

FEDERAL STUDENT LOAN

If your financial aid award indicates that you have been awarded a Federal Student Loan either Subsidized and/or Unsubsidized) to help you finance your education, there is additional paperwork that you must complete. Eligibility for the Federal Student Loan is based on financial need as determined by your Free Application for Federal Student Aid (FAFSA). There are two types of Federal Student Loans; the Subsidized Student Loan and the Unsubsidized Student Loan. The interest on the Subsidized Loan is subsidized by the federal government and is fixed at 3.4%. No payments are required while the student is enrolled on at least a half-time basis. The Unsubsidized Loan's interest is not subsidized by the government and is fixed at 6.8%. The student is responsible for paying the interest. However, students may defer interest payments while enrolled in school and have them capitalized at repayment. There is a 1% origination fee deducted from the loan proceeds and an up-front interest rebate of 0.5%.

Applying for your Student Loan will be easy if you follow the following steps carefully:

- Step 1:** **New Borrowers** - Complete the "***Federal Student Loan Request Form***" for Direct Loans and if you have not done one already, a **Federal Student Direct Loan Promissory Note** and **Entrance Interview**. **Previous Direct Loan Borrowers** just complete the "**Federal Student Loan Request Form**". This must be done no later July 1st in order to take credit on the Fall bill.
- Step 2:** **Once all of your paperwork has been submitted** to the Office of Financial Aid (tax returns, W2's, etc.), we will pre-certify your loan electronically mid-August.
- Step 3:** Once your loan is processed, the Federal Government will send you a Disclosure Statement with the disbursement amounts and dates of your loan and the fees charged.
- Step 4:** Your Federal Student Loan proceeds will be sent directly to Muhlenberg College's Controller's Office. You will receive two loan disbursements. One at the beginning of the Fall Semester (normally some time in September) and one at the beginning of the Spring Semester. Each disbursement will be for one-half of the total loan approval minus any fees. Check your Disclosure Statement from the Federal Government for the exact disbursement amounts.
- Step 5:** The Controller's Office will notify you through campus mail when your loan has been credited to your account.
- Step 6:** Students who are borrowing through the Federal Student Loan program for the **first** time must complete a Student Loan Entrance Interview. You may complete the entrance interview on the internet by going to <https://studentloans.gov/myDirectLoan/index.action>

(continued on the reverse side)

Step 7: Once the Federal Student Loan has been credited to your account, if your bill has already been paid and the loan creates a credit balance, the Controller's Office can credit the balance to the next semester's account or issue a refund to you. If you would like a refund of any credit balance, you must contact the Controller's Office to request a refund.

Remember, your Federal Student Loan WILL NOT officially be deducted from your bill until your loan disbursement has been made.

If you decide to cancel a portion or the entire Federal Student Loan, please contact Muhlenberg College's Office of Financial Aid as soon as possible. If you have any questions regarding the Federal Student Loan process, please contact the Office of Financial Aid at (484) 664-3175 or at finaid@muhlenberg.edu.

