

ADM Policy #60-02-05 (2018) Federal Direct Loan Disbursement Policy and Procedure

Policy Title: Federal Direct Loan Disbursement and Cancellation Policy

Policy Type: Administrative

Policy Number: ADM Policy #60-02-05

Approval Date: 11/13/2018

Responsible Office: Office of Financial Aid

Responsible Executive: Vice President for Enrollment Services

Applies to: Students who are Recipients of Title IV Federal Loans

POLICY STATEMENT

Wiley College students enrolled for the entire academic year, federal direct loans are disbursed electronically into their student account in two equal disbursements – one for the fall term and one for the spring term. Students who are attending for only one term will have their financial aid for that term disbursed in a single disbursement. Financial aid funds are directly applied to tuition, fees, room and board appearing on a student’s account for the current semester. Disbursements are scheduled after 30 days of the start of the semester. Entrance counseling and master promissory note must be completed for Wiley College before loans can be disbursed.

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DEFINITIONS

Federal Direct Subsidized Loan

The Federal Direct Subsidized Stafford Loan is awarded on the basis of a student's financial need, classification status, number of hours enrolled, and other specific eligibility requirements. The federal government does not charge interest on these loans while borrowers are enrolled in school at least half-time, during a six-month grace period, or during authorized periods of deferment. Payments are not required while borrowers are enrolled in school at least half-time, during a six-month grace period, or during authorized periods of deferment. Students apply for this loan through the FAFSA. This loan is subject to an origination fee that is set by the U.S. Department of Education.

Federal Direct Unsubsidized Loan

The Federal Direct Unsubsidized Stafford Loan is not based on a student's financial need, classification status, and number of hours enrolled but students must also meet specific eligibility requirements. Interest is charged throughout the life of the loan. The borrower may choose to pay the interest charged on the loan or allow the interest to be capitalized (added to the loan principal). Payments are not required while borrowers are enrolled in school at least half-time, during a six-month grace period, or during authorized periods of deferment. Students apply for this loan through the FAFSA. This loan is subject to an origination fee that is set by the U.S. Department of Education.

Federal Direct Parent PLUS Loan

The Federal Direct Parent PLUS Loan for an undergraduate student is not based on financial need and is limited to a parent borrower for a dependent student. A parent is currently defined as a person's natural or adoptive mother or father, step-parent, or legal guardian. The annual limit is equal to the student's cost of attendance, as defined by Wiley, minus any other financial aid the student is receiving. Parents are required to pass a credit check and meet eligibility requirements. Students apply for this loan through the FAFSA, as well as through an additional application. This loan is subject to an origination fee that is set by the U.S. Department of Education.

Master Promissory Note

A promissory note is a legal agreement between a borrower and a lender that specifies the terms and conditions of the loan, including the amount borrowed, the interest rate and repayment terms. The borrower agrees to repay the loan according to these terms and conditions.

CONTACT(S)

The Office of Financial Aid officially interprets this policy. The Vice President for Enrollment

Services is responsible for obtaining approval for any revisions as required by ADM Policy # 01 (2018). Questions regarding this policy should be directed to The Office of Financial Aid.

STAKEHOLDER(S)

Students who are recipients of Title IV federal loans.

FEDERAL DIRECT LOAN DISBURSEMENT AND CANCELLATION: POLICY CONTENTS

Disbursement of federal direct loan funds to eligible students are made in 2 equal installments, one in the fall and one in the spring. All federal loans, for all students who are eligible, will be begin to be disbursed approximately 30 days after the start of the semester for all eligible students.

In certain scenarios, a loan may be awarded for a single-semester versus an entire academic year, such as when completing a program in one semester or transferring from another school. In accordance with disbursement standards, any loan(s) set for a single-semester will disburse in one equal installments.

Disbursements will only be made for students who have completed the entrance counseling and Master Promissory Note (MPN). Both can be completed at www.studentloans.gov. Student borrowers are only required to sign a MPN just once while enrolled at Wiley College. The MPN is good for all federal student loans received at the college during a continuous period of enrollment of up to 10 years. Each college or university requires a new MPN the first time a borrower obtains federal student loans at the school.

Loan Cancellation/Reduction

Eligible students who have been awarded for federal loans will be notified no earlier than 30 days prior or post aid disbursal by way of written notice. A copy of the cancellation /reduction form will be attached to an email informing students of their award details as well as entrance/exit counseling directives. The cancelation/reduction form will also be accessible on the Wiley College website.

Origination of Federal Direct Loans

Federal loan programs carry both annual and cumulative (lifetime) limit. The Student Aid Report (SAR) from the students Free Application for Federal Student Aid (FAFSA) contains the students cumulative borrowing history. The loan limit represents the total of all subsidized and unsubsidized Direct Loans a student may borrow at each level of study. If the total loan amount a student receives over the course of their education reaches the aggregate (lifetime) loan limit, they are not eligible to receive additional loans. Federal loans are awarded based on classification status, number of hours enrolled and other eligibility requirements. The chart bellows details the annual and cumulative loan limit based on grade level and dependency status.

Federal Direct Loan Limits (Subsidized and Unsubsidized)		
	Dependent	Independent
Freshman	\$5,500 (up to \$3,500 in subsidized loan and up to \$2,000 in unsubsidized loan)	\$9,500 (up to \$3,500 in subsidized loan and up to \$6,000 in unsubsidized loan)
Sophomore	\$6,500 (up to \$4,500 in subsidized loan and up to \$2,000 in unsubsidized loan)	\$10,500 (up to \$4,500 in subsidized loan and up to \$6,000 in unsubsidized loan)
Junior and Senior	\$7,500 (up to \$5,500 in subsidized loan and up to \$2,000 in unsubsidized loan)	\$12,500 (up to \$5,500 in subsidized loan and up to \$6,000 in unsubsidized loan)
Aggregate	\$31,000 (up to \$23,000 in subsidized loans)	\$57,500 (up to \$23,000 in subsidized loans)

Before a student is awarded and disbursed federal loan(s), the Office of Financial Aid will verify the student's eligibility, classification, enrolled hours and loan limits by utilizing PowerFaid, NSLDS, COD and Jenzabar until all appropriate technology can be enhanced to reduce manual procedures.

PUBLICATION

REVIEW SCHEDULE

- Next Scheduled Review: July 1, 2019
- Approval by, date: Executive Cabinet, 11/13/2018
- Revision History: Unknown
- Supersedes: Unknown

RELATED DOCUMENTS

FORMS

Loan Cancellation Form

