

## *2010-2011 UCLA Guide to Subsidized and Unsubsidized Direct Loans*



This guide will provide you with information about the Subsidized and Unsubsidized Direct Loans. Effective July 1, 2010 changes in legislation will eliminate the Federal Family Education Loan Program (FFELP), in which UCLA currently participates in order to deliver federal student loans. For 2010-11, UCLA will switch to William D. Ford Federal Direct Loan program. Under this program, we will work with the Department of Education instead of individual lenders to deliver loan funds to UCLA borrowers. Your electronic Financial Aid Notification (eFAN) will let you know the amount of Direct Subsidized and Unsubsidized Loan that you are eligible to borrow.

### **Direct Loan Fact Sheet**

	<i>Subsidized Loans</i>	<i>Unsubsidized Loans</i>
<b>Program Description</b>	Eligibility based on financial need. Federal government pays the interest while student is in school.	Eligibility not based on need. Student is responsible for the interest accrued while in school. Can be offered in conjunction with a subsidized Stafford as long as the maximum annual or aggregate limits have not been exceeded.
<b>Eligibility</b>	Undergraduate and Graduate students enrolled at least half-time. Free Application for Federal Student Aid (FAFSA) must be completed annually.	
<b>Interest Rate**</b>	5.6% fixed for undergraduates decreasing to 4.5% after June 30, 2010; 6.8% fixed for graduates. No interest accrues while in school or during grace period.	6.8% fixed. Interest accrues while in school and during grace period.
<b>Fees*</b>	Origination fee charged by US Dept. of Education (DOE): 1.5% until 6/30/10 decreasing to 1.0% after 6/30/10. 1% rebate decreasing to 0.5% rebate after 6/30/10 is applied automatically but lost if the borrower does not make 12 consecutive, on time payments at repayment.	
<b>Repayment</b>	No payments due while student is in school. Six-month grace period after student leaves school or drops below half time. Standard repayment period of 10 years can be extended.	Principal and interest can be deferred while student is in school and during a six-month grace period after the student leaves school or drops below half-time status. Deferred interest will be capitalized (added to the principal), or students can pay interest while in school. Standard repayment period of 10 years can be extended.

In order for loan funds to be disbursed, federal loans must be originated by the school before last day of the enrollment period. If you are accepting a federal loan, please submit your eFAN to the financial aid office no less than 5 business days before the end of the term, in which you are enrolled.

\*\* Military borrowers who performed military service on/after 08/14/08 may request, under the Servicemembers Civil Relief Act, an interest rate reduction to 6% by contacting Department of Education at [www.StudentLoans.gov](http://www.StudentLoans.gov).

\* Origination fees are deducted from and rebates applied to each disbursement prior to the disbursement of funds to the borrower.

## 8 JfYWh Annual Loan Limits

Grade Level	Subsidized 8 JfYWh Annual Maximum	Unsubsidized 8 JfYWh Annual Maximum	TOTAL 8 JfYWh Annual Maximum
Freshmen	\$3,500	Dependent = \$2,000 Independent = \$6,000	Dependent = \$5,500 Independent = \$9,500
Sophomores	\$4,500	Dependent = \$2,000 Independent = \$6,000	Dependent = \$6,500 Independent = \$10,500
Juniors and Seniors	\$5,500	Dependent = \$2,000 Independent = \$7,000	Dependent = \$7,500 Independent = \$12,500
<b>Undergrad Aggregate Loan Limits</b>	<b>\$23,000</b>		<b>Dependent = \$31,000 Independent = \$57,500</b>
Graduate Students	\$8,500	\$12,000	\$20,500
<b>Grad Aggregate Loan Limits</b>	<b>\$65,500</b>		<b>\$138,500</b>

## Applying for a 8 JfYWh Loan

**Accept the Loan** – Accept the loan offered to you on your electronic Financial Aid Notification (eFAN). If you would like to borrow less than the amount offered, indicate the amount you want to borrow in the space provided on the eFAN. If you do not need to borrow all of the loans offered to you, borrow maximum Direct Loan for which you are eligible before accepting an Unsubsidized Direct Loan.

### Complete a Master Promissory Note (MPN) –

**ALL borrowers must complete a Direct Loan Master Promissory Note for 10-11.**

The Direct Loan program requires a different Master Promissory Note than the Federal Family Education Loan Program (FFELP), in which UCLA participated prior to 10-11. If you are a new borrower or if you are a continuing borrower who has borrowed Graduate PLUS Loans in the FFELP program, you must complete a Direct PLUS Loan MPN at [www.StudentLoans.gov](http://www.StudentLoans.gov). Once completed, the DL MPN is valid for 10 years so continuing borrowers do not have to complete one each year.

### Complete a Debt Management Session (DMS) –

**Only first time borrowers at UCLA are required to complete the Graduate PLUS Debt Management Session.**

If you are a first time Graduate PLUS borrower at UCLA you must complete a Debt Management Session before your Direct Loan will be disbursed. Go to [www.loans.ucla.edu](http://www.loans.ucla.edu) in order to complete your session on line. If you have any questions about this requirement, please contact Student Loan Office at 310-825-9864.

***You have the right to request a cancellation or a reduction of your loan provided that you submit a written request to the Financial Aid Office within 30 days of disbursement.***

## Loan Disbursements

The total loan amount you accept on your eFAN will be divided equally among terms, for which you have been awarded. Your loan will be disbursed to your UCLA student account (BAR) at the beginning of each term. Any funds left after BAR charges are paid will be refunded to you.

We recommend that you sign up for Bruin Direct with the Main Cashier so that your refund can be deposited directly to your bank account via electronic funds transfer (EFT). If you do not have Bruin Direct, a refund check will be mailed to you by Student Financial Services. Paper checks are processed once a week only, on Thursdays.

You must be enrolled at least half time (undergraduates 6 units and graduates 4 units) in order for your loans to be disbursed. If you drop below half time enrollment or withdraw from school, you will be billed for all or part of the loan(s) disbursed to you for that term.

***If you want to accept a portion of your loan for a single term of enrollment, please notify the Financial Aid Office. Any loan amount accepted on the eFAN will be split equally among all terms for which you have been awarded.***

## Additional Resources

**Federal Student Aid Processor** – to find more information about Direct Loans, complete your DL Master Promissory Note, or find information about DL repayment plans and managing your loan repayment go to [www.StudentLoans.gov](http://www.StudentLoans.gov)

**Financial Aid Office** – to find more information about your loan eligibility, the status of your application and disbursements, go to [www.fao.ucla.edu](http://www.fao.ucla.edu), e-mail us at [finaid@saonet.ucla.edu](mailto:finaid@saonet.ucla.edu) or call our office at 310-206-0400.

**Student Loan Office** – to find more information about UCLA Debt Management Session requirement or to complete DMS on-line, go to [www.loans.ucla.edu](http://www.loans.ucla.edu) or call 310-825-9864.

**Student Financial Services** – to sign up for Bruin Direct (electronic deposit of your financial aid refund to your bank account) or to check on the status of your refund, go to [www.sfs.finance.ucla.edu](http://www.sfs.finance.ucla.edu) or call 310-825-9194.

