

Applying for Federal Direct Loans



The William D. Ford Federal Direct Loan Program

Federal Direct Loans are low-interest loans for students and parents to help pay the cost of a student's education. Loans may not exceed the student's cost of attendance. You can view Berea College's cost of attendance at <http://www.berea.edu/student-financial-aid/cost-of-attendance/>.

Subsidized Direct Loans

Subsidized Loans are for students with demonstrated financial need. Interest is paid by the Federal Government while the student is enrolled in school at least half-time.

Unsubsidized Loans

Unsubsidized Loans are not need based loans and interest is charged while the student is in school. Unsubsidized loans may be used to replace the Expected Family Contribution (EFC).

Parent PLUS Loans

PLUS Loans are unsubsidized loans for parents of dependent students to cover educational expenses. Borrowers are subject to a credit check.

- 1) Complete Direct Federal Loan Entrance Counseling and sign the Master Promissory Note (MPN) at <https://studentloans.gov>. You will need to use your Federal Student Aid ID to complete this step. If you have not created one, you will be prompted to at studentloans.gov.
- 2) Complete the Application for Additional Financial Assistance. The Application can be found here <https://www.berea.edu/student-financial-aid/forms/>.

All financial aid requirements (e.g. verification, FAFSA, entrance counseling, and MPN) must be completed before your loan can be processed.



Annual Subsidized Loan Limits

<u>Classification</u>	<u>Maximum Loan</u>
Freshman	\$3,500
Sophomore	\$4,500
Junior	\$5,500
Senior	\$5,500

Additional Loan Limits

Dependent students may borrow an additional \$2,000 in unsubsidized loans a year. Independent students may borrow an additional \$6,000 in unsubsidized loans a year. Independent students of junior or senior classification may borrow an additional \$7,000 in unsubsidized loans a year.

Undergraduate Aggregate Loan Limits

Dependent	\$31,000
Subsidized cannot exceed	\$23,000
Independent	\$57,500
Subsidized cannot exceed	\$23,000

Federal Student Loan Interest Rates

July 1, 2020 – June 30, 2021

Subsidized Direct Loans	2.75%
Unsubsidized Direct Loans	4.30%
Parent PLUS Direct Loans	5.30%

Loan Origination Fee

The origination fee is a percentage of the loan amount and is proportionately deducted from each loan disbursement. The percentage varies depending on when the loan is first disbursed. On loans disbursed on or after October 1, 2018 and before October 30, 2019 the origination fee is 1.062%. On loans disbursed after October 1, 2019 and before October 30, 2020 the origination fee is 1.059%.

Where can I view my Federal loans?

If you have a federal loan, you can view it on the National Student Loan Data System (NSLDS) for students website, <https://nslds.ed.gov>.

Final Thought

The National average undergraduate loan debt is currently \$30,000. The average debt of a Berea College graduate is \$6,600.



Student Financial Aid Services

We are here to serve you.

Hours: 8am-12pm and 1pm-5pm

Monday through Friday

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