FEDERAL DIRECT LOAN

Direct Loans are originated through the Department of Education and disbursed directly to the student by the home college. Students who are enrolled at least half-time and who demonstrate financial need through the financial aid application process can have the interest paid (subsidized) on Direct loans by the federal government while they are in school.

Students who are at least half-time but who do not demonstrate need for a subsidized Direct may still obtain the loan, however, interest will be unsubsidized and start to accrue while the student is in school. Students are advised to repay on this interest while still attending school.

Direct loan interest changes annually and is based on the federal Treasury Bill rate. Interest will never exceed 9%, however. Monthly payments, which begin six months after enrollment stops or drops below half-time, are based on the total amount borrowed but will never be less than $50 per month. In addition to the FAFSA, these loans require a separate loan application (available in the Financial Aid Office).

Sample Direct Repayment Chart:

<table>
<thead>
<tr>
<th>Loan Period</th>
<th>Loan Amount</th>
<th>Monthly Payment</th>
<th>Total Interest</th>
<th>Total Repaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 year period</td>
<td>$3000</td>
<td>$62</td>
<td>$728</td>
<td>$3,728</td>
</tr>
<tr>
<td>10 year period</td>
<td>$6000</td>
<td>$74</td>
<td>$2,736</td>
<td>$8,736</td>
</tr>
<tr>
<td>10 year period</td>
<td>$8000</td>
<td>$98</td>
<td>$3,774</td>
<td>$11,774</td>
</tr>
<tr>
<td>10 year period</td>
<td>$12000</td>
<td>$147</td>
<td>$5,662</td>
<td>$17,662</td>
</tr>
<tr>
<td>10 year period</td>
<td>$20000</td>
<td>$245</td>
<td>$9,437</td>
<td>$29,437</td>
</tr>
</tbody>
</table>

Direct loans have a minimum repayment rate of $50 per month for a maximum of 10 years. This chart shows sample repayments for amounts borrowed at 8.25% interest on a standard repayment Plan.

Enrollment information for loan deferment is submitted by each college to the National Student Loan Clearinghouse. Students requiring a deferment for service in the Peace Corps; under the Domestic Volunteer Service Act; or comparable community service as a volunteer for a tax-exempt organization, should inquire at the home college Loan Office.

Direct Loans have origination and insurance fees of 1.072% for loans before 10/1/2014 and 1.073% for loans after 10/1/14 and before 10/1/15. The loan fee amount is deducted from the loan proceeds before the loan is received. These fees must also be repaid.
(NOTE: The Direct Loan Interest Rate on loans is 4.66% and 6.80 for loans made on or after July 1, 2014 and before July 1, 2015)

Subsidized Direct Annual Maximum:

- $3500 until completion of first year
- $4500 after completion of first year

The Annual Maximum Unsubsidized Direct Loan is $6,000 for independent students; $2000 for dependent students. Application Schedules and Deadlines are posted in the Financial Aid Office of the home college.

There are new time limitations on Direct Subsidized Loan eligibility. First-time borrowers who borrow on or after July 1, 2013 may not receive loans for more than 150% of the published length of your program. For example: in a 2 year associate degree program the maximum period you could receive a Direct Subsidized Loan would be 3 years (2 years times 150%). Refer to the Peralta Catalog to determine the length of your program.

Federal regulations require that your loan must be prorated if you will complete your program before the end of the academic year. For example: if you are enrolled in an associate degree program and will complete your degree at the end of the Fall semester you may not receive the annual maximum amount for your loan.

Before you can apply for a loan you must complete the 3 steps below:

1. Complete the Free Application for Federal Student Aid (FAFSA)
2. Submit all required documents to your Home College’s Financial Aid Office before the deadline date. Your Home College is the college at which you intend to complete your program of study/educational goal. Your student file must be completed and awarded.
3. Enroll in six (6) or more units related to your program of study/educational goal.

If you complete the steps above then you may go to your Home College’s Financial Aid Office and ask for a Student Loan Packet. Follow the Federal Loan Step by Step Application Process outlined in the packet you receive.

**Right to Cancel:** The Student or parent has a right to cancel all or a portion of the loan or loan disbursement and have the loan proceeds returned to the holder of that loan.