

Federal Direct Loans

The student loan programs are available to students whose financial aid awards are insufficient to cover the cost of their educational expenses. Unlike grants, work-study or scholarships, a loan must be repaid with interest by the student borrower to the lender of the loan. Students who plan to transfer are advised to consider borrowing student loans after they transfer to a four-year university if possible.

Federal Direct Loans (subsidized and unsubsidized) are loans borrowed directly from the federal government which serves as the lender. The student's annual borrowing limit may vary based upon the following:

- The amount of unmet need after other financial assistance has been considered;
- The applicant's grade level in their academic program (1st or 2nd);
- The applicant's current level of indebtedness;
- The applicant's academic progress;
- The applicant's previous delinquent or defaulted loan history.

Federal Direct Loans (subsidized)

Students must complete the FAFSA and demonstrate financial need according to the federal formula in order to be eligible for subsidized direct loans. These loans are processed through the U.S. Department of Education. Under this program, the federal government will pay the interest on behalf of qualified borrowers for as long as the borrower is enrolled at least half-time in a degree-seeking program.

Information regarding the Federal Direct Loan program may be found at www.studentloans.gov.

Fees may be charged by the U.S. Department of Education and deducted from each loan disbursement. Interest may be charged after the 6-month grace period, after a student drops below half-time, completes their educational program, or withdraws from college.

Interest rates are set by the U.S. Department of Education and are fixed rates for the term of the loan.

Federal Direct Loans (unsubsidized)

Eligibility for the Unsubsidized Direct Loan is not based on a family's demonstrated need. The U.S. Department of Education is the lender under this program. The government does not pay the interest on behalf of borrowers under the Unsubsidized Direct Loan Program. The student borrower can choose either to make periodic payments of the interest or to have the interest added back into the principal of each loan.

Fees may be charged by the U.S. Department of Education and deducted from each loan disbursement.

Interest rates are set by the U.S. Department of Education and are fixed rates for the term of the loan.

The amount of loan that student can borrow each year is based on their eligibility, grade level and dependency status.

Annual Loan Limits

	Total Sub & Unsub	Total Additional Unsub	Total Combine Sub & Unsub
Dependent students			
Freshman (0-29 units)	\$3,500	\$2,000	\$5,500
Sophomore (30 units +)	\$4,500	\$2,000	\$6,500
Independent Students			
Freshman (0-29 units)	\$3,500	\$6,000	\$9,500
Sophomore (30 units +)	\$4,500	\$6,000	\$10,500

Aggregate Loan Limits

Dependency Status	Sub	Maximum Sub and Unsub
Dependent	\$23,000	\$31,000
Independent	\$23,000	\$57,500

Master Promissory Note

Before you receive a Federal Direct Loan, you will need to sign a Master Promissory Note (MPN) which is your legally binding promise to repay the loan funds you receive. The college will not disburse your Federal Direct Loan until your MPN has been signed/e-signed and approved by the U.S. Department of Education. Students can complete their Master Promissory Note (MPN) online at www.studentaid.gov. Students only need to sign/e-sign one Direct Loan MPN while attending college.

Mandatory Loan Counseling

ENTRANCE LOAN COUNSELING FOR FIRST-TIME BORROWERS

All first-time Federal Direct borrowers at the institution must complete loan entrance counseling, even if they have borrowed at a previous institution. Our college strongly encourage our borrowers to complete entrance counselling even if it is not their first time borrowing. This is to ensure our students have a good understanding of the responsibilities of accepting of the loan. Entrance counseling for direct loans can be completed online at www.studentloans.gov

EXIT LOAN COUNSELING

All borrowers of Federal Direct Loan funds are required to have an exit interview during their final semester, if their enrollment status drops below half-time, or if they withdraw from the college. Students will be notified when Exit Loan Counseling needs to be completed.

Contact information for the FSA Student Loan Ombudsman

Please use the following information to contact the FSA Student Loan Ombudsman Group.

Via on-line assistance: <https://studentaid.gov/repay-loans/disputes/prepare>

Via telephone: 877-557-2575

Via fax: 606-396-4821

Via mail: FSA Ombudsman Group
P.O. Box 1843
Monticello, KY 42633

NOTE

Federal Direct Loans is available to students whose financial aid applications have been processed and received their award notification at East Los Angeles College. Students must be enrolled at least half-time or six (6) eligible financial aid units within the Los Angeles Community College District to apply for a loan (at least one of the eligible financial aid units must be at East Los Angeles College).