

# **VERNON COLLEGE**

**VERNON - WICHITA FALLS**



## *VC Direct Loan Information Guide*

**Vernon College  
Office of Financial Aid  
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## *Dear Student Loan Borrower:*

*As a potential student loan borrower, you need to be aware of the following Vernon College (VC) student loan policies:*

- 1.** Federal regulations require that students interested in the Federal Direct and/or PLUS loan complete a Free Application for Federal Student Aid and provide the financial aid office any requested documentation. Student loan recipients must meet general eligibility requirements for federal student aid (see current catalog). At VC, Direct loans will automatically be packaged in each eligible student's award letter based on the student's classification. A student's classification is determined based on the number of hours completed towards his or her selected degree or certificate at the time of initial certification. A student's classification will not be re-evaluated until the beginning of the next academic year (fall through summer). Students also have the option to reduce, accept or decline their awarded loan amount via the on-line acceptance feature that is available through My VC.
- 2.** Students or parents in default on a previous student loan or who owe money back on a federal grant are not eligible for financial aid. This includes both Federal Direct and PLUS Loans.
- 3.** Student borrowers at VC must complete entrance loan counseling and the Master Promissory Note process that is available at [www.studentloans.gov](http://www.studentloans.gov) before receiving any loan during the academic year.
- 4.** Student loan recipients are also required to complete exit loan counseling before they cease enrollment, graduate or drop below half-time status. Exit counseling is available online at [www.studentloans.gov](http://www.studentloans.gov) . If you fail to meet this requirement, a hold will be placed on your records until you complete this requirement.
- 5.** Student loan funds will be sent to VC via electronic funds transfer (EFT) and applied to the student's account. Once a student's account is credited and all VC expenses have been paid the business office will submit any remaining refunds to the student. Loan refunds will be disbursed no later than 30 days after the beginning of the semester via your Chaparral Card, direct deposit or in the form of a check.
- 6. Student loans are for educational expenses only!** Authorized expenses include: tuition and fees, room and board, books and supplies, dependent child care, transportation and commuting expenses, and personal and miscellaneous expenses. Keep in mind student loans must be repaid so only borrow what you need.
- 7. Students must be enrolled at least half-time (6 credit hours) at Vernon College each semester** in order to receive their loan disbursement. Failure to do so will result in the remaining loan disbursements being cancelled and returned to the lender (U.S. Department of Education) without further notice.
- 8.** VC participates in the Federal Direct Subsidized and Unsubsidized Loan Programs and the Federal Parent Loan for Undergraduate Students (PLUS). VC **does not** participate in the following loan programs: Perkins Loan Program, Hinson-Hazelwood Loan Program, HEAL Loan Program, HELP Loan Program, and the CAL Loan Program.

# Loan Limits

**9.** A student can borrow combined subsidized and unsubsidized loans not to exceed the annual loan limits. **Please see chart for annual Direct Loan limits.** Parents of dependent students can apply for a PLUS loan to assist with their expenses at VC. The amount a parent can borrow for a student cannot exceed the student's total cost of attendance less any other aid. If you are a dependent student interested in the PLUS loan, you and your parent must complete and return the DL PLUS Request Form along with the PLUS Certification/Authorization Form. **No action will be taken on your PLUS loan until you complete this process.** Dependent students whose parents have been denied a PLUS loan may receive the additional unsubsidized Federal Direct Loan. Denial must be based on credit reasons only, and not be based on the parents' refusal to accept the loan.

**10.** Students must begin repayment on Federal Direct loans 6 months following graduation or dropping below half-time enrollment status. Parent borrowers will begin repayment on PLUS loans 60 days after the loan is fully disbursed.

	Dependent Undergraduate Students	Independent Undergraduate Students
<b>1<sup>st</sup> Year (&lt; 30 hrs)</b>	\$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.
<b>2<sup>nd</sup> Year (≥ 30 hrs)</b>	\$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.
<b>New Direct Loans</b> ( First disbursed on or after July 1, 2016- July 1, 2017)		
<b>Student loan interest rates are as follows:</b> <b>New SUB loans – 3.76%</b> <b>New UNSUB loans – 3.76%</b> <b>New PLUS loans – 6.31%</b>		
<b>REMEMBER:</b> Student loans require repayment! Develop a budget to determine the amount you need to borrow. Only borrow what is necessary to assist in paying your educational costs!		

## What Happens Next?

After the student or parent accepts or decreases their loan award they will need to log on to [www.studentloan.gov](http://www.studentloan.gov) website and complete the loan process.

The Student Loans website allows borrowers to complete entrance loan counseling and complete their Federal Direct/PLUS Loan master promissory note (MPN), and print the MPN for signature or electronically sign using their Department of Education FSA ID.

**VC WILL NOT DISBURSE FUNDS UNTIL WE HAVE RECEIVED NOTICE THAT THE STUDENT OR BORROWER HAS COMPLETED ENTRANCE COUNSELING AND A COMPLETE AND SIGNED PROMISSORY NOTE HAS BEEN RECEIVED!**