

Understanding Your Federal Direct Stafford Loan Award

The Federal Direct Stafford Loan must be paid back.

General loan eligibility

Federal Stafford Loans are available to KCC students who are enrolled in at least half-time* each term of the loan. You also must be enrolled in classes leading to a **U.S. Department of Education approved certificate or degree**. Loan amounts are based on your grade level at KCC, i.e. freshman or sophomore, and your dependency status according to the Free Application for Federal Student Aid (FAFSA).

If you receive your maximum Federal Stafford Loan eligibility during the standard academic year, i.e. fall and spring terms, you will not have any remaining loan eligibility for the summer term.

If you receive a Federal Stafford Loan at another school during the same academic year, your loan awards will be prorated at KCC. This may result in you not being eligible for the full loan award or not being eligible at all for a loan at KCC.

All first-time Federal Stafford Loan borrowers at KCC must complete **Stafford Loan Entrance Counseling** prior to receiving their loan funds. Failure to complete Stafford Loan Entrance Counseling will prevent your loan processing.

Loan limits

These are the maximum loan amounts you may borrow. The Office of Financial Aid has the responsibility to lower the amount of the loan requested if it is determined you are not eligible for the requested amount.

This table shows the maximum amount of money you may borrow each academic year in Direct Subsidized and Unsubsidized Loans:

	Dependent Student ¹	Independent Student ²
Freshman – under 30 credit hours earned	\$5,500 (maximum of \$3,500 can be subsidized)	\$9,500 (maximum of \$3,500 can be subsidized)
Sophomore – over 30 credit hours earned	\$6,500 (maximum of \$4,500 can be subsidized)	\$10,500 (maximum of \$4,500 can be subsidized)

¹ Except those whose parents are unable to borrow a PLUS loan.

² These limits also apply to dependent students whose parents are unable to borrow a PLUS Loan. The aggregate loan limits set by the Department of Education for undergraduate Stafford borrowing for dependent students is \$31,000 (a maximum of \$23,000 in subsidized borrowing) and for independent students is \$57,500 (a maximum of \$23,000 in subsidized borrowing).

Most federal student loans have loan fees that are a percentage of the total loan amount. The loan fee is deducted proportionately from each loan disbursement you receive. This means the money you receive will be less than the amount you actually borrow. You're responsible for repaying the entire amount you borrowed and not just the amount you received.

Completing the Master Promissory Note

The Master Promissory Note can be completed at: www.studentaid.gov It is your responsibility to complete the Master Promissory Note. Failure to complete it will stop your loan from being processed.

Once your loan has been originated, you will receive a Notice of Guarantee/Disclosure Statement from the Federal Direct Student Loan Program with important information (i.e. loan period, tentative disbursement dates, disbursement amounts and interest rates).

Disbursement of Funds

Funds will be disbursed through KCC according to the dates listed on your Notice of Guarantee/Disclosure Statement. Eligibility and enrollment status will be checked at the time of disbursement.

Your loan funds will be placed directly on your student account if you are registered for and attending at least half-time* at the time of disbursement. Any remaining loan funds in excess of your educational costs will be mailed to your address on record within approximately 14 days of being placed on your account.

If you are **not** registered for and attending at least half-time* at the time of your loan disbursement, the loan disbursement will be canceled. It is your responsibility to ask the Office of Financial Aid to re-instate your loan once you have registered at least half-time.* **Request for reinstatement of your loan will not be taken over the phone.**

After loan funds are placed in your student account, you will be notified through your student email. This will serve as your notification of loan funds posted to your account. If you wish to have your loan canceled, you must notify the Office of Financial Aid in **writing** within 14 days from receipt of the notification.

You are not eligible to receive loan funds until all of your classes have started for the semester or full-time enrollment has been reached/attended. Dropping or not attending classes may affect your eligibility for student loans. As a result, you may be responsible for an outstanding balance owed to KCC.

Conditions of the Award

1. You must enroll at least half-time* for each term of the loan. Failure to do so will result in cancellation of the loan.
2. You must register for and begin attending each course by the refund date.
3. If the loan period covers more than one term, loan funds will be disbursed according to your enrollment over each term.
4. If you withdraw from all classes or drop below half-time enrollment at any time prior to receipt of your loan funds, you will **not** be entitled to receive your loan funds.
5. If your grades have posted before your loan funds are placed in your account, the loan will be based on your successfully completed hours, which must be at least half-time.*
6. If you drop to zero hours **after** receiving the loan disbursement, you may be ineligible to receive any subsequent disbursements or you could owe a refund of loan funds to KCC and to your lender.
7. You must make Satisfactory Academic Progress as outlined in the Financial Aid Standards of Academic Progress Policy. Failure to do so will result in the cancellation of your Federal Stafford Loan and/or PLUS Loan Award.

Rights and Responsibilities

1. You have the right to cancel any portion of your loan. To cancel a loan after funds have been disbursed, submit a request accompanied by the loan disbursements to the Accounting Office within 14 days from receipt of notification.
2. You must successfully complete at least one course during the term. If you don't complete one course, you could owe a refund of loan funds to KCC and your lender. The amount owed will be based on the loan amount that was originally disbursed.
3. In accordance with the Federal Refund Policy, you must be attending classes to continue receiving loan funds.
4. In accordance with the Federal Refund Policy, if you withdraw from – or stop attending – all classes before completing 60% of the term, you could owe a refund of loan funds to KCC and to your lender. The amount owed will be based on the loan amount that was originally disbursed.
5. Prior to transferring and/or graduating from KCC, you must complete Stafford Loan Exit Counseling. You must also complete Stafford Loan Exit Counseling whenever your enrollment is less than half-time.*

*Half-time enrollment is 6 credit hours in the fall and spring, and 4 credit hours in the summer.