

What Does It Mean To Borrow A Federal Loan?

What You Must Know When Borrowing a Federal Direct Loan

The William D. Ford Federal Direct Loan (Direct Loan) Program, are low-interest loans for eligible students to help cover the cost of higher education. Eligible students borrow directly from the U.S. Department of Education. A student must be enrolled in at least 6 or more countable credits to be eligible to borrow a Direct Loan. Repayment does not begin until six months after the borrower ceases half-time attendance.

There are two kinds of Federal Direct Loans:

- **Direct Subsidized Loans** – Direct Subsidized Loan borrowers must demonstrate financial need. Direct Subsidized Loan borrowers are not charged interest while enrolled in school at least half-time (6 or more countable credits). Interest will be charged on Direct Subsidized Loans when they go into repayment.
- **Direct Unsubsidized Loans** – Direct Unsubsidized Loan borrowers are not required to demonstrate financial need. Interest accrues (accumulates) on Direct Unsubsidized Loans once the loan is disbursed to a student's account. Borrowers have the option of paying the interest while in school or allowing it to accrue and be capitalized (added to the principal amount of the loan), prior to the loan entering repayment. Typically the Department of Education bills borrowers quarterly for accrued interest.

General information regarding Direct Loans:

- Direct Loan funds are paid in two equal disbursements over the loan period.
- Direct Loan funds are not expected to be available for 30 to 45 days after the semester begins.
- Loan fees are deducted from your Direct Loan prior to disbursement.
- Borrowers may only use the Direct Loan funds for costs associated with attendance at Holyoke Community College for the specified loan period. Direct Loans cannot be used for costs incurred prior to the loan period.
- New borrowers as of July 1, 2013 will have subsidized loans limited to 150% of the length of a student's academic program.

Student Responsibilities:

- You must be enrolled in at least 6 countable credits and enrolled in an eligible degree program.
- You must be meeting Satisfactory Academic Standards toward a degree.
- If you withdraw from school, stop attending all of your classes, or fall below 6 countable credits, you may lose all or part of your loan.
- You cannot receive the second half of a loan if you drop below half-time enrollment (6 countable credits) before it has paid.
- You should report any of the following changes to the Financial Aid Office:
 - withdrawal or dropout from school
 - drop below 6 countable credits
 - name or address change
 - transfer to another school

*****The HCC Financial Aid Office cannot pay any loan funds to a student's account prior to the receipt of all requirements.*****

Loan Requirements:

Borrowers have the option to accept or reduce the loan to a lesser amount other than what was offered or decline the loan.

- **To decline the loan**
 - Go to Online Services at My HCC at <http://www.hcc.edu/>.
- **To accept or reduce the loan to a lesser amount.**
 - To accept the loan-Go to Online Services at My HCC at <http://www.hcc.edu/>.
 - Sign a Loan Agreement/ (MPN) Master Promissory Note on-line at <https://studentaid.gov> if you have not completed one in a prior year at HCC or any other school. All borrowers must sign this agreement (MPN) prior to receiving any loan funds. The MPN is an agreement with the Department of Education to repay the loan after you leave school or drop below 6 countable credits. The MPN stays active for 10 years with the Department of Education. You will need to provide basic demographic information, as well as 2 references. The references you provide are not obligated to repay the loan, but merely serve as an additional means to contact you. (See the reverse side of this form for more information.)
 - Complete an **Entrance Counseling** session on-line at <https://studentaid.gov> if you have not previously completed one. The Entrance Counseling session will review basic facts about borrowing a Direct Stafford Loan, along with your rights and responsibilities as the borrower. Borrowers are asked to complete a short quiz about what they learned. The HCC School code (002170) must be provided so the results are sent directly to HCC. (See the reverse side of this form for more information.)
- **After you graduate, leave school or drop below half-time enrollment** (6 countable credits), you will have a six month grace period before you begin repayment.
 - Exit counseling must be completed when you graduate, leave school or drop below half-time enrollment. Exit Counseling helps you understand your rights and responsibilities as a student loan borrower. It also provides useful tips and information to help you manage your loans. Exit Counseling can be completed at <https://studentaid.gov> or <https://www.nsls.ed.gov>

*****Remember to explore your options carefully, borrow wisely as it will affect your future.*****

Go to <https://studentaid.gov>

LOG IN

Click on Complete Aid Process

-Log in to view your federal student loan data, notify schools of counseling completion, and to sign Promissory Note.

-If you are not logged in, you cannot meet requirements for completing counseling.

ENTRANC COUNSELING

What is Entrance Counseling?

If you have not previously received a Direct Loan or Federal Family Education Loan (FFEL), the Federal Government requires you to complete entrance counseling to ensure that you understand the responsibilities and obligations you are assuming.

If you are completing entrance counseling to borrow a loan as an undergraduate student, then the entrance counseling will fulfill counseling requirements for Direct Subsidized Loans and Direct Unsubsidized Loans.

If you are completing entrance counseling to borrow a loan as a graduate or professional student, the entrance counseling will fulfill counseling requirements for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans.

Your school may have alternate entrance counseling requirements. Check with your school's financial aid office to be sure that the counseling available on this Web site satisfies its requirements for entrance counseling.

Who should complete this?

Students who have not previously received a subsidized/unsubsidized loan or PLUS loan (graduate/professional students only) under the Direct Loan Program or Federal Family Education Loan (FFEL) Program.

How long will it take?



The entire counseling process must be completed in a single session. Most people complete counseling in 20-30 minutes.

What do I need?

- Verified [FSA ID](#)
- School Name
- [Details on your income, financial aid, and living expenses](#)

SIGN MASTER PROMISSORY NOTE (MPN)

What is a Subsidized/Unsubsidized MPN?

The Subsidized/Unsubsidized Master Promissory Note (MPN) is a legal document in which you promise to repay your federal student loan(s) and any accrued interest and fees to your lender or loan holder. There is one MPN for Direct Subsidized/Unsubsidized Loans and a different MPN for Direct PLUS Loans. Most schools are authorized to make multiple federal student loans under one MPN for up to 10 years.

Who should complete this?

- Eligible undergraduate students
- Eligible graduate/professional students requesting unsubsidized loans

How long will it take?



The entire MPN process must be completed in a single session. Most people complete the MPN in less than 30 minutes.

What do I need?

- Verified [FSA ID](#)
- [Personal Information](#)
- School Name
- [Reference information for two people with different U.S. addresses who have known you for at least 3 years](#)