



## OFFICE OF FINANCIAL AID

### FEDERAL DIRECT LOAN PROCESS

This information provides everything the student needs to navigate and understand loan processing at Passaic County Community College who participates in the William D. Ford Federal Direct Loan (Direct Loan) Program. Eligible students borrow directly from the U.S. Department of Education.

In order to be considered for a loan the student must complete a Free Application For Federal Student Aid [FAFSA], Direct Loan Request form and follow all of the instructions within this document.

#### **Please read all the information:**

Borrowing money is a serious responsibility; there are two [2] kinds of Federal Direct Loans for students to borrow:

- Federal Direct Subsidized Loans** are based on need. If qualified, the federal government pays the interest while the student is in school at least half-time. The Federal Direct Loan has an origination fee of to 1.0 Interest will begin to accrue on the loan once the student is registered for less than 6 credits, or is no longer in attendance. The student will be required to begin repayment six [6] months later.
- Federal Direct Unsubsidized Loans** are **NOT** based on need and the student is responsible for interest that accrues **while** attending school. The Federal Direct Loan has an origination fee of to 1.0%. If the student wants to pay the interest while in school, please indicate that when completing the Master Promissory Note (MPN). If the student does not want to make interest payments while in school, the interest will be added to the principal balance through a process called capitalization. The student will then pay interest on a higher loan amount.

## General Requirements and Regulations:

- Students must be U.S. citizens or eligible non-citizens.
  - Students must complete the Free Application for Federal Student Aid
  - Students must complete the Direct Loan Request Form
  - Students applying for a Federal Direct Loan must be matriculated.
  - Students must be registered at least half-time (not less than 6 credits).
  - Students must attend classes and maintain satisfactory academic progress to continue to be eligible for their loans.
  
- Students who are first-time borrowers are **required** to complete Loan Entrance Counseling and a Federal Direct Master Promissory Note (MPN).

### **On-line Direct Loan Entrance Counseling/On-line Direct Loan Master Promissory Note (MPN)**

Federal regulations require that **ALL** first-time **Federal Direct Loan borrowers** complete Entrance Counseling before being awarded a Federal Direct Loan.

Federal regulations require that the student complete a Federal Direct Loan Master Promissory Note (MPN) in order to receive a Direct Loan. The MPN is good for 10 years and can be used for multiple disbursements.

The College will receive an electronic notification of your completed Loan Counseling and MPN. The student must complete this process not the parent. The Master promissory note is a legal federal document.

[www.studentloans.gov](http://www.studentloans.gov)

If we can be of any help, please contact us at (973) 684-6102 or check our website at  
[www.pccc.edu](http://www.pccc.edu)

### **IMPORTANT CONTACT INFORMATION:**

- Direct Loan Servicing (Students and Parents)  
<https://www.myedaccount.com> /Phone - 800-848-0979
  
- Defaulted Student Loan Phone-800-621-3115
  
- Direct Consolidation Loans  
<http://loanconsolidation.ed.gov/> Phone – 800-557-7392
  
- Federal Student Aid Information Center Phone-800-433-3243