



Direct Loan Entrance Counseling



**MAPPING
YOUR FUTURE®**



Topic 1 of 6

Apply for a Direct
Unsubsidized Loan and Graduate
PLUS Loan



Types of Student Loans

There are several types of federal student loans.

We will focus on:

Direct
Unsubsidized
Loans

Direct
Graduate PLUS
Loans

We will use the term “Direct Loans” throughout this presentation to mean both Unsubsidized and Graduate PLUS loans.

Know Your Student Loans

As a borrower, you should:

Understand the types of loans available

Know the terms of your loans

Understand the responsibility to repay the loans

Direct Loans are borrowed under from the federal government via the Department of Education with your school certifying your eligibility for the loans.



Master Promissory Note

Once eligibility is certified, you must complete
a Master Promissory Note or MPN for the Unsubsidized Loan.

The MPN:

- Is a binding legal agreement to indicate your commitment to repay your student loan(s)
- May be used for multiple loans up to 10 years
- Makes the borrowing process easier for borrowers and schools
- May be revoked



Fast Loan Facts

You may only use student loans for educational expenses.

You may decline a portion, or all, of a loan amount or reject a loan type if you do not want it.

You may receive your student loan funds in more than one disbursement throughout the loan period.

You must complete the renewal FAFSA each year if you want to receive federal financial aid.

Graduate PLUS loans must be applied for every year by completing an application and promissory note.



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Loan Types



Direct Unsubsidized Loan

Not need-based, no credit check needed

At least half-time enrollment to qualify

8.08% interest rate for graduate loans disbursed 7/1/24-6/30/25

Interest begins accruing immediately after loan is disbursed

Repayment begins six months after no longer enrolled at least half time



Direct Graduate PLUS Loan


Not need-based and your credit will be checked

At least half-time enrollment to qualify

9.08% interest rate for graduate loans disbursed 7/1/24-6/30/25

Interest begins accruing immediately after loan is disbursed

Repayment begins six months after no longer enrolled at least half time

The background of the slide is a dark blue map of the night sky, featuring various constellations and their stars connected by thin white lines. A prominent yellow swoosh or arc curves across the middle of the slide, starting from the left and ending on the right. In the upper left, there is a large, light gray oval with a subtle gradient and a drop shadow.

Annual Loan Limits

Graduate and Professional Students

- Total amount (each year) \$20,500 (unsubsidized only)



Aggregate Loan Limits

Unsubsidized Loans for Graduate Students

- \$138,500 (maximum \$65,500 subsidized; includes Stafford and Direct Loans received for undergraduate study)

Graduate PLUS Loans

- No maximum loan limits



Private Student Loans

Private loans are privately loaned from education loan lenders and are credit based

Your fixed interest rate may be based on your credit score

Maximum & cumulative amounts, interest rates and repayment will vary from lender to lender

There is no federal interest subsidy / no origination fees

Make sure you research lender options, as MTSA has no preferred lender list



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Understanding Student Loan Borrowing

You Must Repay Your Loans

You must repay your loans, even if you:

Do not complete your education

Do not complete your program within the regular completion time for that program

Are not employed upon completion of your studies

Feel that the education you received did not meet your expectations

File bankruptcy.
(Generally, student loans are not cancelled or discharged.)

Tips for Borrowers

Borrow conservatively

Maintain satisfactory academic progress

Understand withdrawals and refunds

Keep in contact with your servicer



Withdrawals and Refunds

Contact your Program Administrator if you decide to withdraw before completing your program of study.

Federal law specifies how financial assistance you earned and how much must be refunded.

You may have to repay aid received, if you earned less than you received.

The school will have to refund excess funds in a specific order.



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Repayment

The background of the slide is a dark blue constellation map. It features various star patterns connected by thin white lines. Some constellations are labeled in white capital letters, including VIRGO, URUGA, PERSEUS, TRIANGULUM, ANDROMEDA, and PIRATES. A thick, bright yellow swoosh curves across the middle of the slide, starting from the left and ending on the right. In the upper left, there is a light gray oval with a subtle gradient and a drop shadow.

Beginning Repayment

You may prepay all or part of your loan at any time without penalty.

Try to pay the interest accruing on your loan.



Grace Period

Your loans will have **one** grace period of six months before you enter repayment.

If you were enrolled less than half-time or gone from school for six months or more, you already have used the grace period on the loans.

If you withdraw or drop below half-time status, but return to at least half-time status before the six month grace period elapses, then the grace period will not be considered as used.

Repayment Options

Standard repayment

Graduated repayment

Extended repayment

Income-contingent repayment

Pay as You Earn repayment

SAVE repayment
(formerly Revised Pay as You Earn)

Income-based repayment



Loan Consolidation

Available if your loans are in grace period or in repayment

Enables you to pay your existing student loans in full with one loan, with one interest rate and repayment schedule

Typically extends your repayment period and lowers your monthly payments

Not always in your best interest as it may increase the interest rate and the total amount of interest you pay on the loan

Sample Payment Amounts

Amount borrowed	Monthly payments	Number of payments	Total amount paid
1,500	50	33	1,650
3,500	50	89	4,450
5,500	63.29	120	7,595.30
6,500	74.80	120	8,976.27
7,500	86.31	120	10,357.23
8,500	97.82	120	11,738.19
9,500	109.33	120	13,119.16
10,500	120.83	120	14,500.12
12,500	143.85	120	17,262.05
20,500	253.91	120	28,309.76
40,000	460.32	120	55,238.56
57,500	661.71	120	79,405.43
80,000	920.64	120	110,477.11
138,500	1,593.86	120	191,263.50
224,000	2,577.80	120	309,335.93



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Solutions for Repayment Problems



Deferment

A deferment is a period when a loan payment is not required

Types of deferments include: Contact servicer for eligibility

- At least half-time enrollment at an eligible school
- Graduate fellowship program
- Rehabilitation training program
- Military service
- Unemployment
- Economic hardship



Forbearance

Available if you are unable to make your full payments and do not qualify for a deferment

A period of time during which you do not have to make full payments or make regular payments at all

You are responsible for the interest that accrues during any forbearance period

You must contact the Direct Loan Program or its servicer to apply for forbearance

Loan Discharge

Your loans may only be eligible for discharge if:

You die

You become totally and permanently disabled and meet certain conditions

Your school fails to pay a refund if you withdraw

Your loan was falsely certified as a result of identity theft

Your school fraudulently certified or fraudulently completed a loan application in your name without your approval

Loan Forgiveness and Repayment Programs

Teacher Loan Forgiveness

- For teachers serving in designated low-income schools
- Must teach in a low-income school for five consecutive years to qualify

Public Service Employee Forgiveness

- For public service employees
- Must have made 120 payments

AmeriCorps service program

- For information, visit www.americorps.gov

Military repayment programs

- Contact your recruiter for more information



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Delinquency and Default

Delinquency and Default

Delinquency

When a student
loan payment is
missed

Default

When a student
loan payments is
not made for
270 days.

Consequences of Default

Damage to your credit rating

Referral to a collection agency

Collection costs

Garnishment of your wages


Withholding of your state or federal payments

Civil lawsuit, including court costs and legal fees

Loss of repayment options

Loss of eligibility for future financial aid

Suspension of your professional license



Avoid Delinquency and Default

Inform your
school and
Direct Loan
Program of
any changes

Read and
keep all
documents
about your
student loan

Call your servicer or the Direct
Loan Program if you are having
trouble making payments



StudentAid.gov


Manage your federal student loans:

- Log in with your FSA ID to access your FAFSA, loan application, and loan history information
- The loan history does not list your alternative or private loans
- Can contact (800) 433-3243



Third-Party Student Debt Relief Companies

- **Use caution** when dealing with third-party student loan debt relief companies.
- Your loan servicer can provide the same services free of charge, such as:
 - Lowering your monthly payment
 - Changing your repayment plan
 - Consolidating your student loans
 - Postponing monthly payments while you are in school or are unemployed
 - Getting your loans out of default status



Federal Student Aid Ombudsman

Federal Student Aid (FSA) Ombudsman

- Works with student loan borrowers informally to resolve loan disputes the borrower is unable to resolve
- Goal is to find creative alternatives
- <https://studentaid.gov/help-center/answers/article/how-to-contact-ombudsman-group>
- (877) 557-2575



Education Tax Benefits

American
Opportunity
Credit

Lifetime
Learning
Credit

Student
Loan
Interest
Deduction



Financial Literacy Topic

Important Steps to Being Financially Fit



Personal Finance

Open a checking and savings accounts

Make your monthly payments for loans and services on time each month

Make a list of your values and set your goals to help you maintain those values

Create a spending plan that meets your "needs" as well as your "wants"

Review your credit report once a year to ensure it is accurate

Contact your creditors if you are having trouble making payments



Savings

Pay yourself first

Use direct deposit, if possible

Start an emergency fund

Save 6 to 12 months of earnings

Credit Cards

When selecting a credit card, look for:

A low annual
percentage
rate

The interest
calculation
method

Low or no
annual fees

A grace period

The credit
limit

Services and
features



Credit Report

Credit reports contain personal information, credit record, and repayment history

- Most negative information stays on your credit report for seven years, though some bankruptcies remain 10 years.
- Positive information stays on indefinitely. Inquiries stay on for six months to two years, depending on the type of inquiry.



Free Credit Report

Visit www.AnnualCreditReport.com

View and print one or all credit reports. There are three major credit reporting agencies: Equifax, Trans Union, and Experian.

Know when fees may apply. You may be charged a fee if you request more than one copy from the same credit reporting agencies within a year or if you request your credit/FICO® score.



Contact

- School contact
- E-mail address
- Web address

Financial Aid Office
finaid@mtsa.edu
www.mtsa.edu