

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 (<https://studentaid.gov/h/apply-for-aid/fafsa>). Loans are awarded based on the level of courses completed in a student's program of study and cannot exceed SSCC established student cost of attendance budget, including other aid. A master promissory note must be e-signed by the borrower (studentaid.gov/mpn/) to officially document the obligation to repay the loan funds. 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.

NOTE: Students must be enrolled at least halftime (six credit hours in degree plan) in order to receive Federal Direct Loans.

➤ **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 halftime (six credit hours in degree plan) at an eligible institution and during deferment. Loan eligibility is based on the cost of education, 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. Students will need to contact their loan servicer, found at studentaid.gov, to learn more about their specific repayment options. Interest rates are variable and origination fees are charged at the time of each disbursement.

➤ **Federal Unsubsidized Direct Loans** are awarded to eligible students regardless of family income if within federal budget guidelines. Students must complete the Free Application for Federal Student Aid (FAFSA) each 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 (studentaid.gov/loan-simulator/). These loans have the same criteria for eligibility as the subsidized loan. Students must be in good academic standing and enrolled in at least six (6) credit hours in their degree plan to be eligible for subsidized, unsubsidized, or Parent Plus loans.

Entrance Counseling

Before making the first disbursement of a loan to a Direct Subsidized or Unsubsidized Loan borrower, a school must ensure that the student has completed entrance counseling. Entrance counseling helps you to understand your responsibilities regarding your loan. Students need to wait until they have received an award notification email before completing entrance counseling. Entrance counseling can be completed at [StudentAid.gov](https://studentaid.gov). Once entrance counseling has been completed, Snead State will be notified by the Department of Education. If you have already completed entrance counseling at Snead State or another college, you are not required to complete entrance counseling at this time.

Exit Counseling

Student borrowers of Direct Loans who are graduating, leaving school, or dropping below half-time enrollment are required by the U. S. Department of Education to complete exit counseling. The purpose of exit counseling is to ensure a student understands the student loan obligations and are prepared for repayment. While completing exit counseling, students will learn about what their federal student loan payments will look like after school and be recommended a repayment strategy that best suits their future plans and goals. Student Loan Exit counseling can be completed at [StudentAid.gov](https://studentaid.gov).

Code of Conduct for Educational Loans

The Higher Education Opportunity Act conditions the eligibility of educational institutions to participate in Title IV student aid programs on the development of and compliance with a code of conduct, prohibiting conflicts of interest for its financial aid personnel. Snead State Community College's officers, employees, and agents are required to comply with the code of conduct.

The Code of Conduct bans:

1. Participating in any revenue-sharing arrangements with lenders. This is defined as any arrangement between school and lender that results in the lender paying benefits or a share of its profits as a result of the College recommending a lender to its students or their families.
2. Solicit or receiving gifts from any lender, guaranty agency, or loan servicer.
3. Accepting a fee, payment or financial benefit as compensation to provide services to or on behalf of a lender.
4. Steering borrowers to particular lenders by assigning students lenders through award packaging or through other practices.
5. Delaying loan certifications based on a borrower's choice in lenders.
6. Accepting any offers of funds for private loans, including funds for an opportunity pool loan in exchange for providing a lender with a specific number or volume of loans, or for a preferred lender arrangement for such loans.
7. Accepting offers of assistance from any lender with call center or financial aid office staffing.
8. Accepting compensation provided to College employees with financial aid or education loan-related responsibilities for service on advisory boards, commissions, or groups established by a lender or guarantor (or a group of lenders or guarantors), except for reimbursement of reasonable expenses incurred for such service.