

## Federal Student Aid (Loans)

### Eligibility Requirements:

1. Applicant must be a U.S. citizen or an eligible non-citizen;
2. Be enrolled as a regular student and working toward an eligible degree;
3. Be enrolled at least half-time;
4. Must have a valid Social Security Number;
5. Be registered with Selective Service (if required);
6. Maintain satisfactory academic progress (Please note: A student who completes the academic requirements for a program, but does not yet have the degree or certification is not eligible for further additional aid for that program);
7. Certify that no federal student loan is in a default status and no money is owed on a federal student grant.

## Federal Direct Loans

The American Baptist Seminary of the West participates in the William D. Ford Federal Direct Loan program. Through the Direct Loan Program, an eligible graduate student may borrow an Unsubsidized Direct Loan and/or a Direct Graduate PLUS loan to help finance the cost of education including the costs for books and supplies, room and board, transportation, and other expenses related to a student's education that are part of the official cost of attendance. These are loans that must be repaid. The lender is the US Department of Education. Students may borrow directly from the federal government through the Direct Loan servicer assigned to the student by the Department of Education.

The Direct Loan Program offers several repayment plans that are designed to meet the different needs of individual borrowers. Generally, borrowers have 10 to 25 years to repay a loan, depending on the repayment plan chosen. The standard payment begins six months after the student graduates or is no longer enrolled at least half-time in a qualified degree program, and up to 10 years may be allowed to repay the loan(s). Students who meet eligibility requirements may request a deferment or forbearance of their loan payment. A borrower will receive more detailed information about repayment options during the required student loan entrance and exit counseling sessions, by contacting the Financial Aid Office, or by visiting the US Department of Education's Federal Student Aid website at: [www.studentaid.ed.gov](http://www.studentaid.ed.gov) or [www.studentloans.gov](http://www.studentloans.gov).

The Budget and Control Act of 2011 eliminated subsidized loan eligibility for graduate and professional students for loan periods of enrollment beginning on or after July 1, 2012.

### Unsubsidized Federal Direct Loan

A student is not required to demonstrate financial need to borrow a Direct Stafford Unsubsidized Loan. The annual loan limit, the maximum amount a graduate or professional

student may borrow, is \$20,500 in direct Unsubsidized Loans in a single academic year. The maximum outstanding total borrowing limit for a graduate or professional student (inclusive of subsidized and unsubsidized loans borrowed at the undergraduate level, excluding capitalized interest) is \$138,500. No more than \$65,500 of this aggregate amount may be in the form of subsidized loans. A borrower who has reached his or her aggregate borrowing limit may not receive additional loans. Once loans are repaid, in full or in part, the borrower may apply for additional loans.

The interest rate for a Direct Stafford Unsubsidized Loan disbursed on or after July 1, 2015 is fixed at 5.84%. Interest accrues (accumulates) on an unsubsidized loan from the time it is first paid out. The interest may be paid while the borrower is in school and during the grace periods and deferment or forbearance periods, or the interest may accrue and be capitalized (that is, added to the principal amount of the loan). Choosing not to pay the interest as it accrues will increase the total amount a borrower will have to repay. Accrued interest is capitalized once the loan enters repayment. Repayment begins 6-months after a borrower graduates or otherwise drops below half-time enrollment.

An obligation loan fee of at least 1.073% is deducted from the total amount of each Direct Stafford Unsubsidized Loan Disbursement.

### **Federal Direct Graduate PLUS Loan**

An additional loan provided under the Direct Loan Program is the Direct PLUS Loan for graduate and professional students. The terms and conditions include: a determination that the applicant does not have an adverse credit history and a fixed interest rate of 6.84% for loans disbursed on or after July 1, 2015. An origination loan fee of at least 4.288% is deducted from the total amount of each loan disbursement. Before a student will be considered for a PLUS Loan, the Financial Aid Office must determine the student's maximum eligibility for Direct Unsubsidized Stafford Loans. The maximum PLUS Loan amount an eligible student can borrow is the cost of attendance minus any other financial assistance received.

The repayment period for a Direct PLUS Loan begins at the time the PLUS loan is fully disbursed, and the first payment is due within 60 days after the final disbursement. However, a borrower may defer repayment while enrolled at least half-time. For Direct PLUS Loans first disbursed on or after July 1, 2008, a borrower may also defer repayment for an additional six months after ceasing to be enrolled at least half-time.

## **Policies**

## **Forms**