

LOANS

Loans are financial aid that requires repayment. All applicants for loans are required to file a Free Application for Federal Student Aid (FAFSA). Loan eligibility cannot be determined until the information from the FAFSA is returned to our office by the federal processor, and has been reviewed.

Federal Direct Loan

Students must be enrolled in a **minimum of 6 credit hours** and meet the Ability to Benefit criteria.

There are two Direct loan types:

Federal Subsidized Direct Loan: This is a need-based loan for which the interest is paid by the government while the student is in school at least half-time.

Federal Unsubsidized Direct Loan: There is no financial need requirement to be eligible for an unsubsidized loan. However, total financial aid, which includes the unsubsidized loan, cannot exceed the cost of education. Unlike the subsidized Direct Loan, interest accrues while the student is attending school and can be paid monthly or capitalized (added to the principal) until the student leaves school.

Award amount:

A minimum loan of \$100.

Dependent students:

- Freshman (1-29 credit hours completed) and students in certificate programs:
Award amount: up to \$5,500 (up to \$3,500 may be subsidized)
- Sophomore (30 or more non-developmental credit hours completed in an Associate's Degree program):
Award amount: up to \$6,500 (up to \$4,500 may be subsidized)
- Cumulative maximum: \$31,000 (up to \$23,000 may be subsidized)

Independent students:

- Freshman (1-29 credit hours completed) and students in certificate programs:
Award amount: up to \$9,500 (up to \$3,500 may be subsidized)
- Sophomore (30 or more non-developmental credit hours completed in an Associate's Degree program):
Award amount: up to \$10,500 (up to \$4,500 may be subsidized)
- Cumulative maximum: \$57,500 (up to \$23,000 may be subsidized)

Enrollment required: A minimum of 6 credit hours

Additional links:

- [Online Federal Direct Loan Entrance Counseling](#)
Must be completed prior to filling out your Master Promissory Note.
- [Online Federal Direct Loan Exit Counseling](#)
Must be completed prior to graduation or when dropping below half time.

Who Can Borrow?

A student may be eligible to borrow if he or she meets the following requirements:

- Is eligible to receive financial aid as described under "Eligibility Requirements".
- Is enrolled in an eligible degree-seeking program or certain certificate programs.
- Has educational costs not covered by other types of financial aid, as certified by the James Sprunt Office of Financial Aid.
- Is enrolled and **maintains at least 6 credit hours** during the semester.
- Has a high school diploma or GED (an official transcript must be on file with the Office of Admissions showing that the student has graduated from high school or completed the GED).
- Have all official college transcripts on file in the Office of Admissions.
- Is making satisfactory academic progress according to the standards established by federal regulations and James Sprunt Community College.
- Is not in default on any federal student loan with the Department of Education or another institution and does not owe a grant overpayment.
- Complete Direct Loan entrance counseling and a Master Promissory

How Much Can a Student Borrow?

A student loan can only cover educational costs not met by other sources of financial aid. The table below shows the maximum amount a student at James Sprunt Community College can borrow for each academic year along with the aggregate limits. Your loan eligibility is determined by the Office of Financial Aid. *Factors taken into account are the cost of your attendance for the loan period requested, the expected family contribution (EFC) as determined by the information you provided on your Free Application for Federal Student Aid (FAFSA) and the total of any other financial aid awarded. Therefore, you may not be eligible for the maximum amounts. Conservative borrowing is strongly encouraged.*

*Federal Direct
Subsidized Direct
Loans*

- Based on financial need
- Federal government pays the interest while you are in school at least half time (6 credit hours)

*Federal Direct
Unsubsidized Direct
Loans*

- Not based on financial need
- Interest accrues on this loan while you are in school
- You can choose to make interest payments while you are in school, or the interest can be added to your loan balance (this is called capitalization)

ANNUAL FEDERAL DIRECT LOAN LIMITS (Maximum Combined Subsidized and Unsubsidized)		
	Freshman and students in certificate programs	Sophomore* in an Associate's Degree program
Dependent Undergraduate Student	\$5,500	\$6,500
Independent Undergraduate Student	\$9,500	\$10,500
* 30 or more non-developmental credit hours must be completed for sophomore status.		

AGGREGATE BORROWING LIMITS Total borrowed over time while attending a two-year or four-year college	
Dependent Undergraduate Student	\$31,000 (of which no more than \$23,000 can be subsidized Direct)
Independent Undergraduate Student	\$57,500 (of which no more than \$23,000 can be subsidized Direct)

When Do I Receive the Money?

It is a federal regulation that all loan funds are disbursed in a minimum of two disbursements. If your loan is for two or more semesters, one disbursement will come for each semester. For first year, first time borrowers, federal regulations require that disbursements of loan funds not be issued until 30 days after the start of classes.

Funds are sent by electronic fund transfer and will automatically be applied to your James Sprunt account balance after eligibility and attendance in class has been verified. Any amount remaining after tuition, fees, and authorized charges have been paid will be refunded to you. Disbursement dates will be posted on the Financial Aid – James Sprunt website.

If you decide to cancel all or a part of your loan, contact the financial aid office.

What if I Stop Attending Class?

If you do not complete all classes for which you enroll, federal regulations may require that we return a portion, or the full amount of the loan to the Department of Education. In addition, before you stop attending James Sprunt at least half-time, or you graduate, you must complete exit counseling.

When Do I Start Repayment on the Loan?

Repayment of the principal and interest begins six months after you drop below 6 credit hours, withdraw or graduate. Students with an unsubsidized loan have the option of paying the interest while in school and keeping it current, or letting it accrue and having it capitalized. Contact the Department of Education for more information.

What if I default on my loan?

Give yourself credit and don't default on your loan. Making your student loan payments on time is one of the easiest ways to establish a good credit history. A good credit rating will serve you well as you go forward in life.

If loan payments are not made and the delinquency is not resolved, your loan will go into default. If your loan defaults:

- Your wages can be garnished.
- Your federal income tax refund can be withheld.
- The default will be reported to a national credit bureau and make it difficult for you to make major credit purchases such as a new car or home.
- You will be disqualified from receiving any additional federal financial aid.
- You may be denied professional licenses to practice an occupation.

If you experience difficulty in repaying your loan, you should contact the Department of Education for advice and assistance including deferment and forbearance. There are options available for you!

Department of Education 1-800-848-0979

<http://www.dl.ed.gov>

Resources for Student Loan Borrowers

[U.S. Department of Education Direct Loan Information](#)

[U.S. Department of Education Loan Default Information](#): Assist with loans in default

[National Student Loan Data System \(NSLDS\)](#): Review your federal student loan history