



## ADMINISTRATIVE POLICY

# Federal Direct Loan Program 8.1

## Packaging Policies for Federal Direct Loans/PLUS

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### POLICY STATEMENT

#### Eligibility

All students who are enrolled at least half-time (6 or more undergraduate or 5 or more graduate financial-aid eligible credits) in a degree or teacher certification or graduate preparatory program and who have and who have an official Expected Family Contribution (EFC) calculated by ED will be considered for Federal Direct Loan eligibility. During initial packaging of awards, NSC will determine students' eligibility for Federal Direct Subsidized and Unsubsidized Loans. Students must actively accept any loan offer through the myNSC web portal before NSC will originate a loan. Federal Direct Loan borrowers must also have a valid Master Promissory Note (MPN) on file with ED and first-time borrowers must have completed Federal Direct Loan Entrance Counseling online at studentaid.gov prior to receiving a disbursement. Graduate students and parents of dependent students may request a PLUS loan through the studentaid.gov website. First time Graduate PLUS borrowers also must have completed Federal Direct PLUS Loan Entrance Counseling online at studentaid.gov prior to receiving a disbursement.

#### Need Calculation

In order to determine eligibility for the Federal Direct Loan program, NSC will use a standard Cost of Attendance (COA) budget for all aid recipients based on expected tuition and other fees, average housing costs, average book and supply expenses, and average transportation costs for commuting students and students living out of area. NSC will calculate a student's need by subtracting from the COA both the student's Expected Family Contribution (EFC) and any sources of Estimated Financial Assistance (EFA) as defined by 34CFR 685.102(b). Examples of EFA include other Title IV grants including Federal Pell and FSEOG, Federal Work-Study, State and Institutional grants, scholarships, stipends, fellowships, waivers, gifts and all third-party payments except as excluded by regulation. Examples of payments excluded from EFA include Federal veterans' education benefits named in 34CFR 685.102(b)(2), and earnings under the National and Community Service Act of 1990 (AmeriCorps). The difference between COA minus EFC minus EFA is considered remaining need.

#### Federal Direct Subsidized Loan

Students with remaining need will be awarded a Federal Direct Subsidized Loan according to their annual limit based on grade level (0-29 earned credit hours = \$3,500, 30-59 earned credit hours = \$4,500, 60 or more earned credit hours = \$5,500), not to exceed their subsidized aggregate limit as an undergraduate student (\$23,000), nor their remaining need or COA.

- If the student has been selected for the verification process either by the Department of Education or by NSC Financial Aid, that process must be completed before a Federal Direct Subsidized Loan award will be calculated. If the student is selected for verification after an award has been calculated, and while still enrolled in the award year, NSC will require

verification to be completed before any further disbursements of Federal Direct Subsidized Loan will be made.

## Federal Direct Unsubsidized Loan

Students who have been awarded a Federal Direct Subsidized Loan, or who do not have remaining need, will next be considered for a Federal Direct Unsubsidized Loan. NSC will award a Federal Direct Unsubsidized Loan as a replacement for the EFC.

- Dependent undergraduate students will be awarded a Federal Direct Unsubsidized Loan according to their annual limit based on grade level (0-29 earned credit hours = \$5,500 minus any awarded Subsidized Loan, 30-59 earned credit hours = \$6,500 minus any awarded Subsidized Loan, 60 or more earned credit hours = \$7,500 minus any awarded Subsidized Loan), not to exceed their total aggregate limit as a dependent undergraduate student (\$31,000), nor their COA.
- Independent undergraduate students (and dependent undergraduates whose parents are unable to obtain Direct PLUS Loans) will be awarded a Federal Direct Unsubsidized Loan according to their annual limit based on grade level (0-29 earned credit hours = \$9,500 minus any awarded Subsidized Loan, 30-59 earned credit hours = \$10,500 minus any awarded Subsidized Loan, 60 or more earned credit hours = \$12,500 minus any awarded Subsidized Loan), not to exceed their total aggregate limit as an independent undergraduate student (\$57,500), nor their COA.
- Postbaccalaureate and Pre-Graduate Students who are enrolled at least half-time (6 undergraduate credits) will be awarded Federal Direct Subsidized and Unsubsidized Loans according to their annual limit based on having earned 60 or more credits, not to exceed their aggregate limit as an undergraduate student, nor their COA. Pre-Graduate Students are only eligible for one consecutive 12-month period beginning on the first day of the loan period.
- Graduate students will be awarded a Federal Direct Unsubsidized Loan of \$20,500 not to exceed their total aggregate limit as a graduate student (\$138,500), nor their COA.

## Academic Year Definition

NSC will use a Standard Academic Year (SAY) comprised of fall, spring and summer to monitor annual loan limits for all undergraduate and graduate programs with the exception of the Nursing Program, for which a Borrower Based Academic Year (BBAY1) may be used when summer is the final term of the student's program.

## Federal Direct PLUS Loan

A graduate student or a parent of a dependent undergraduate student may borrow a Federal Direct PLUS Loan for up to the student's COA minus other EFA, which includes any other Federal Direct Loans that the student or parent have accepted. Borrowers must apply and satisfy all requirements at [studentloans.gov](http://studentloans.gov) before NSC will originate a PLUS loan.

## Disbursement Timing

Disbursement for all Federal Direct Loans will be scheduled to occur no earlier than 10 days before the beginning of the semester or the start date of a student's first modular course, whichever comes later. NSC will attempt to schedule disbursements as early as possible once all eligibility requirements have been verified.

## Refusal to Originate

An NSC Financial Aid Administrator may refuse to originate a Federal Direct Loan using Professional Judgment as outlined in NSC Administrative Policy, General Provisions 3.6: Professional Judgment and Dependency Overrides.

## Post-Disbursement Overpayments and Overawards

Additional sources of Estimated Financial Assistance (EFA) as defined by 34CFR 685.102(b) (see Need Calculation section) received by a student or reported to the financial aid office after a loan disbursement has been made will be treated as follows:

- **For external payments** when the payment is made to the institution or student by a third-party, loans that have already disbursed will not be adjusted, unless the adjustment will prevent the cancellation of another award.
- **For internal payments** when the financial aid office processes the award or receives notification of an award from another campus department, adjustments will be made to loans for the current semester regardless of disbursement status.

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## REASON FOR POLICY

This section is required 34 CFR [685.102\(b\)](#)

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## CONTACTS

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