're responsible for repaying the entire amount you borrowed and not just the amount you received.
- ◉ A *loan servicer* is a company that handles the billing and other services on your *federal student loan*. The loan servicer will work with you on repayment plans and loan consolidation and will assist you with other tasks related to your federal student loan. It is important to maintain contact with your loan servicer. If your circumstances change at any time during your repayment period, your loan servicer will be able to help.



# UNDERSTANDING YOUR AWARD LETTER..



March 03, 2016

ID: 12345

John Smith  
123 Main St  
Hometown, PA 12345

Dear John,

Thank you for applying for financial aid at Biblical Seminary. The following represents a breakdown of your estimated seminary budget (direct and indirect costs).

<u>Budget Category</u>	<u>Amount</u>
Tuition	\$13,446 (27 credits)
Books & Supplies	\$700 (estimated)
Living Expenses	\$15,000 (estimated)
Transportation	\$1,750 (estimated)
Loan fees	\$250 (estimated)
<b>Budget Totals</b>	<b>\$31,146</b>

We have completed our review of your financial aid file and are pleased to offer you the following financial aid package for the 2015-2016 award year. For information regarding the Federal Student Aid program please go online to <https://studentaid.ed.gov/sa/>.

<u>Source</u>	<u>Fall L</u>	<u>Wtr L</u>	<u>Spr L</u>	<u>Total</u>
BTS Grant	\$1,148	\$1,148	\$1,148	\$3,444
DLoan Unsub	\$6,848	\$6,826	\$6,826	\$20,500
DLoan Grad Plus	\$2,402	\$2,400	\$2,400	\$7,202
	-----	-----	-----	-----
Total	\$10,398	\$10,374	\$10,374	\$31,146

To date, we have received the following items:

DL Entrance Interview  
DL Master Promissory Note  
ISIR

In order to process the above monies, we need to receive the following items:

Grad Plus Master Promissory Note (Not Received)

This award is based on a full time enrollment. Please advise us if your enrollment plans change.

We need to have your signed Award Notification Signature Page within two weeks of this letter. If we do not hear from you promptly, you may jeopardize your receiving this financial aid package.

If you have questions regarding this process or any of your financial aid awards, please contact our financial aid office to discuss these questions. Our office is open Monday through Friday from 9:00am - 4:30pm.

Sincerely,

*Ginny Hartman*  
Financial Aid Coordinator

215.368.5000 / [www.biblical.edu](http://www.biblical.edu)

Main Campus 200 North Main Street, Hatfield, PA 19440 / Philadelphia Location 4455 North 6th Street, Philadelphia, PA 19140

On this slide is a sample copy of the Financial Aid Award Letter which is sent out to students who have completed their FAFSA.

This letter provides the student with an estimated Cost of Attendance for the number of credits we anticipate they will take this academic year. Please note the only true number is the tuition, all other costs are estimates.

Also included, is the total amount of financial aid available to the student for 1 academic year. In this example the BTS Grant (need based aid with specific requirements; NOT all students are eligible) is school based aid and does not require repayment, whereas the Dloans (Direct Loans) are funded through the Dept of Education and must be repaid in full with interest.

It is important to know that student loan disbursements are equally divided over the student's eligible terms.

This letter also informs the student of any documents that may be required in order to complete their application before loan disbursements can be processed.

# UNDERSTANDING YOUR AWARD LETTER 2

Award Notification Signature Page

Biblical Theological Seminary  
200 N Main St  
Hatfield, PA 19440

Page 2 of 2

March 3, 2016

Dear John Smith,

ID: 12345

Please sign and return this award notification document indicating your intent to accept/decline your option to borrow federal Direct Loans to finance your education here at Biblical Seminary. Please initial below whether you are accepting or declining each of the financial aid types listed below. You are not required to accept all or any of these funds, and may request just a portion of your eligibility.

The current interest rate effective July 1, 2015 for the Unsubsidized Loan is 5.84% and the Grad PLUS Loan is 6.84%.

In addition an origination fee is charged at the time of disbursement. Loans disbursed on or after 10/1/15 the fee is 1.068% for Unsubsidized loans and 4.272% for Grad PLUS Loans.

If you are accepting aid initial on the line under Accept next to each financial aid type, and include the amount of the award you are requesting. If you are declining an award, initial on the line under Decline in line with the award Source. Please note awards are granted in the order listed below so if you wish to receive less than the full award insert totals in consideration to the awards maximum benefit from the top down. If you have any questions please call me at 215-368-5000 ext 141 or email at [vhartman@Biblical.edu](mailto:vhartman@Biblical.edu). Please return your signed form by March 15, 2016 to the Financial Aid Office at Biblical Seminary.

Source		Accept	\$ Amount	Decline
BTS Grant	\$ 3,444	_____	_____	_____
DLoan Unsub	\$20,500	_____	_____	_____
DLoan Grad PLUS	\$ 7,202	_____	_____	_____
<b>Total</b>	<b>\$31,146</b>			

Student Signature \_\_\_\_\_ Date \_\_\_\_\_

Sincerely,

Ginny Hartman  
Financial Aid Coordinator

\*\*Please Note if you wish to receive DL Grad PLUS funds a disbursement is contingent upon a credit check approval.

This letter must be completed and returned to the Financial Aid Office before a loan origination is processed. You must review your personal finances to determine how much of the loan eligibility you need for your educational expenses.

## ALWAYS BORROW CONSERVATIVELY

Keep in mind that the amount you request in loans will not be the amount applied to your student account. A loan fee will be deducted from the gross amount of loan requested.

**Ex:** Let's say you want to receive just enough loans to cover your tuition. How would you figure your loan request?

Tuition cost (noted on page 1)	\$13,446
Accept all of the Biblical Grant	{ <u>3,444</u> }
Subtotal Need	\$10,002

Multiply the remaining need of \$10,002 x 1.068%, which is the DL Unsub loan fee, this equals \$107. This is the amount of your total loan fees. If you wish to include the loan fee in what you receive from Direct Loans you would request a total of DL Unsub Loans **\$10,109** [\$10,002 + \$107]. If you do not include the loan fees into your total loan request, you will be responsible to pay out of pocket the \$107.

# WHEN WILL I GET MY DISBURSEMENT??

- 1] Financial aid is disbursed in 3 disbursements throughout the academic year: 1 Fall, 1 Winter, 1 Spring. Tuition for summer electives may be included in the Spring term calculation. Student loan funds may not be automatically applied by BTS to prior academic year expenses.
- 2] The Department of Education will send your disbursement funds to BTS via Electronic Funds Transfer.
- 3] Disbursements will be made within 7 days following confirmed attendance in courses which carry a total of 5 credits or more. This would be after the start of minimally 2 courses in each term.
- 4] The official disbursement date is the date your financial aid funds are credited to your student account. All tuition and fees will be paid by your financial aid funds first. If, after your tuition and fees have been paid, there is a financial aid credit on your account, a check will be issued to you within 7-14 days of your disbursement date. The expense refund check is mailed to the student via the U.S. Postal Service unless the student has directed otherwise. Students wanting to keep their credit balance on their student account for subsequent terms within the same academic year must have signed the Credit Balance Authorization Form on file in the Financial Aid Office.
- 5] Biblical will not issue advances on your financial aid.



# IMPORTANT WEBSITES --

Check out the websites noted below for more details of what you need to know about federal student Direct Loans.



k1033546 www.fotosearch.com

- ◉ <http://www.fafsa.ed.gov/>
- ◉ <http://studentaid.ed.gov>
- ◉ [https://www.nslds.ed.gov/nslds\\_SA/](https://www.nslds.ed.gov/nslds_SA/)
- ◉ <http://www.mappingyourfuture.org/paying/standardcalculator.cfm>
- ◉ <http://www.youcandealwithit.com/>
- ◉ <https://www.annualcreditreport.com/cra/index.jsp>
- ◉ <http://www.mymoney.gov>

# WE ARE JUST A PHONE CALL AWAY

*“Communication - the human connection - is the key to personal and career success.”* {Paul J. Meyer}

Keep in touch with your loan servicer and BTS. Update any changes to your contact information, ask any questions concerning the loan process, get assistance with any concerns you have - particularly when changes occur to your financial status. There are various loan repayment options, and your servicer is there to assist in establishing a successful repayment plan.





# BIBLICAL SEMINARY

## FINANCIAL AID CONTACT

- ◉ **Ginny Hartman**

Financial Aid Coordinator

email: [vhartman@biblical.edu](mailto:vhartman@biblical.edu)

phone: 215-368-5000 ext 141

fax: 215-368-4913

