



GUIDE TO
FEDERAL DIRECT LOANS

2011-2012

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Student Financial Aid
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How to Apply for a Federal Direct Loan

How to Apply for a Federal Direct Loan

Instructions for First-time Federal Direct Loan borrowers:

1) **COMPLETE ENTRANCE COUNSELING:**

Go to: www.StudentLoans.gov
select link: "Loan Entrance Counseling".

2) **COMPLETE A "MASTER PROMISSORY NOTE":**

Go to: www.StudentLoans.gov, view the box "Manage My Direct Loan";
Sign In; select Complete Master Promissory Note.

3) **PRINT A 2011-2012 Federal Direct Loan Application**

Go to: www.emcc.edu/financial-aid/, select Forms and Resources. Complete and return the 2011-2012 Federal Direct Loan Application to the Student Aid Office.

Instructions for returning EMCC students who completed "Loan Entrance Counseling" in the past three years at EMCC:

- Print a 2011-2012 Federal Direct Loan Application, go to www.emcc.edu/financial-aid/ select Forms and Resources and return the application to the Student Aid Office.
- Go to: www.StudentLoans.gov, view the box "Manage My Direct Loan"; Sign In and Complete a "MASTER PROMISSORY NOTE" (MPN) **ONLY** if you have not done this in the 2010-2011 school year.
- Sign the Master Promissory Note using the same PIN number used to sign the FAFSA.

Quick Notes:

1. You must be enrolled in at least six credits each term to be eligible for your loan proceeds within 3 days of the disbursement date. (If you do not, your loan will automatically be canceled.)
2. You will be notified via email from the Student Aid Office once your loan is originated.
3. During peak loan processing (August 1—October 1), it may take 3 weeks for your Federal Direct Loan Application to be originated.
4. The first time you borrow a Federal Direct Loan while attending EMCC, your loan funds cannot be disbursed to the Business Office prior to the 30th day of the semester per federal regulations.
5. Keep copies of your Master Promissory Note and Loan Entrance Counseling material in a safe location for future reference.
6. If you are borrowing a Federal Direct Loan for just one semester and it is your last semester at Eastern Maine Community College, your loan will be subject to proration and may be substantially less than what you requested or were awarded.
7. **Transfer student borrowers**, your Federal Direct Loan will not be originated (approved) until you have completed Steps 1, 2, and 3 above.

2011-2012 FEDERAL DIRECT LOAN APPLICATION

SSN: 000-00-0000 Student's Name (print): Eagle, Jane A
Required Last First MI

EMCC ID: 0000000 Telephone Number: 207-777-7777

Jane was awarded \$5,500 in Federal Direct Subsidized and Unsubsidized Loans for the academic year (fall and spring semester). Jane chose to request the entire loan.

TO APPLY FOR A DIRECT LOAN YOU MUST:

- 1) **COMPLETE ENTRANCE COUNSELING:**
Go to: www.emcc.edu/financial-aid/; select Student Loans select Apply for a Federal Direct Loan
- 2) **COMPLETE A "MASTER PROMISSORY NOTE":**
Go to: www.StudentLoans.gov, view the box "Manage My Direct Loan";
Sign In; select Complete Master Promissory Note.
- 3) **Return this completed application to the Student Aid Office:**
Eastern Maine Community College;
354 Hogan Road; Bangor, ME 04401 OR FAX: 974-4683

Indicate the TOTAL Federal Direct Subsidized and Unsubsidized Loan(s) you wish to borrow for the current school year:

\$ 5,500

(If you are an independent student requesting additional Unsubsidized Direct Loan (up to \$4000) you must complete the expense sheet on the back of this form.)

I understand the following information about my student loan(s):

- The Master Promissory Note (MPN) is a legally binding document that sets the terms of my student loans and is valid, in most cases, for up to 10 years from the date I sign it. Each year, the Student Aid Office will notify me of the loan amount for which I am eligible and give me the opportunity to accept or reduce the amount. **By completing this application, I am applying for a loan which must be repaid.**
- I must pay back my loan(s) including any deducted fees, and accrued interest.
- I must repay my loan(s) even if I don't complete my education, am dissatisfied with my education, do not receive the educational or other services purchased from the school, or am unable to get a job after I complete my program.
- I must repay my loan(s) within 10 years, unless my loans are consolidated, or terms of my repayment plan provide otherwise.
- I may be eligible to repay my student loans under a standard, graduated, income-sensitive or extended repayment schedule, or to consolidate my loans for repayment.
- I may prepay all or part of my loan(s) without penalty. The minimum monthly loan payment is \$50, but can be more or less, depending on the repayment plan I choose and/or the amount I borrowed.
- I may access information about my student loans from the National Student Loan Data System (NSLDS) at www.nsls.ed.gov.
- Repayment of *Subsidized Federal Loans* begins the day after expiration of 6-month grace period. Repayment of *Unsubsidized Federal Loans* begins the day after expiration of 6-month grace period; however I may request interest payments begin at disbursement.
- I must notify my loan holder within 10 days, if I: 1) Change my name, address, telephone number, e-mail address, employer, or my employer's address or telephone number changes, or 2) Transfer to another school, drop to less than half time attendance or withdraw from school.
- I will be notified in writing if the address to which I must send payments or correspondence changes.
- I should notify my lender in a timely manner before the due date of any payment I cannot make.
- If I qualify, I may apply for a deferment (a postponement of loan payments). Types of deferment available to me depend on when I first received my loans; they may include deferment for periods of enrollment in school, unemployment, and economic hardship.
- If I do not qualify for a deferment and am unable to make payments on my loan(s), I may request forbearance from my lender. Forbearance is a special arrangement made for borrowers experiencing financial hardship or meeting other specified conditions (such as medical internship or residency).
- I may be eligible for partial or full discharge of my loan debt if I die, become totally and permanently disabled, or teach or provide child care in a designated area; or, in certain cases when a school closes, falsely certifies eligibility, or fails to make a required refund.
- If I fail to repay my loan(s), I may be considered in default, and the following may result: (1) My loan will be assigned to the agency that guaranteed the loan. (2) My default will be reported to all national credit bureaus and will negatively affect my credit rating. (3) The entire unpaid amount of my loan(s), including interest, may become due and payable immediately. (4) The guarantor may institute proceedings to offset my state and federal income tax refunds and other payments made by the federal government. (5) My wages may be garnished. (6) I may lose deferment eligibility. (7) I may be ineligible to receive any further federal or state financial aid funds. (8) My account may be referred to a collection agency or a civil suit may be brought against me to compel repayment; and I may be held liable for expenses reasonably incurred in these attempts to collect the loan, including attorney's fees.
- I have read all the information on this form and understand its meaning and intent. **My loan will be adjusted if my eligibility changes.**

Student's Signature: _____ Date: _____

ESTIMATE YOUR EXPENSES

Jane Eagle is a Maine Resident and is attending EMCC as a full time student. She used the table below to estimate her tuition and fees.

1. Estimated Tuition and Fees for 2 semesters(9 months):

\$ 3666.00

	6 credits per semester for 2 semesters	9 credits per semester for 2 semesters	15 credits per semester for 2 semesters
Maine Residents	\$1616	\$2300	\$3666
Non-Maine residents	\$2624	\$3812	\$6186

2. Estimated Living Expenses:

+\$ 7,494

If you live on campus, estimate \$7,494 for room/board charge for the year.

If you live off campus, estimate your monthly rent, heat, food, utilities:

\$ _____ x 9 months = \$ _____

\$ _____ x 4.5 months = \$ _____ (if enrolled for spring term only)

3. Books and Supplies (approximately \$750 per year)

+ \$ 750

4. Gas, tolls, and other commuting expenses:

+ \$ 1000

5. Personal and Miscellaneous expenses (insurance, medical, personal) list below:

Eagle Spirit Insurance : \$300

+ \$ 1,000

Eagle Bank VISA: \$450

Eagle Fitness Center: \$250

6. Your Total Estimated Living Expenses (add lines 1 through 5): = \$ 10,244

ANTICIPATE YOUR RESOURCES

7. Your available Cash, Savings, Checking:

+ \$ 200

8. Your earnings from work during the academic year: \$ 120 week x 30 weeks =

+ \$ 3,600

9. Grants, or scholarships if any, from your EMCC financial aid award letter, or other outside sources:

+ \$ 5,550

10. Anticipated Other Resources (veterans benefits, assistance from outside agencies):

+ \$ 100

11. Your Total Resources (add line 7 through 10): = \$ 9,450

= \$ 794

12. Difference between your estimated expenses and resources (line 6 minus line 11)

If your expenses exceed your resources, think of ways to decrease your expenses and/or increase your income. For great ideas on cutting costs...go to Financial Fitness Tools at

www.mappingyourfuture.org/money/calculators.htm

STUDENT CANCELLATION of a FEDERAL DIRECT LOAN

If you do not plan to attend EMCC or want to cancel your Federal Direct loan, call (207) 974-4624 or e-mail finaid@emcc.edu.

REFUSAL to CERTIFY a DIRECT LOAN and PRIOR STUDENT DEBT

The U.S. Department of Education gives colleges the right to refuse to originate a student's Federal Direct Loan or to originate the loan for an amount which is less than the student would otherwise be eligible to borrow. **EMCC Student Aid Office does not often refuse to certify a student's loan. This provision is simply one part of EMCC's overall commitment to student debt management. EMCC requires loan entrance and exit counseling sessions, to discourage unnecessary borrowing and to prevent students from accumulating too much student debt.**

The college will document the reason and provide an explanation to the student in writing. The college's decision is final and cannot be appealed to the U.S. Department of Education.

Factors such as:

- ◆ Prior student debt
- ◆ Overall debt
- ◆ Academic program
- ◆ Program placement
- ◆ Salary statistics
- ◆ Student intent to repay
- ◆ Academic progress
- ◆ Individual circumstances
- ◆ Motivation

are taken into consideration when EMCC Student Aid Office originates a Federal Direct loan. Students with significant prior loan debt may be asked to provide a detailed budget, including an acknowledgment of their current debt and their intent/ability to repay. The overall goal is to provide financial access to students while minimizing repayment problems for students with excessive student loan debt. Students who wish to discuss their borrowing and repayment options are encouraged to call or e-mail the Student Aid Office. (Appendix A, Recommended Borrowing Limits.)

Your Educational Loan Options

Your Educational Loan Options

Because an education loan is a serious financial obligation that must be repaid, consider borrowing after you have exhausted all other sources of aid. Your accumulated loan debt at graduation must be planned within the framework of your future career, employment and ability to repay. More detailed information about the Federal Direct Loan is available at www.studentloans.gov.

	Federal Direct Subsidized Stafford Loan	Federal Direct Unsubsidized Stafford Loan	Federal Direct PLUS Loan
Eligibility	<ul style="list-style-type: none"> ◆ Matriculated at EMCC ◆ Be enrolled at least half-time ◆ Show financial need 	<ul style="list-style-type: none"> ◆ Matriculated at EMCC ◆ Be enrolled at least half-time ◆ Not based on need 	<ul style="list-style-type: none"> ◆ Parents of at least half-time, dependent student ◆ Not based on need ◆ Credit check required
Annual Loan Limits	1 st year - \$3500 (0-29 credits accumulated) 2 nd year - \$4500 (30 + credits accumulated)	<ul style="list-style-type: none"> ◆ Same as Subsidized Stafford <i>Dependent</i> students may be eligible for an add'l \$2000. <i>Independent</i> students may be eligible for an add'l \$6000. *	Cost of attendance less other aid on a per-student basis
Aggregate Loan Limits	\$23,000 – Undergraduate	<i>Dependent</i> students: \$31,000 <i>Independent</i> students: Subsidized and Unsub. Combined - \$57,500	None
Interest Rate	Fixed rate of 3.4%. Government pays all interest during in-school and grace period.	Fixed rate of 6.8%. Student responsible for the interest, but may have it deferred.	Fixed rate of 7.9% Parent responsible for interest but may have it deferred if parent qualifies.
Fees	1.5% Origination Fee (with a 1% rebate) = 0.5% net fee	1.5% Origination Fee (with a 1% rebate) = 0.5% net fee	4% Origination Fee (with a 1.5% rebate) = 2.5% net fee
Disbursement	<ul style="list-style-type: none"> ◆ Multiple via EFT ◆ Within three days of EMCC receipt of funds ◆ Balance mailed to student at "MyEMCC" address 	<ul style="list-style-type: none"> ◆ Multiple via EFT ◆ Within three days of EMCC receipt of funds ◆ Balance mailed to student at "MyEMCC" address 	<ul style="list-style-type: none"> ◆ Multiple via EFT ◆ Within three days of EMCC receipt of funds ◆ Balance mailed to parent
Payments Begin	6 months after graduating, withdrawing or dropping below half-time	6 months after graduating, withdrawing or dropping below half-time	First payment is due within 60 days after disbursement, but can be deferred if parent qualifies
Repayment Terms	<ul style="list-style-type: none"> ◆ 10 years max. ◆ \$50 minimum monthly payment ◆ Graduated and income sensitive plans available 	<ul style="list-style-type: none"> ◆ 10 years max. ◆ \$50 minimum monthly payment ◆ Graduated and income sensitive plans available 	<ul style="list-style-type: none"> ◆ 10 years max. ◆ \$50 minimum monthly payment ◆ Graduated and income sensitive plans available

* ([See Financial Aid 101 Guide](#) for an explanation of how the Student Aid Office determines student dependency status.) Independent students who require additional Federal Direct Unsubsidized Loan must complete the Budget Worksheet on the back side of the Federal Direct Loan Application.

APPENDIX A: RECOMMENDED BORROWING LIMITS

Academic Program	Average Salary Full-Time	Average Salary Full-Time	Average Salary Full-Time	Average Salary Full-Time	Monthly Loan Payment (10% of Gross Income)	Recommended Borrowing Maximum (rounded to nearest 1000)
	(Based on May 05 Graduate Survey)	(Based on May 06 Graduate Survey)	(Based on May 07 Graduate Survey)	(Based on May 08 Graduate Survey)		
Automotive	\$20,800	\$20,800	\$28,080	\$29,120	\$205.83	\$18,000
Building Construction	\$29,120	\$37,500	\$33,280	\$29,120	\$268.79	\$23,000
Business Management	\$26,114	\$23,926	\$29,120	\$21,840	\$210.42	\$18,000
Civil Engineering	\$34,985	\$24,613	\$41,600	\$32,240	\$278.00	\$24,000
Computer Aided Drafting	\$38,480	\$31,957	\$29,640	\$23,400	\$257.24	\$22,000
Computer Systems	\$18,720	\$26,811	\$30,160	\$31,200	\$222.69	\$19,000
Culinary Arts	\$21,112	\$27,560	\$17,420	\$22,152	\$183.84	\$16,000
Diesel, Truck & Heavy	\$23,930	\$32,240	\$29,993	\$28,080	\$238.01	\$21,000
Digital Graphic Design						
Early Childhood Education	\$20,987	\$27,489	\$21,320	\$17,680	\$182.24	\$16,000
Education	\$18,678	\$23,635	\$32,240	\$26,769	\$211.09	\$18,000
Electrical and Automation	\$37,471	\$35,843	\$37,440	\$38,199	\$310.32	\$27,000
Electrician	\$29,749	\$29,120	\$26,000	N/A	\$235.75	\$20,000
Emergency Medical Services (EMS)						
Health Care Secretary	\$19,489	\$21,690	N/A	\$21,060	\$172.89	\$15,000
Liberal Studies	N/A	\$21,652	\$17,160	\$17,669	\$156.89	\$14,000
General Technology	N/A	\$24,544	\$69,992		\$393.90	\$34,000
Medical Assistant						
Medical Radiography	\$38,376	\$37,398	\$37,252	\$39,249	\$317.24	\$28,000
Medical Transcription	\$21,840	\$24,502	N/A	N/A	\$193.09	\$17,000
Nursing	\$48,648	\$45,560	\$48,048	\$42,900	\$385.74	\$34,000
Office Admin AAS Degree	\$23,296	\$23,094	\$48,880	N/A	\$264.64	\$23,000
Office Technology Cert	N/A	N/A	\$22,131	N/A	\$184.43	\$16,000
Refrigeration, AC, and Heating	\$24,658	\$27,040	\$33,280	\$28,059	\$235.49	\$20,000
Restaurant Management	\$20,800	N/A	N/A	N/A	\$173.33	\$15,000
Surgical Technology	\$25,334	\$33,508	N/A	N/A	\$245.18	\$21,000
Trade & Contemporary Crafts						
Trade & Technical Occupations						
Welding/Pipe Fabricating	\$32,536	\$41,600	\$39,260	\$31,460	\$301.78	\$26,000