**Direct Student Loan Changes:**

The William D. Ford Direct Loans are awarded based on a students remaining need. There are two types of loans depending on the student’s eligibility.

- **Subsidized Loan** - Fixed interest rate of 4.66% as of July 1, 2014. Federal government pays accruing interest while the student is enrolled in school. Repayment begins six months after the student graduates, withdraws, or ceases to be enrolled at least half-time (*minimum six credits*). When the loan is in the six-month grace period after the student is no longer enrolled at least half-time, or if the loan is in a **deferment** status. This provision eliminates the interest subsidy provided during the six-month grace period for subsidized loans for which the first disbursement is made on or after July 1, 2012. If you receive a **subsidized loan** during this time frame, you are responsible for the interest that accrues while your loan is in the grace period. You do not have to make payments during the grace period (unless you choose to), but the interest will be capitalized (added to the **principal** amount of your loan) when the grace period ends. This provision does not eliminate the interest subsidy while the borrower is in school or during eligible periods of deferment.

- **Unsubsidized Loan** - Fixed interest rate of 4.66%. Student is responsible for accruing interest with the option to make interest payments while in school or allowing the interest to accrue and be added to principal (capitalized). Repayment begins six months after the student graduates, withdraws, or ceases to be enrolled at least half-time (*minimum six credits*). **Warning:** Interest on Unsubsidized Loans begins to accrue upon receipt of the loan funds. For example, if you **borrow $5,500, in Unsubsidized Loan funds, at the end of one year you will owe $5,756, and at the end of the second year you will owe $6,024 a total of $524 in accrued interest in just two years.**

**New Regulation** - A new borrower on or after July 1, 2013 becomes ineligible to receive additional Direct Subsidized Loans if the period during which the borrower has received such loans exceeds 150 percent of the published length of the borrower’s educational program. The borrower also becomes responsible for accruing interest during all periods as of the date the borrower exceeds the 150 percent limit.

For example, a student enrolled in a two-year program will have three years’ worth of subsidized loan eligibility and a student enrolled in a four-year program will have six years’ worth of subsidized loan eligibility.

If you have any questions about how these changes could impact you, please contact the financial aid administrator at your campus Financial Aid Office or call 1-800-4-FED-AID (1-800-433-3243).
Federal Pell Grant Program – Duration of Eligibility

Once you have received a Pell Grant for 12 semesters, or the equivalent, you are no longer eligible for additional Pell Grants.

- You are eligible to receive a Pell Grant for up to 12 semesters or the equivalent. If you have exceeded the 12-semester maximum, you lose eligibility for additional Pell Grants beginning in the 2012-2013 school year. Equivalency is calculated by adding together the percentage of your Pell eligibility that you received each year to determine whether the total amount exceeds 600%.

- For example, if your maximum Pell Grant award amount for the 2010-11 school year was $5,500, but you received only $2,775 because you were enrolled for only one semester, you would have used 50% of your maximum award for that year. If in the following school year, you were enrolled only three-quarter time, you would have used 75% of your maximum award for that year. Together, you would have received 125% out of the total 600% lifetime limit.

Eligibility of Students Without a High School Diploma

If you enroll in higher education for the first time on or after July 1, 2012, in order to be eligible for federal student aid, you must have either a high school diploma or a recognized equivalent (such as a General Educational Development Certificate (GED) or a homeschool education which has been approved by your District Superintendent).

Expected Family Contribution

The lower a student’s Expected Family Contribution (EFC), the higher the student’s federal student aid eligibility. A change has been made to the income amount that is used to determine whether a student qualifies for an automatic EFC of zero.

- When you complete the Free Application for Federal Student Aid (FAFSA), you receive an EFC, which is a number used to determine your federal student aid eligibility. For the 2013-14 school year, you automatically qualify for an EFC of zero if your family income does not exceed $24,000.