

## DIRECT LOAN PROGRAM INFORMATION

Choosing to pursue a college education is one of the biggest financial decisions you ever make. The Peralta Colleges provide you with a more flexible and affordable option to receive a college education. State and Federal grants are available to help students cover the cost of education at the Peralta Colleges. However, some students (out of state residents, for example) may need to borrow money to help with school related expenses.



Unfortunately, many students get into debt without understanding the long-term impact of that student loan debt. It is critical to make sure that student loan borrowers understand their rights and responsibilities. Therefore, our Financial Aid Offices do not award student loans as part of the initial “award package”. Students who are interested in borrowing a Federal Student Loan at the Peralta Colleges are required to submit a Student Loan Packet to their Home College Financial Aid Office.

The primary purpose of student financial aid is to ensure all students have an opportunity to obtain a college education, and that no student will be denied that opportunity because of lack of funds. Our Financial Aid Offices are here to help students develop a realistic educational borrowing plan to ensure that those who plan to transfer will have sufficient loan eligibility remaining to complete their education, and those whose plans conclude with a certificate or associate degree will not be overly burdened with student loan debt.

## WHAT ARE STUDENT LOANS

Loans are financial aid funds that are **borrowed and repaid** after a student completes their academic program or stops attending school. Educational loans have a low interest rate and an extended repayment period, making them easier to repay than most non-educational loans. We recommend that students use all other possible resources first and borrow only when it’s absolutely necessary because loans must be repaid from future earnings.

## DIRECT LOAN ELIGIBILITY REQUIREMENTS

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.

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

Select your Home College below for information:



### HOW MUCH CAN YOU BORROW?

The Financial Aid office will determine the loan type, and the actual loan amount you are eligible to receive each academic year.

However, there are limits on the amount in subsidized and unsubsidized loans that you may be eligible to receive each academic year (annual loan limits) and the total amounts that you may borrow for undergraduate and graduate study (aggregate loan limits). The actual loan amount you are eligible to receive each academic year may be less than the annual loan limit. These limits vary depending on what year you are in school and whether you are a dependent or independent student. The following chart shows the annual and aggregate limits for subsidized and unsubsidized loans.

Year	Dependent Students	Independent Students
First-Year Undergraduate Annual Loan Limit	\$5,500—No more than \$3,500 of this amount may be in subsidized loans.	\$9,500—No more than \$3,500 of this amount may be in subsidized loans.
Second-Year Undergraduate Annual Loan Limit	\$6,500—No more than \$4,500 of this amount may be in subsidized loans.	\$10,500—No more than \$4,500 of this amount may be in subsidized loans.

### CURRENT INTEREST RATES

The interest rates for Direct Subsidized Loans and Direct Unsubsidized Loans are shown in the chart below.

Loan Type	Borrower Type	Loans first disbursed on or after 7/1/17 and before 7/1/18
Direct Subsidized Loans	Undergraduate	4.45%
Direct Unsubsidized Loans	Undergraduate	4.45%

The interest rates shown above are fixed rates for the life of the loan.

### LOAN FEES

There is a loan fee on all Direct Subsidized Loans and Direct Unsubsidized Loans. The loan fee is a percentage of the loan amount and is proportionately deducted from each loan *disbursement*. The percentage varies depending on when the loan is first disbursed, as shown in the chart below.

Loan Fees for Direct Subsidized Loans and Direct Unsubsidized Loans	
First Disbursement Date	Loan Fee
On or after Oct. 1, 2016, and before Oct. 1, 2017	1.069%

## Loan Fees for Direct Subsidized Loans and Direct Unsubsidized Loans

On or after Oct. 1, 2017, and before Oct. 1, 2018	1.066%
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Loans first disbursed prior to Oct. 1, 2016, have different loan fees.

### RIGHT TO CANCEL A LOAN

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. Within 21 days following your loan disbursement, you will be sent an email notification from Bank Mobile informing you that your loan has been refunded to your account. You have the right to cancel all or a portion of your student loan within 14 days of the date of the email notification informing you of that right.

### TIME LIMITATION ON DIRECT SUBSIDIZED LOAN ELIGIBILITY

There are new time limitations on Direct Subsidized Loan eligibility for first-time Borrowers. 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.

### HOW TO MANAGE REPAYMENT OF YOUR FEDERAL STUDENT LOAN

If you receive a federal student loan, you will be required to repay that loan with interest. It is important that you understand how interest is calculated and the fees associated with your loan. Both of these factors will impact the amount you will be required to repay. 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.

### MAKING PAYMENTS

You don't have to begin repaying most federal student loans until after you leave college or drop below half-time enrollment. You need to make payments to your *loan servicer*. Your loan servicer or lender must provide you with a loan repayment schedule that states when your first payment is due, the number and frequency of payments, and the amount of each payment. Keep in mind that your loan may have a [grace period](#). You are responsible for staying in touch with your servicer and making your payments, even if you do not receive a bill.

[>>>Find out more about repayment of your federal student loans.](#)

### WHAT TO DO IF YOU CAN'T AFFORD YOUR PAYMENTS

- Change your payment due date. Do you get paid after your student loan payment is due each month? If so, contact your loan servicer and ask whether you'd be able to switch the date your student loan payment is due.
- Change your repayment plan. What you ultimately pay depends on the plan you choose and when you borrowed. If you need lower monthly payments, consider an income-driven repayment plan that'll base your monthly payment amount on how much you make.
- Consolidate your loans. If you have multiple student loans, simplify the repayment process with a Direct Consolidation Loan—allowing you to combine all your federal student loans into one loan for one monthly payment.

If the options above don't work for you and you simply can't make any payments right now, you might be eligible to postpone your payments through a deferment or forbearance. However, depending on the type of loan you have, interest may still accrue (accumulate) on your loan during the time you're not making payments.

#### **LOAN SERVICERS**

The U.S. Department of Education (ED) uses several loan servicers to handle the billing and other services on loans for the William D. Ford Federal Direct Loan (Direct Loan) Program and for loans that were made under the Federal Family Education Loan (FFEL) Program and that ED later purchased. Before you contact your loan servicer to discuss repayment plans, you can use the [Repayment Estimator](#) to get an early look at which plans you may be eligible for and see estimates for how much you would pay monthly and overall.

#### **RESOLVING DISPUTES**

If you have a dispute about your loan, you may be able to resolve it by simply contacting your loan servicer and discussing the issue. If you need additional help, find out what you can do to be better prepared before you seek help to resolve a dispute.

>>>>[Find out more about repayment of your federal student loans.](#)

#### **ADDITIONAL DIRECT LOAN DISCLOSURES**

- [Plain Language Disclosure for Direct Subsidized Loans and Direct Unsubsidized Loans](#)
- [Plain Language Disclosure for Direct PLUS Loans Need updated page](#)
- [PCCD Student Lending Code of Conduct](#)
- [Direct Loan Terms and Conditions](#)
- [Loan Revision Request 2017-2018](#)
- [Private Loan Disclosures](#)