Direct Loans and FFELs—Common Components

- Loan types
- How loan amounts are calculated
- Amounts of loan fees and interest
- Loan counseling requirements
- Certain repayment provisions

Direct Loans and FFELs—Loan Types

- Subsidized
- Unsubsidized
- PLUS
- Consolidation

Base Loan Amounts

- Made up of both subsidized and unsubsidized loans
- Initial loan limit for student borrowers

Additional Loan Amount

- Unsubsidized loans only
- For all independent students and dependent students whose parents are unable to borrow a PLUS Loan

Base Loan Amount—Subsidized

	COA
-	EFC
-	EFA
=	Eligibility for subsidized loan

Base Loan Amounts—Unsubsidized

	COA
-	EFA
=	Eligibility for unsubsidized loan

Tonya's Subsidized Base Amount

	$5,000	(COA)
-	1,750	(EFC)
-	$ 720	(EFA)
=	$2,530	(subsidized loan)

Tonya's Initial Unsubsidized Base Amount

	$5,000	(COA)
-	$3,250	(EFA)
=	$1,750	(initial unsubsidized amount

Tonya's Actual Unsubsidized Base Amount

$3,500	(base loan limit)
$2,530	(EFA)
$ 970	(actual unsubsidized amount)

Additional Loan Amount

	COA
-	EFA (including base amount)
=	Additional loan amount

Tonya's Additional Amount

	$5,000	(COA)
	$4,220	(EFA including base amount)
=	$ 780	(additional amount)

Tonya's Parents' PLUS Loan

	$5,000	(COA)
-	$ 720	(EFA - Pell only)
=	$4,280	(PLUS amount)

Loan & Origination Fees

- Loan fee of 4% deducted from Direct Loan proceeds
- Maximum 3% origination fee + 1% insurance premium from guaranty agency deducted from FFEL proceeds

Entrance Counseling Additional Topics

- Financial Administrator should also:
  - discuss all sources of aid
  - urge students to read / save all loan documents
  - review school's satisfactory academic progress policy

Entrance Counseling Additional Topics (cont'd)

- Financial Administrator should also:
  - inform students to borrow only to amount needed
  - review school's refund policy
  - review student's loan rights and responsibilities

Reporting Errors

School must report errors in school's student records to ED within 60 days of the exit interview.

Repayment Options—Direct Loans

- Standard repayment
- Extended repayment
- Graduated repayment
- Income-contingent repayment

Repayment Options—FFEL

- Standard repayment
- Graduated repayment
- Income-sensitive repayment

Session 24

Overview of the William D. Ford Federal Direct Loan Program and the Federal Family Education Loan Program