

## Frequently Asked Questions about

### TITLE IV FEDERAL FINANCIAL AID PROGRAM<sup>1</sup>

#### **Pell Grant**

A Federal Pell Grant, unlike a loan, does not have to be repaid. Pell Grants are awarded usually only to undergraduate students who have not earned a bachelor's or a professional degree. (In some cases, however, a student enrolled in a post-baccalaureate teacher certification program might receive a Pell Grant.) Pell Grants are considered a foundation of federal financial aid, to which aid from other federal and nonfederal sources might be added.

#### **How much can I get?**

The maximum Pell Grant award for the 2016-2017 award year (July 1, 2016 to June 30, 2017) is \$5,815. The maximum can change each award year and depends on program funding. The amount you get, though, will depend not only on your financial need, but also on your costs to attend school, your status as a full-time or part-time student, and your plans to attend school for a full academic year or less.

#### **If I am eligible, how will I get the Pell Grant money?**

Your school can apply Pell Grant funds to your school costs, pay you directly (usually by check), or combine these methods. The school must tell you in writing how much your award will be and how and when you'll be paid. Schools must disburse funds at least once per term (semester, trimester, or quarter). Schools that do not use semesters, trimesters, or quarters must disburse funds at least twice per academic year.

#### **Stafford Loans (Direct Loans)**

The William D. Ford Federal Direct Loan (Direct Loan) Program consists of what are generally known as Stafford Loans (for students) and PLUS Loans for parents and graduate and professional degree students. Under the Direct Loan Program, the funds for your loan come directly from the federal government.

#### **How can I get a Direct Loan?**

You must fill out a FAFSA. After your FAFSA is processed, your school will review the results and will inform you about your loan eligibility. You also will have to sign a promissory note, a binding legal document that lists the conditions under which you are borrowing and the terms under which you agree to repay your loan.

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<sup>1</sup> For more information, please visit <http://studentaid.ed.gov>. You may also request more information at the Office of Financial Aid at JMVU.

## How much can I borrow?

It depends on your year in school and whether you have a subsidized or unsubsidized Direct Stafford Loan. A subsidized loan is awarded on the basis of financial need. If you're eligible for a subsidized loan, the government will pay (subsidize) the interest on your loan while you're in school, for the first six months after you leave school, and if you qualify to have your payments deferred. Depending on your financial need, you may borrow subsidized money for an amount up to the annual loan borrowing limit for your level of study (see below). You might be able to borrow loan funds beyond your subsidized loan amount even if you don't have demonstrated financial need. In that case, you'd receive an unsubsidized loan. Your school will subtract the total amount of your other financial aid from your cost of attendance to determine whether you're eligible for an unsubsidized loan. Unlike a subsidized loan, you are responsible for the interest from the time the unsubsidized loan is disbursed until it's paid in full. You can choose to pay the interest or allow it to accrue (accumulate) and be capitalized (that is, added to the principal amount of your loan). Capitalizing the interest will increase the amount you have to repay. You can receive a subsidized loan and an unsubsidized loan for the same enrollment period as long as you don't exceed the annual loan limits. If you're a dependent undergraduate student (excluding students whose parents cannot borrow PLUS Loans), each year you can borrow up to:

- <sup>35</sup>/<sub>17</sub> \$5,500 (for loans first disbursed on or after July 1, 2008) if you're a first-year student enrolled in a program of study that is at least a full academic year. No more than \$3,500 of this amount can be in subsidized loans.
- <sup>35</sup>/<sub>17</sub> \$6,500 (for loans first disbursed on or after July 1, 2008) if you've completed your first year of study and the remainder of your program is at least a full academic year. No more than \$4,500 of this amount can be in subsidized loans.
- <sup>35</sup>/<sub>17</sub> \$7,500 (for loans first disbursed on or after July 1, 2008) if you've completed two years of study and the remainder of your program is at least a full academic year. No more than \$5,500 of this amount can be in subsidized loans.

If you're an independent undergraduate student (and a dependent student whose parents have applied for but were unable to get a PLUS Loan (a parent loan)), each year you can borrow up to:

- <sup>35</sup>/<sub>17</sub> \$9,500 (for loans first disbursed on or after July 1, 2008) if you're a first-year student enrolled in a program of study that is at least a full academic year. No more than \$3,500 of this amount may be in subsidized loans.
- <sup>35</sup>/<sub>17</sub> \$10,500 (for loans first disbursed on or after July 1, 2008) if you've completed your first year of study and the remainder of your program is at least a full academic year. No more than \$4,500 of this amount may be in subsidized loans.
- <sup>35</sup>/<sub>17</sub> \$12,500 (for loans first disbursed on or after July 1, 2008) if you've completed two years of study and the remainder of your program is at least a full academic year. No more than \$5,500 of this amount may be in subsidized loans.

If you're a graduate or professional degree student, each year you can borrow up to:

- <sup>35</sup>/<sub>17</sub> \$20,500. No more than \$8,500 of this amount may be in subsidized loans.

When you graduate with a graduate or professional degree, the maximum total debt allowed from Stafford Loans is \$138,500. No more than \$65,500 of this amount may be in subsidized loans. This maximum total

graduate debt limit includes Stafford Loans received for undergraduate study. However, the aggregate loan limit for graduate and professional students enrolled in certain approved health profession programs is \$224,000.

These amounts are the maximum yearly amounts you can borrow in both subsidized and unsubsidized Direct Loans, individually or in combination. Because you can't borrow more than your cost of attendance minus the amount of any Federal Pell Grant you're eligible for and minus any other financial aid you'll get, you may receive less than the annual maximum amounts.

### **How will I get the loan money?**

For the Direct Loan program, you'll be paid through your school in at least two installments. No installment may exceed one-half of your loan amount. Your loan money must first be applied to pay for tuition and fees, room and board, and other school charges. If loan money remains, you will receive the funds by check, unless you give the school written authorization to hold the funds until later in the enrollment period. Generally, if you're a first-year undergraduate student and a first-time borrower, your school cannot disburse your first payment until 30 days after the first day of your enrollment period. This practice ensures you won't have a loan to repay if you don't begin classes or if you withdraw during the first 30 days of classes.

### **What's the interest rate on these loans?**

The fixed interest rates for loans disbursed between July 1, 2016, and June 30, 2017, are as listed in the table below:

**Table: Interest rates for Direct loans**

<b>Type of loan</b>	<b>Interest rate</b>
Direct Subsidized Stafford Undergraduate	3.4%
Graduate	6.8%
Direct Unsubsidized Stafford	6.8%
Direct PLUS	7.9%

### **Other than interest, are there any charges or fees for this loan?**

**Yes:** for all Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed on or after July 1, 2010, the loan origination fee is 1 percent. The Direct PLUS Loan origination fee is 4 percent for loans made to both parent and graduate and professional degree student borrowers.

For a Direct Stafford Loan, the entire fee goes to the government to help reduce the cost of the loans. Also, if you don't make your loan payments when scheduled, you may be charged collection costs and late fees.

### **No interest accrual for borrowers in the military**

No interest accrues (for a period of no more than 60 months) on Direct Loans first disbursed on or after Oct. 1, 2008, for eligible military borrowers while serving on active duty or performing qualifying national guard duty during a war or other military operation or other emergency, and serving in an area of

hostilities qualifying for special pay. You also may qualify for deferment of repayment on your loans while serving on active duty in the military.

### **When do I pay back my Stafford Loans?**

After you graduate, leave school, or drop below half-time enrollment, you will have a six-month "grace period" before you begin repayment. During this period, you'll receive repayment information, and you'll be notified of your first payment due date. You're responsible for beginning repayment on time, even if you don't receive this information. Payments are usually due monthly.

During the grace period on a subsidized loan, you do not have to pay any principal, and you won't be charged interest. During the grace period on an unsubsidized loan, you don't have to pay any principal, but you will be charged interest. You can either pay the interest or it will be capitalized (added to your principal loan balance, thus increasing the amount you'll repay).

### **Repayment Plans and Calculators**

To learn more about repayment plans and to estimate the amount of your loan payments please go to the link: [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying)

### **How do I pay back my loans?**

All new federal student loans come directly from the U.S. Department of Education under the Direct Loan Program... You'll repay your Direct Loan to the U.S. Department of Education's Direct Loan Servicing Center. Both the Direct Loan and FFEL programs offer six repayment plans you can choose from, but the terms differ slightly. You will receive more detailed information on your repayment options during entrance and exit counseling sessions. To read more about repayment plans under both programs, go to <http://studentaid.ed.gov/students/attachments/siteresources/11-12YFSL.pdf>

### **What if I have trouble repaying the loan?**

Under certain circumstances, you can receive a deferment or forbearance on your loan, as long as it's not in default. During a deferment, no payments are required. You will not be charged interest for a subsidized Direct Stafford loan. If you have an unsubsidized Stafford Loan, you are responsible for the interest during deferment. If you are temporarily unable to meet your repayment schedule (for example due to poor health or other unforeseen personal problems), but you are not eligible for a deferment, your lender might grant you forbearance for a limited and specified period. For more information, go to the Repaying Your Loans section of [www.ed.gov](http://www.ed.gov) Web site.

### **Can my Stafford Loan ever be discharged (canceled)?**

Yes, but only under a few circumstances. Your loan can't be canceled because you didn't complete the program of study at the school (unless you couldn't complete the program because the school closed before you could complete it), or because you didn't like the school or the program of study, or you didn't obtain employment after completing the program of study. It can be canceled if: your signature was forged, your loan was falsely certified because of identity theft, bankruptcy (not an automatic process, you must prove that repaying the loan would cause undue hardship), assumed teacher service or public service, death or permanent disability of student. For more information about discharge, go to [www.studentaid.ed.gov/discharges](http://www.studentaid.ed.gov/discharges).

## Parent PLUS Loans

Parents can borrow a PLUS Loan to help pay your education expenses if you are a dependent undergraduate student enrolled at least half time in an eligible program at an eligible school. PLUS Loans are available through the Federal Family Education Loan (FFEL) Program and the William D. Ford Federal Direct Loan (Direct Loan) Program. Your parents can get either loan, but not both, for you during the same enrollment period. They also must have an acceptable credit history.

### How do my parents get a loan?

For a Direct PLUS Loan, your parents must complete a JMVU [Federal Plus Direct Loan Application](#) to the Financial Aid Office. Please keep a copy for your records. Complete an electronic PLUS Master Promissory Note (eMPN) for Parents at <http://dlenote.ed.gov>. You must submit copies of the parent applicant's citizenship or permanent resident documentation. If you do not have a Free Application for Federal Student Aid (FAFSA) on file with our office, you must submit copies of the student's citizenship or permanent resident documentation. Upon receipt of your completed application with all required documents, your application will be processed. If your PLUS Loan is approved you will receive notification from the U.S. Department of Education. The University will disburse funds to the parent/borrower's address provided on the JMVU Federal Direct Loan Application upon receipt of funds. Student Financials will deduct from financial aid any and all monies due Jose Maria Vargas University and remit the balance to the borrower. If your PLUS Loan is rejected, you will receive notification from the U.S. Department of Education. You will be given the option, at that time, to obtain an endorser (co-signer) to continue the loan process. If you choose not to submit an endorser application, you should contact the Financial Aid Office for information on student eligibility for alternative loans.

Your parents generally will be required to pass a credit check. If your parents don't pass the credit check, they might still be able to receive a loan if someone, such as a relative or friend who is able to pass the credit check, agrees to endorse the loan. An endorser promises to repay the loan if your parents fail to do so. Your parents might also qualify for a loan without passing the credit check if they can demonstrate that extenuating circumstances exist. You and your parents must also meet other general eligibility requirements for federal student financial aid.

### How much can my parents borrow?

The yearly limit on a PLUS Loan is equal to your cost of attendance minus any other financial aid you receive. If your cost of attendance is \$6,000, for example, and you receive \$4,000 in other financial aid, your parents can borrow up to \$2,000.

### Who gets my parents' loan money?

The U.S. Department of Education (for a Direct PLUS Loan) will send the loan funds to your school. Your school might require your parents to endorse a disbursement check and send it back to the school. In most cases, the loan will be disbursed in at least two installments, and no installment will be greater than half the loan amount. The funds will first be applied to your tuition, fees, room and board, and other school charges. If any loan funds remain, your parents will receive the amount as a check, unless they authorize the amount to be released to you or to be put into your school account. Any remaining loan funds must be used for your education expenses.

### What's the interest rate?

For Direct PLUS Loans disbursed on or after July 1, 2006, the interest rate is fixed at 7.90. Interest is charged on a PLUS Loan from the date of the first disbursement until the loan is paid in full.

### **Other than interest, is there a charge to get a PLUS Loan?**

Your parents will pay a fee of up to 4 percent of the loan, deducted proportionately each time a loan disbursement is made. For a Direct PLUS Loan, the entire fee goes to the government to help reduce the cost of the loans. Also, your parents may be charged collection costs and late fees if they don't make their loan payments when scheduled.

### **When do my parents begin repaying the loan?**

There is no grace period for Direct PLUS Loans - the repayment begins 60 days after the last disbursement of the loan (for each loan period). The Direct Loan Servicing Center will notify you of the date your first payment is due. If you do not choose a repayment plan, they will place you on the Standard Repayment Plan, with fixed monthly payments for up to 10 years.

### **How do my parents pay back these loans?**

They'll repay their Direct PLUS Loan to the U.S. Department of Education's Direct Loan Servicing Center. To read more about repayment options under both programs, read the PLUS Loans section in [Funding Education Beyond High School: The Guide to Federal Student Aid](#).

### **Is it ever possible to postpone repayment of a PLUS Loan?**

Yes, under certain circumstances, your parents can receive a deferment on their loans. If they temporarily can't meet the repayment schedule; they can also receive forbearance on their loan, as long as it isn't in default. During forbearance, their payments are postponed or reduced. Generally, the conditions for eligibility and procedures for requesting a deferment or forbearance apply to both Stafford Loans and PLUS Loans. However, since all PLUS Loans are unsubsidized, your parents will be charged interest during periods of deferment or forbearance. If they don't pay the interest as it accrues, it will be capitalized (that is, added to the principal amount of the loan, and additional interest will be based on that higher amount).

### **Can a PLUS Loan be discharged (canceled)?**

Yes, under certain conditions. A discharge (cancellation) releases your parents from all obligations to repay the loan. Your parents PLUS Loan can't be canceled for these reasons: You didn't complete your program of study at your school (unless you couldn't complete the program because the school closed before you could complete it), you didn't like the school or the program of study, or you didn't obtain employment after completing the program of study. For more information about loan discharge or repayment: If your parents have a Direct PLUS Loan, they should contact the Direct Loan Servicing Center at 1-800-848-0979, or go to [www.dl.ed.gov](http://www.dl.ed.gov).

## **Graduate PLUS Loans**

### **PLUS Loans for Graduate and Professional Degree Students:**

Graduate and professional degree students are eligible to borrow under the PLUS Loan Program up to their cost of attendance minus other estimated financial assistance in Direct Loan Program. The terms and

conditions applicable to Parent PLUS Loans also apply to Graduate/Professional PLUS loans. These requirements include a determination that the applicant does not have an adverse credit history, repayment beginning on the date of the last disbursement of the loan, and a fixed interest rate of 7.9 percent in the Direct Loan program. Applicants for these loans are required to complete the Free Application for Federal Student Aid (FAFSA). They also must have applied for their annual loan maximum eligibility under the Federal Subsidized and Unsubsidized Stafford Loan Program before applying for a Graduate/Professional PLUS loan. For more information about Direct PLUS Loans for graduate and professional degree students go to <http://studentaid.ed.gov/PORTALSWebApp/students/english/PlusLoansGradProfstudents.jsp>.

## **Important contact information for your loans:**

**Direct Loan Servicing On-Line** – [www.dl.ed.gov/](http://www.dl.ed.gov/)

**Direct Loan Borrower Servicing Center** - 1-800-848-0979

TTY users can call 1-800-848-0983

**Direct Loan Online Servicing Tutorial** -

<https://www.dl.ed.gov/borrower/TourMain.do?cmd=initializeContext>

**NSLDS Loan History** - [http://www.nsls.ed.gov/nsls\\_SA/](http://www.nsls.ed.gov/nsls_SA/)

On this Web site information such as repayment options and calculators are available to assist you. [www.ed.gov/offices/OSFAP/DirectLoan/index.html](http://www.ed.gov/offices/OSFAP/DirectLoan/index.html)

## **Repayment Information**

**Repayment Plans** - <http://www.ed.gov/offices/OSFAP/DirectLoan/RepayCalc/dlindex2.html>

**Repayment Calculator** - <http://www.ed.gov/offices/OSFAP/DirectLoan/calc.html>