



William D. Ford Direct Lending

U.S. Department of Education

What are Direct Loans?

- Low-interest loans for students and parents to help pay for the cost of a student's education after high school
- The lender is the **U.S. Department of Education**
 - The entity (loan servicer) you deal with can be a private business
 - (ex. Greater Lakes, National Educational Loan Network, etc.)

Direct Loans Allow Students To.....

- Borrow directly from the federal government and have a single contact –your loan servicer-for everything related to repayment, even if you receive Direct loans at different schools
- Have online access to your Direct Loan account information via your servicer's website
- choose from several repayment plans that are designed to meet the needs of almost any borrower, and you can switch repayment plans if your needs change

How to Apply?

- Must apply at www.studentloans.gov
- Complete Entrance Counseling
- Complete James Sprunt Community College Loan Application

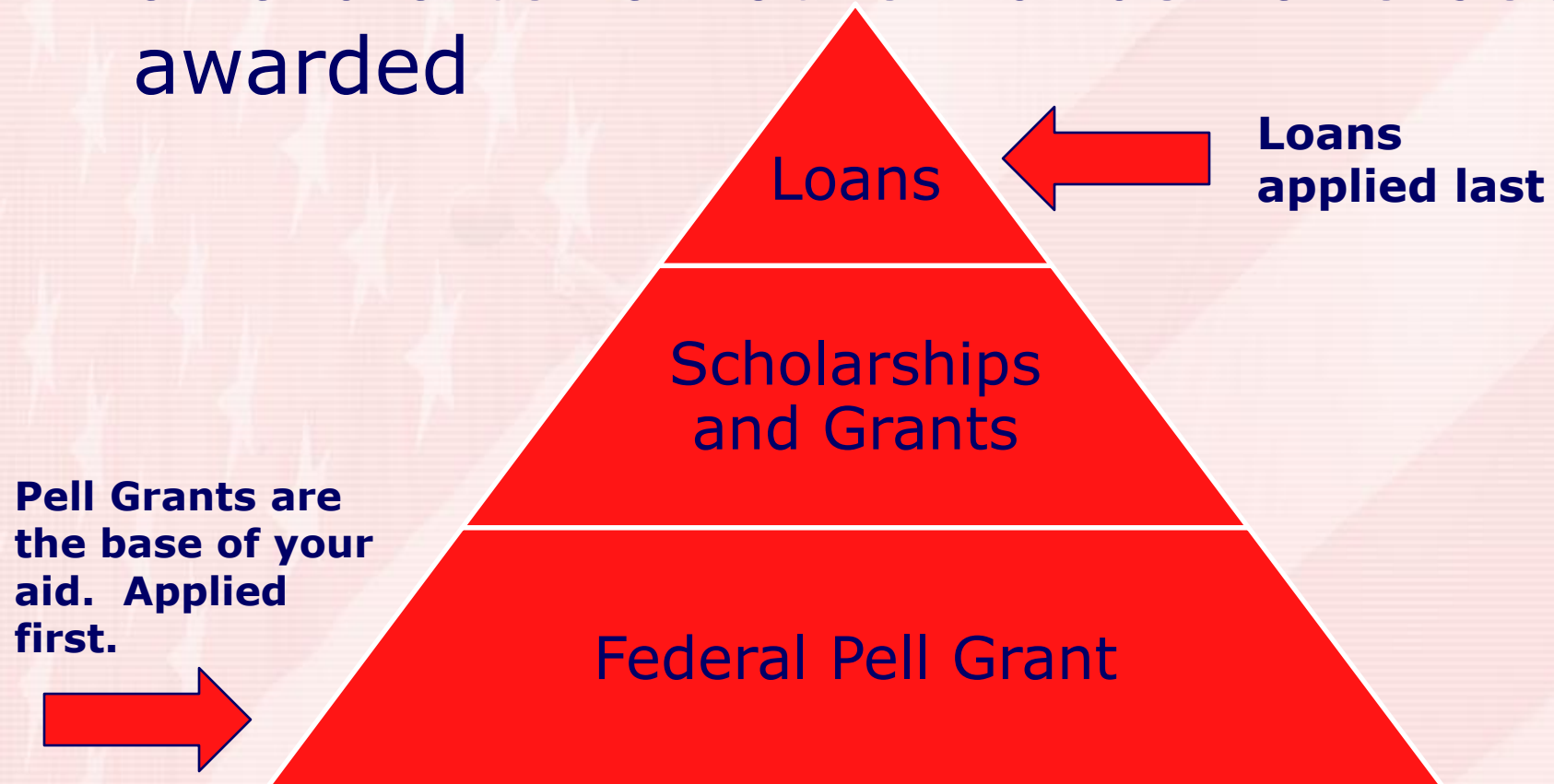
Interest Rates

- Interest rates differ depending on first disbursement dates
- **Direct Subsidized Loans for undergraduates** with a first disbursement date between July 1, 2010, and June 30, 2011 is **4.5%**
- **Direct Unsubsidized Loans for undergraduates** 6.8%



How are Loans Applied to my Financial Aid Award?

- Loans are applied to your financial aid award after all other funds have been awarded



Loan Amount

Year	Dependent Undergraduate	Independent Undergraduate
First Year	\$3500 Subsidized \$2000 Unsubsidized	\$3500 Subsidized \$6000 Unsubsidized
Second Year	\$4500 Subsidized \$2000 Unsubsidized	\$4500 Subsidized \$6000 Unsubsidized
Annual Loan Limits		

Amount of loan may differ from the amount above. What you are eligible for will be determined by

Need – Federal Pell- Scholarships/Grants = Loan Eligibility

When Does Repayment Begin?

- Repayment begins once you leave your academic program
- Leaving school includes
 - Graduating
 - Withdrawing
 - Below Half-time (6SH)
- Grace period of 6 months after leaving program
- **MUST begin repayment at end of grace period**

Things to Remember

- Do not borrow more than you need (this is a loan and you will have to pay this money back with interest!)
- www.studentloans.gov has a repayment calculator that will show you how much your payments will be based on the amount you borrowed
- Serious consequences to DEFAULT.....

DEFAULT Consequences

- National credit bureaus can be notified of your default, which will harm your credit rating, making it hard to buy a car or a house
- You will be ineligible for additional federal student aid if you decide to return to school
 - All Title IV Funds
 - Federal Pell
 - State Grants
 - Additional Loans
- Loan payments can be deducted from your paycheck
- State and federal income tax refunds can be withheld and applied toward the amount you owe
- You will have to pay late fees and collection costs on top of what you already
- You can be sued

Defaulted loans

Here's how a federal student loan balloons once interest, collection charges and late fees are added to a defaulted loan. The example uses a \$20,000 balance on a Stafford loan, intended to be paid over 10 years at 6.8 percent interest. The monthly payment in each case is \$230.16.

PAID ON TIME:

Principal:	\$20,000
Interest:	\$7,619.31
Total:	\$27,619.31
Loan term:	10 years

MISSED FIRST YEAR'S PAYMENTS:

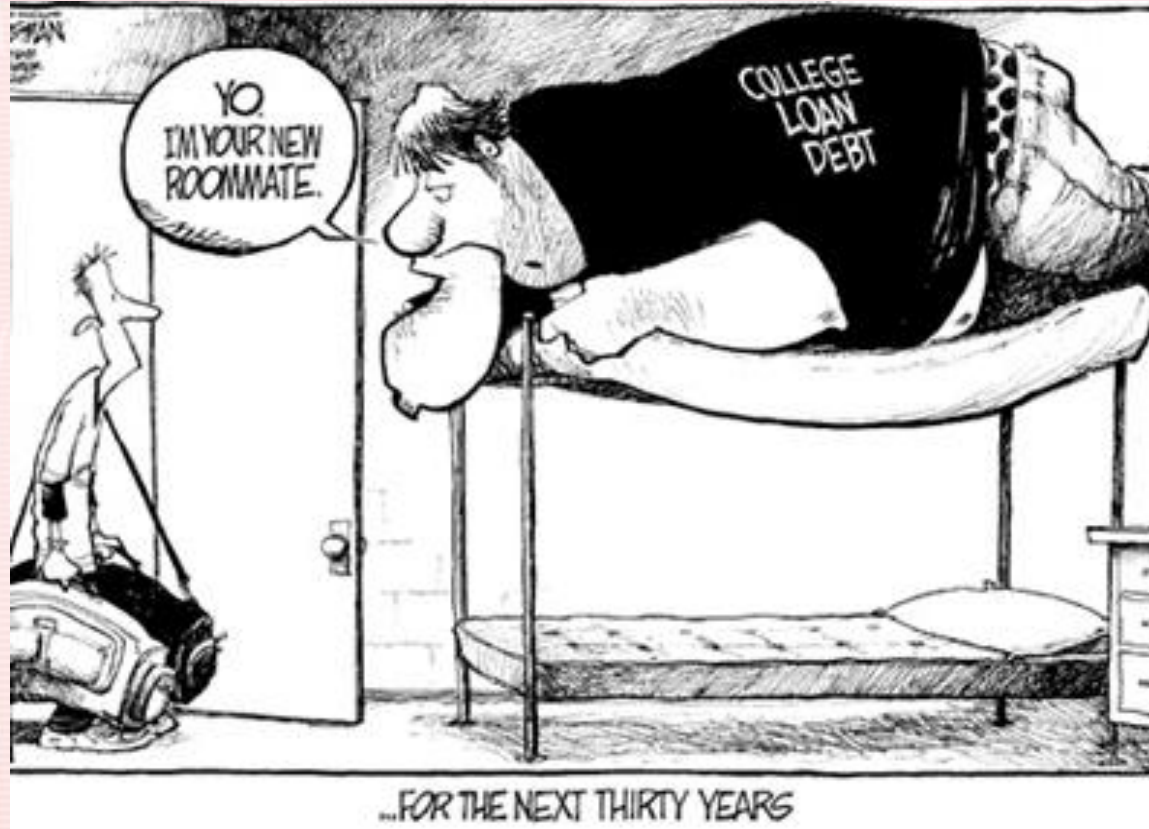
Principal:	\$20,000
Interest:	\$15,369
Collection charges:	\$8,883.65
Late fees:	\$165.60
Total:	\$44,418.25
Loan term:	17 years

IGNORED FIRST FIVE YEARS:

Principal:	\$20,000
Interest:	\$52,360.17
Collection charges:	\$18,297.00
Late fees:	\$828.04
Total:	\$91,485.21
Loan term:	38.2 years

Source: www.finaid.org

A Not So Funny Funnie



Don't leave Community College with a mountain of debt. BE RESPONSIBLE!! Loans should be your last option!

Student Default Documentary

DEFAULT

The Student Loan Documentary



PLAY