

Federal Direct Loan

The Federal Direct Loan assists students from both low- and middle-income families. Students who demonstrate need for a portion or all of the annual limit will receive a ‘subsidized loan’ for which the federal government will pay the interest while the student is eligible for an in-school deferment and for the duration of any grace period. Direct loan payments are deferred while the student maintains halftime or greater enrollment in school. Repayment begins 6 months after the last date of enrollment in 6 units, or graduation.

Students who do not demonstrate need for part or all of the annual borrowing limit may still receive an ‘unsubsidized loan’ for which they must pay their own interest during the time they are in school.

A Direct Student loan is a long-term financial obligation which can limit your cash flow and your purchasing ability for many years into the future. We hope you will seriously evaluate whether taking on loan debt is truly necessary to make ends meet. We strongly recommend you look at other ways to meet your current financial needs by careful budgeting, taking on a part-time job, etc. If you decide a loan is a necessity to meet your educational expenses, borrow only what you need.

Think Before Borrowing!

A Stafford Student loan is a long-term financial obligation. We have provided this brief to help you make an informed decision about borrowing a student loan, to understand College of Alameda’s loan process and loan policies. We hope you will seriously evaluate whether taking on loan debt is truly necessary to make ends meet. We strongly recommend you look at other ways to meet your current financial needs by careful budgeting, taking on a part-time job, etc. If you decide a loan is a necessity to meet your educational expenses, borrow only what you need. Please read this description carefully and the Direct Loan Basics and Entrance Counseling Guide. We would be happy to answer any additional questions you may have.

To be considered for a Direct Loan, a student must:

1. Complete a **Free Application for Federal Student Aid (FAFSA)** and submit all required documents to your Home College’s Financial Aid Office before the deadline date. The Home College is the college at which student intend to complete program of study/educational goal.
2. Enroll in six (6) or more units related to your program of study/educational goal.
3. Complete and pass an online “Entrance Counseling” session and quiz through **studentloans.gov**. After passing the entrance exam, students must submit the “Proof of Completion” print out with the rest of loan documents.
4. Complete the “Financial Awareness Counseling” session through **studentloans.gov**. After completing the Financial Awareness Counseling, print out the confirmation and submit it with the rest of the loan documents.
5. Complete the electronic Master Promissory Note (eMPN) through **studentloans.gov**.
6. Student must complete and submit the enclosed “Worksheet for Student Borrowers.”
7. Student must read, sign, date, and submit the enclosed “Loan Disclosure and Terms.”

8. Complete and submit the Federal Direct Loan Packet along with a copy of the Entrance Counseling, Financial Aid Awareness Counseling and the eMPN.
 - Students who have obtained a bachelor's degree (BA/BS) must first complete and submit to the Financial Aid Office the "Graduate Student Educational Objective Statement" and an Appeal Form with a complete Student Educational Plan (SEP). The Financial Aid Office will notify student by email once student is able to proceed with the following steps.
 - If a student is on Satisfactory Academic Progress disqualification or has attempted over 150% of length of his/her declared major he/she must submit an appeal with a complete Student Educational Plan (SEP) to the Financial Aid Office.

Additional Information

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- Loan applicants must complete all steps from the Step-by-Step Application Process to be considered for a federal student loan.
- Student Loan Requests will take anywhere from 4-6 weeks to process.
- Students may be required to submit academic transcripts from prior schools for evaluation upon request.
- Once all steps have been completed and you have been determined eligible, the loan will be guaranteed and approved for disbursement.
- Students who earned a bachelor's degree (BA/BS) will need to submit the Graduate Student Educational Objective Statement and an Appeal to be considered for a student loan.
- Loan applicants must complete and pass an online exit counseling session and quiz once a year through studentloans.gov.
- Students must notify the lender or current loan holder within ten (10) days of a leave of absence from school; dropping below half-time status; or a change in name, address, or phone number.
- Remember! Student Loans must be repaid with interest.
- Students must meet and continue to maintain Satisfactory Academic Progress.
- A student who defaults on a Federal Student Loan loses eligibility for all Federal Student Aid.
- New! Students will be notified of their Loan approval status via their Peralta e-mail address and can also be viewed on their Passport account. Students must log on to Peralta Passport account to accept Direct Loan offer. Failure to do so will delay loan disbursement.

PCCD Financial Aid Office will determine your academic program year (i.e. 1st Year – Freshman or 2nd Year – Sophomore) for maximum loan eligibility.

Understand that Peralta CCD has the responsibility to:

1. Evaluate all loan requests case-by-case; and
2. Reduce or deny loan requests for students that, in our professional judgment, are at serious risk for default.

High levels of indebtedness (including loans from other colleges), coupled with a small amount of progress in an academic program, is a common indicator of high risk for default.

Therefore, your loan request may be denied or reduced if you:

- Have an undeclared major or undecided educational goal.
- Are not enrolled in a Title IV eligible program of study (16 or more units in length).
- Are not making steady progress in an eligible program or are not currently meeting PCCD Satisfactory Academic progress standards.
- Have already borrowed a maximum appropriate for the earning potential of PCCD program. (We suggest \$16,000 – including previous student loan debt from other colleges).
- Have received a baccalaureate degree (BA or BS) and have not submitted a petition to be considered for a student loan.
- Appear to be or have been default or delinquent on financial obligations.
- Have an incomplete or missing Worksheet for Student Borrowers.
- Have a change in planned borrowing from previous year(s).

Obligations and Responsibilities of Student Borrowers

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- Federal Loans are not grants and must be repaid.
- **Interest rate is 4.99%** for new loans taken out between July 1, 2022 through June 30th, 2023.
- **Origination fee: 1.057%** will be deducted from each loan on or after October 1, 2021 and before October 1, 2022, and 1.057% for loans disbursed on or after October 1, 2022 and before October 1, 2023.
Students must pay the interest on Unsubsidized Loans while in college, or may have it added to the principal (this increases the amount students must repay later).
- Students must begin repaying the loan six months after graduation, withdraw, or drop below half-time status.
- Students do not have a disability that will prevent from obtaining gainful employment in program of study.
- Students do not have a criminal conviction that will prevent from obtaining gainful employment in program of study.
- The awards cannot exceed cost of attendance (budget). If additional grants, awards or scholarships are added after a loan has been approved, loan amounts will be reduced to accommodate the new awards (for example: EOPS grants and vouchers, PCCD Foundation scholarships, Federal Work Study and/or CalWORKS Work Study, etc).

Determination of Loan Eligibility

Requesting a certain loan type and amount does not mean you are eligible for that type or amount of loan(s).

Eligibility Equation

Cost of Attendance – Expected Family Contribution – Financial Aid Awarded – Other Resources = Remaining Eligibility for Direct Loans

To begin review of a student loan request, the FAO reviews student's total annual and aggregate loan debt, grade level, program level (Certificate, Associate, Transfer), academic eligibility (SAP), and current enrollment. We ensure the student is not in default of prior loan nor owes a financial aid repayment using NSLDS, a national database showing all student loans and Pell Grants received by a student at any college or university across the country. We review your academic and financial aid history, and if you are new to PCCD, we verify attendance and progress with your instructors.

If our review results in approval, the FAO calculates loan eligibility by taking the student's cost of attendance minus expected family contribution minus all financial aid awarded and other financial resources available to the student.