



**TERRY CAMPUS:** 100 Campus Drive • Dover, DE 19904 • (302) 857.1093 FAX

**OWENS CAMPUS :** P.O. Box 610 • Seashore Highway • Georgetown, DE 19947 • (302) 855.5962 FAX

**STANTON and WILMINGTON CAMPUSES:** 333 Shipley Street • Wilmington, DE 19801 • (302) 657.5152 FAX

## APPLYING FOR A FEDERAL DIRECT STAFFORD LOAN

You are eligible to receive a **Federal Direct Stafford Loan** for the upcoming academic year. The Federal Direct Loan program provides low-interest government-backed loans to eligible students to help pay for the cost of a student's education. This document outlines information about the Federal Direct Loan program and instructions on how to apply for a Direct Loan.

**The Federal Direct Loan Master Promissory Note (MPN):** You must complete the MPN to apply for a Direct Loan. The MPN is a legally binding agreement to repay your loan to the Department of Education. In most cases, one MPN can be used for subsidized and unsubsidized loans that you receive over several years of study.

**General Requirements and Regulations:** Students applying for a Federal Direct Loan must be U.S. citizens or eligible non-citizens. Students must be enrolled and attending classes at least half-time, and maintaining satisfactory academic progress to continue to be eligible for their loans.

## IMPORTANT LOAN INFORMATION

**You must be enrolled for at least 6 credits each semester, attending classes, and maintaining satisfactory academic progress at the time the loan proceeds are received by the college. If all of these eligibility requirements are not met; you will not be eligible to receive Federal Direct Loan proceeds.**

### First-Time Federal Direct Loan Borrowers:

**All students who are applying for a Federal Direct Loan for the first time at Delaware Tech must complete a Master Promissory Note (MPN) and Student Loan Entrance Counseling (see how to apply below).** This requirement can be fulfilled online at [www.studentloans.gov](http://www.studentloans.gov) **click on the green Sign In icon under Manage My Direct Loans located in the upper left hand corner of the page.** Your federal pin number is required to complete the MPN and Entrance Counseling process, the same pin used to complete your Free Application for Federal Student Aid (FAFSA).

Your loans will be disbursed to Delaware Tech in at least two equal payments if the loan is processed for the entire academic year — once during the fall semester and once during the spring semester. If the loan is processed for one semester only, the proceeds will be disbursed in two equal installments during that semester. The loan will be electronically transferred to the Business Office at Delaware Tech; the funds will be credited to your student account, and an expense check will be mailed to you if a balance is remaining on your account.

## UNDERSTANDING THE FEDERAL DIRECT LOAN

Federal Direct Loans are made to undergraduate and graduate students attending accredited colleges and universities. There are two types of loans:

- **Direct Subsidized Loans** are based upon need, and the federal government pays the interest while you are enrolled at least half-time.
- **Direct Unsubsidized Loans** are not need-based, and the student borrower is responsible for interest that accrues on unsubsidized Stafford Loans while you are attending college. Any unpaid interest will be capitalized (added to the principal balance) when repayment begins. Therefore, you will then pay interest on a higher amount.



## FEDERAL DIRECT LOANS – INTEREST RATES and FEES

The applicable interest rate on Direct Loans disbursed between July 1, 2013 and June 30, 2014 is fixed at 3.86 % for subsidized and 3.86% for unsubsidized. The Direct Loan origination fee effective July 1, 2013 will be 1.051%.

ANNUAL DIRECT LOAN LIMITS		LIFETIME DIRECT LOAN LIMITS	
Academic Level	Subsidized & Unsubsidized	Dependent Undergraduates	\$31,000
Freshman	\$3,500	Independent Undergraduates (\$23,000 subsidized)	\$57,500
Sophomore	\$4,500		

## How To Apply For A Federal Direct Stafford Loan

### Step 1: Print and complete the **Delaware Tech Loan Request Form**

Return the Delaware Tech Loan Request Form to the Financial Aid Office. Allow 3 business days for the loan to be processed by the Financial Aid Office and then you should be able to complete each relevant step 2, 3 and 4. **The Loan Request Form must be submitted each academic year.**

**The remaining steps can be completed at the Federal Direct Stafford Loan website [www.studentloans.gov](http://www.studentloans.gov).**

**Step 2:** Click on the green Sign In icon under Manage My Direct Loan, located on the upper left hand side of the page. You are required to use your Federal PIN (the same pin used when completing your Free Application for Federal Student Aid) (FAFSA).

### Step 3: Complete a **Federal Direct Stafford Loan Entrance Counseling session**

Click on Complete Entrance Counseling, select Complete Entrance Counseling, select I am an undergraduate student, click Continue and follow the instructions to complete the Entrance Counseling session.

### Step 4: Complete the **Federal Direct Stafford Loan MPN**

Click on Complete Master Promissory Note, select Subsidized/Unsubsidized and follow the instructions to complete the MPN.

**Contact the Financial Aid Office for further assistance.**



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Federal Direct Loan Request Form

Name \_\_\_\_\_

Social Security # \_\_\_\_\_ Student ID (700#) \_\_\_\_\_

Loan Amount Requested \_\_\_\_\_

- Checkboxes for loan periods: Fall/Spring Semesters, Spring Semester Only, Spring/Summer Semesters, Fall Semester Only, Summer Semester Only

\*The federal government mandates that all first-time borrowers of subsidized or unsubsidized Direct loans at Delaware Technical Community College complete online Student Loan Entrance Counseling. This is a federal requirement, and your loan will not be processed until you complete Entrance Counseling. Entrance Counseling can be completed by visiting www.studentloans.gov.

Important Notice

During the semester that you plan to graduate or before leaving Delaware Technical Community College for any other reason, you must complete online Exit Counseling. Exit Counseling will provide you with information concerning educational loans that will be very important to your future. Exit Counseling can be completed by visiting www.studentloans.gov. Please contact the Financial Aid Office if you WILL NOT be returning due to graduation, transfer, or any other circumstance.

I understand that my loan will be certified based on grade level, enrollment status (at least 6 credits), financial need and federal regulations. This amount may or may not be the loan amount listed above. I also understand that I must be in an eligible program of study, enrolled and attending at least 6 credits at the time of disbursement, or my loan will be cancelled

Student Signature: \_\_\_\_\_ Date: \_\_\_\_\_

For Financial Aid Office Use Only

Entrance Counseling completed \_\_\_\_\_ Independent \_\_\_\_\_
Previous loan \_\_\_\_\_ Dependent \_\_\_\_\_
MPN completed \_\_\_\_\_ Grade Level 1 2
Transfer student Y N Credits enrolled \_\_\_\_\_
Remedial credits enrolled \_\_\_\_\_
Total remedial credits \_\_\_\_\_
SAP OK \_\_\_\_\_