

Financial Aid



Federal Direct Loan for Undergraduate Students

These loan funds are made available by the U.S. Department of Education (the Department) to students who apply for federal aid consideration. The University of Dayton's Office of Financial Aid will determine your eligibility for the funds after a careful review of your FAFSA results.

Direct Loan Eligibility

The program offers students the chance to borrow while enrolled at least half-time at an eligible institution. The student is the borrower and a co-signer is required only if the borrower is under 18 years of age. The maximum annual amount that you may borrow under the Federal Direct Loan program (subsidized and/or unsubsidized) depends on your degree program, class level and dependency status.

Undergraduate Students		Dependent students	Independent students
Class Level:	Credit Hours:	Annual Maximum:	Annual Maximum:
First Year	0-29	\$5,500 ¹	\$9,500 ¹
Second Year	30-59	\$6,500 ²	\$10,500 ²
Third Year	60-89	\$7,500 ³	\$12,500 ³
Fourth Year +	90+	\$7,500 ³	\$12,500 ³

¹maximum of \$3,500 subsidized

²maximum of \$4,500 subsidized

³maximum of \$5,500 subsidized

Interest

Federal Direct Loans for undergraduates with a first disbursement on or after July 1, 2017 and before July 1, 2018 will have a fixed interest rate of 4.45%. The interest on a subsidized loan will be paid for by the federal government until the loan enters the grace period. Unsubsidized loan interest will begin to accrue upon disbursement and will be capitalized onto the principal balance at repayment unless paid by the borrower during the in-school and grace period.

Origination Fee

For loans with a first disbursement on or after October 1, 2017 and before October 1, 2018, the Department will retain an origination fee of 1.066% of the principal from the amount of each disbursement. Therefore, be sure to account for this when determining the amount to borrow.

Repayment

Repayment begins six (6) months after the student graduates, leaves school, or drops below half-time status. The amount of each payment depends on the size of your debt and on the length of your repayment period (usually ten-years). You can estimate your repayment using the repayment calculator at www.studentloans.gov.

Aggregate Limits

Generally, the total combined debt you can have outstanding from all Direct Subsidized and Unsubsidized loans is:

- \$31,000 as a dependent, undergraduate student (of which no more than \$23,000 can be subsidized)
- \$57,500 as an independent, undergraduate student or certification student (of which no more than \$23,000 can be subsidized)

As a result of legislation enacted in July 2012, eligibility for the interest subsidy will be limited for new borrowers on or after July 1, 2013. The law restricts the period of time for which a borrower may receive subsidized loans, in the aggregate, to 150 percent of the published length of the student's current educational program. Once the student reaches that limit, he or she may borrow only unsubsidized loans, and interest begins to accrue on the student's outstanding subsidized loan.

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Federal Direct Loan for Undergraduates Students, cont.

Steps to Securing Your Loan

In order for your loan to be originated, you must first officially *accept* your loan offer on-line or by calling the office. We recommend you do this before the end of June so the loan(s) appear on your first billing statement as anticipated aid. You may also choose to reduce or decline your loan by making the appropriate changes on-line or by calling the office. Only those loans which have been accepted will be originated.

- **If you have no prior borrowing history:**

Once your loan has been originated, first-time borrowers will be notified via email (or postal mail if no email address provided) to complete the on-line Master Promissory Note (MPN) process; which includes the federally mandated student loan Entrance Counseling session. Once these items are complete, the Department will disburse the loan funds directly to the university at the start of each term.

- **If you have borrowed before under the DL program, but are new to UD:**

Once your loan has been originated, first-time borrowers will be notified via email (or postal mail if no email address provided) to complete federally mandated student loan Entrance Counseling session. Once this is complete, the Department will disburse the loan funds directly to the university at the start of each term.

- **If you have already borrowed under the DL program while a student at UD:**

Since Entrance Counseling and MPN requirements have been fulfilled, you should not be required to do anything more to secure the loan other than accept the offer. Funds will be sent to the university at the start of each term.

Master Promissory Note

The Master Promissory Note (MPN) is a legal document that, when completed, acknowledges your promise to repay your loan(s) and any accrued interest and fees to the Department. It also explains the terms and conditions of your loan(s). All first-time borrowers in the DL program must complete an MPN.

To complete an MPN online, you will be required to use your Federal Student Aid ID (used to file the FAFSA). In most cases, once you've submitted the MPN and it's been accepted, you won't have to fill out a new MPN for future loans you receive. You can borrow additional Direct Loans on a single MPN for up to 10 years. You'll receive a disclosure statement that gives you specific information about any loan that the school plans to disburse under your MPN, including the loan amount, fees, and the expected disbursement dates and amounts.

Borrower Responsibilities

When you sign a promissory note, you are agreeing to repay the loan according to the terms of the note. The note is a binding legal document and states that (except in cases of discharge), you must repay the loan — even if you do not complete your education, aren't able to get a job after you complete the program, or are dissatisfied with, or don't receive, the education for which you paid.

If you apply for deferment or forbearance, you still must continue to make payments until you are notified that the request has been granted. If you do not, you may end up in default. You should keep a copy of any request form you submit, and you should document all contacts with the organization that holds your loan.

You must notify the appropriate representative (school, agency, lender) that manages your loan when you graduate, withdraw from school, or drop below half-time status; change your name, address, or social security number; or transfer to another school. Additionally, you must complete Exit Counseling before you leave the school. This counseling session will be completed online and will provide you with important information about your loan and repayment responsibilities.

More Federal Direct Loan information, including repayment, can be found at www.studentaid.ed.gov.