

Federal Student Loan Programs

Effective Date: October 1, 2023 **Document Number:** FIN004

1. Overview and Purpose

This document provides a comprehensive guide to the Federal Student Loan Programs available to students at Westfield State University. The purpose is to inform students and their families about the different types of federal loans, eligibility requirements, borrowing limits, interest rates, and the application process. Federal student loans, offered by the U.S. Department of Education, are a primary source of funding for many students and are generally offered at a lower interest rate than private loans. Our goal is to provide you with the information you need to make sound financial decisions and to navigate the process of applying for and receiving federal student aid.

2. Types of Federal Student Loans

Westfield State University participates in the William D. Ford Federal Direct Loan (Direct Loan) Program. The U.S. Department of Education is the lender for these loans. There are three main types of Direct Loans:

2.1. Direct Subsidized Loans

Direct Subsidized Loans are available to undergraduate students who demonstrate financial need. The U.S. Department of Education pays the interest on a Direct Subsidized Loan while you are in school at least half-time, for the first six months after you leave school (the grace period), and during periods of deferment. This subsidy can represent a significant savings for students. Financial need is determined by the information you provide on the Free Application for Federal Student Aid (FAFSA).

2.2. Direct Unsubsidized Loans

Direct Unsubsidized Loans are available to both undergraduate and graduate students, and there is no financial need requirement. You are responsible for paying the interest

on a Direct Unsubsidized Loan during all periods. If you choose not to pay the interest while you are in school and during grace, deferment, or forbearance periods, the interest will accrue and be capitalized. This means the accrued interest is added to the principal amount of your loan, and you will then pay interest on the new, higher principal. To avoid this, you can choose to pay the interest as it accrues.

2.3. Direct PLUS Loans

Direct PLUS Loans are available to graduate or professional students (Grad PLUS Loans) and parents of dependent undergraduate students (Parent PLUS Loans). These loans can help pay for educational expenses not covered by other financial aid. Eligibility for PLUS loans is not based on financial need, but a credit check is required. If you have an adverse credit history, you may still be able to receive a PLUS loan by obtaining an endorser who does not have an adverse credit history or by documenting to the U.S. Department of Education's satisfaction that there are extenuating circumstances related to your adverse credit history.

3. Loan Limits

Annual and Aggregate Loan Limits

The amount you can borrow depends on your academic year and dependency status.

Annual Loan Limits for Direct Subsidized and Unsubsidized Loans

Student Type	Dependent Undergraduate	Independent Undergraduate	Graduate/Professional
First-Year	5,500(<i>nomorethan</i> 3,500 subsidized)	9,500(<i>nomorethan</i> 3,500 subsidized)	N/A
Second-Year	6,500(<i>nomorethan</i> 4,500 subsidized)	10,500(<i>nomorethan</i> 4,500 subsidized)	N/A
Third-Year and Beyond	7,500(<i>nomorethan</i> 5,500 subsidized)	12,500(<i>nomorethan</i> 5,500 subsidized)	N/A
Graduate/Professional	N/A	N/A	\$20,500 (unsubsidized only)

Aggregate Loan Limits for Direct Subsidized and Unsubsidized Loans

Student Type	Limit
Dependent Undergraduate	31,000(<i>nomorethan</i> 23,000 subsidized)
Independent Undergraduate	57,500(<i>nomorethan</i> 23,000 subsidized)
Graduate/Professional	138,500(<i>nomorethan</i> 65,500 subsidized, including undergraduate loans)

4. Interest Rates

Interest Rates for Direct Loans (First Disbursed on or after July 1, 2023, and before July 1, 2024)

Loan Type	Borrower Type	Interest Rate
Direct Subsidized Loans	Undergraduate	5.50%
Direct Unsubsidized Loans	Undergraduate	5.50%
Direct Unsubsidized Loans	Graduate or Professional	7.05%
Direct PLUS Loans	Parents and Graduate or Professional Students	8.05%

5. Entrance Counseling

All first-time borrowers of Federal Direct Loans at Westfield State University are required to complete an entrance counseling session before their loan funds can be disbursed. This mandatory session helps you understand your rights and responsibilities as a borrower. You will learn about the different types of loans, how interest accrues, your repayment options, and how to avoid delinquency and default. You can complete the entrance counseling online at studentaid.gov. You will need your FSA ID to access the counseling session. The session takes about 20-30 minutes to complete.

6. Important Deadlines

- **FAFSA Application:** March 1st for priority consideration.
- **Entrance Counseling:** Must be completed before loan funds can be disbursed.

7. How to Apply

1. **Complete the FAFSA:** The first step is to complete the Free Application for Federal Student Aid (FAFSA) at fafsa.gov.
2. **Receive Your Financial Aid Offer:** After we receive your FAFSA information, we will send you a financial aid offer, which may include federal student loans.
3. **Accept Your Loans:** You can accept, decline, or reduce the loan amounts offered to you through your student portal.
4. **Complete Entrance Counseling:** If you are a first-time borrower, you must complete entrance counseling.
5. **Sign a Master Promissory Note (MPN):** You must sign an MPN, which is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the U.S. Department of Education.

8. Contact Information

Student Financial Services Office

- **Location:** Student Services Building, Room 210
- **Phone:** (555) 123-4567
- **Email:** financialaid@westfieldstate.edu
- **Website:** www.westfieldstate.edu/financialaid

9. Related Policies and Resources

- [Satisfactory Academic Progress Policy](#)
- [Federal Student Aid Website](#)

10. Frequently Asked Questions (FAQs)

Q: What is the difference between a subsidized and unsubsidized loan?

A: The primary difference is who pays the interest while you are in school. For subsidized loans, the U.S. Department of Education pays the interest. For unsubsidized loans, you are responsible for the interest.

Q: How much can I borrow?

A: The amount you can borrow depends on your academic year, dependency status, and the type of loan. Please refer to the loan limit tables in this document for specific amounts.

Q: What is a Master Promissory Note (MPN)?

A: The MPN is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the U.S. Department of Education. It also explains the terms and conditions of your loan(s). You can complete the MPN online at studentaid.gov. In most cases, you will only need to sign one MPN for multiple federal student loans.

Q: When do I have to start repaying my loans?

A: Repayment for most federal student loans begins after the grace period, which is typically six months after you graduate, leave school, or drop below half-time enrollment. PLUS loans do not have a grace period, but you can request a deferment while the student is in school at least half-time and for an additional six months after the student ceases to be enrolled at least half-time.

Q: How do I know if I have financial need?

A: Financial need is determined by your Cost of Attendance (COA) minus your Expected Family Contribution (EFC). The EFC is calculated based on the information you provide on your FAFSA.

Q: Can I cancel my loan if I change my mind?

A: Yes, you may cancel all or a portion of your loan within 14 days of the disbursement date.

11. Revision History

Date	Version	Description of Changes
2023-10-01	1.0	Initial document.