

• Federal Direct Loans

Federal Direct Loans allow students to meet some of their education cost by borrowing money. Students must apply for these loans each school year by completing the Free Application for Financial Aid (FAFSA-www.fafsa.ed.gov). Loans are awarded based on the level of courses completed in a student's program of study and cannot exceed SSCC established student budget, including other aid. A master promissory note must be e-signed by the borrower to officially document the obligation to repay the loan funds. (<https://studentaid.gov/>) Funds are applied to the student's educational costs and/or disbursed on a federally regulated disbursement schedule. Disbursement amounts will be slightly lower than award amounts as fees are deducted prior to receipt of funds. Each loan recipient must complete Loan Entrance counseling before any funds can be disbursed. An Exit Counseling is also required for students not returning for course enrollment.

1. **Federal Subsidized Direct Loans** are awarded on the basis of financial need as established by the FAFSA application. The federal government pays the interest while the borrower is enrolled at least half-time (six credit hours) at an eligible institution and during deferment. Loan eligibility is based on the cost of education, less expected family contribution and other aid the borrower may receive, and federal restrictions (completed Admission file before guarantee is processed, progress as established by federal guidelines, and be in good standing with SSCC). Repayment may be deferred up to six months after the borrower graduates, leaves school or drops below six credit hours. A number of repayment options are available as this loan must be repaid. Interest rates are variable and origination fees are charged at the time of each disbursement.

2. Eligible students can receive the **Federal Unsubsidized Direct Loan** regardless of family income if within federal budget guidelines. Students must complete the Free Application for Federal Student Aid (FAFSA) school year to determine eligibility. The term unsubsidized means that interest does accrue while borrower is enrolled. These loans have a variable interest rate and the interest begins accumulating immediately. A number of repayment options are available as this loan must be repaid. Check the online repayment schedule to determine how much to borrow (www.studentaid.ed.gov). These loans have the same criteria for eligibility as the subsidized loan.

Entrance and exit loan counseling is available at <https://studentaid.gov/>.