

# Guide to Federal Loans

## 2024-25 Academic Year

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You have been awarded a federal loan as part of your financial aid package for 2024-25. This guide answers common questions you may have about borrowing for college through federal loans, as well as Oberlin's policies regarding the disbursement of loan funds. The information here is accurate as of the time of this printing, however, we advise you to consult [www.studentaid.gov](http://www.studentaid.gov) as your definitive source.

You are not required to borrow through the Federal Loan Program, or you may borrow *less* than the amounts listed on your Financial Aid Award Letter. Please carefully consider the amount you are going to borrow and do not borrow any more than you feel necessary to successfully assist you in funding your education.

Generally, the Office of Financial Aid recommends borrowing funds through the Federal Student Loan Program before borrowing through alternative sources.

### COMPLETING YOUR FEDERAL DIRECT STAFFORD LOAN

You may request all or part of the amount awarded in your Federal Stafford Loan. Through our online system called OberView, you are able to accept, decline, or reduce your loan. First, log on to OberView at [oberview.oberlin.edu](http://oberview.oberlin.edu), click Financial Aid Eligibility task, then navigate using the following steps:

- Financial Aid Award Task
- Award for Aid Year
- Select 2024-25 award year
- Click on the tab titled "Award Accept Offer"
- Accept or decline your loan via the drop-down menu under the "Accept Award" column for each loan
- Reduce the amount of your loan by choosing "Accept" from the drop-down menu and indicate the reduced amount you wish to borrow in the "Partial Amount" column
- Submit decision

### Complete your Master Promissory Note (MPN)

Visit the Direct Loan website at [studentaid.gov](http://studentaid.gov)

- Choose "Loans and Grants"
- Choose "Complete a Master Promissory Note"
- Log in using your FSA ID and password
- Complete MPN for undergraduates
- Oberlin will receive notification electronically once your MPN is complete

### Complete Loan Entrance Counseling

Visit the Direct Loan website at [studentaid.gov](http://studentaid.gov)

- Choose "Loans and Grants"
- Choose "Loan Entrance Counseling"
- Log in using your FSA ID and password
- Complete the Entrance Counseling
- Oberlin will receive notification electronically once your Entrance Counseling is complete

**Note:** Federal funds will not be disbursed until your Master Promissory Note and Entrance Counseling are on file at Oberlin.

### CONSIDERING A FEDERAL DIRECT PLUS LOAN?

#### What is a Federal PLUS Loan?

A Federal PLUS Loan (Parent Loan for Undergraduate Students) is a non-need based federal loan that can be used for educational expenses. Unlike the Federal Stafford Loan, repayment of both principal and interest begins after the loan is fully disbursed for the school year. A PLUS loan has a fixed interest rate of 9.083% for the 2024-25 school year. A fee of 4.228% of the loan amount is deducted at disbursement. Please be aware of that fee when deciding on the total amount to borrow. It will reduce the amount that the college receives for your bill.

### Eligibility requirements

The parent borrower must be a U.S. citizen or eligible non-citizen, and must not be in default on a prior Federal PLUS Loan. Unlike the Federal Stafford Loan, the parent must undergo a credit check to qualify for a PLUS loan. If the parent is denied, the student may contact the Office of Financial Aid to discuss other available options.

### Applying for PLUS Loan

Complete a Federal PLUS Loan application and Master Promissory Note (MPN) online at [www.studentaid.gov](http://www.studentaid.gov).

- You must sign your MPN using your FSA ID. The MPN is your promise to repay the loan and is collected by the federal government. The MPN must be completed before the government will provide Federal PLUS Loan funds.

### When will repayment begin?

Payments will begin 60 days after disbursement of the full amount borrowed for an academic year. Interest accrues as soon as the first disbursement is made. There is no grace period for this loan; you begin repaying both principal and interest while your student is in school. You will have 10–30 years to repay, depending upon the repayment plan you select. Parents may opt to defer payments on the PLUS loan. Visit [www.studentaid.gov](http://www.studentaid.gov) for more information on loan deferment.

### Can the PLUS loan be reduced or canceled?

You may cancel or reduce your Federal PLUS Loan at any time during the loan period. Contact us with your request at [financial.aid@oberlin.edu](mailto:financial.aid@oberlin.edu). ▶▶

Please contact us with any questions regarding financial aid policies at Oberlin College. We have made every effort to ensure the accuracy of information at the time of printing. All information, however, is subject to updates, corrections, and revisions.



### Office of Financial Aid

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[www.oberlin.edu/financialaid](http://www.oberlin.edu/financialaid)

### Can the PLUS loan be increased during the academic period?

You may apply for additional PLUS loan funds at any time during the loan period.

E-mail us at [financial.aid@oberlin.edu](mailto:financial.aid@oberlin.edu) with your request. Please note that your credit history may be reviewed again to determine your eligibility.

### ANSWERS TO YOUR LOAN QUESTIONS

#### What's the difference between a subsidized and unsubsidized Federal Stafford Loan?

If you are eligible for a Federal Subsidized Loan, the federal government will pay the interest on your loan while you are enrolled at least half time. No payment is required while you are in school. Your payments will begin six months after you graduate or leave Oberlin.

If you are eligible for a Federal Unsubsidized Loan, interest will begin accruing once you receive the loan. You may choose to pay the interest only or to postpone the payment of interest until six months after you graduate or leave Oberlin, at which time any unpaid accrued interest will be capitalized.

The type and amount of the loan(s) for which you qualify is determined by the results of your FAFSA and other factors, such as student need, independent or dependent student status, grade level, and annual/aggregate borrowing limits.

#### Can you describe the disbursement process?

In accordance with federal loan regulations and Oberlin's disbursement schedule, the loan will be applied to your account once all requirements are met. If enrolled in both fall and spring semesters, one-half the loan amount will be disbursed at the beginning of the fall semester and the remaining half will be disbursed at the beginning of spring semester. If enrolled for one semester only, the total amount of your awarded loan will disburse at the beginning of the semester.

#### When does repayment begin?

Repayment of the principal and interest begins six months after you cease to attend at least half time. Half-time

status for an undergraduate student is enrollment in six credit hours during the semester.

#### What are the current interest rates and fees on Federal Stafford Loans?

- Federal Subsidized Loan: projected fixed rate of 6.533%.
- Federal Unsubsidized Loan: projected fixed rate of 6.533%.
- A fee of 1.057% of the loan amount is deducted at disbursement.

#### When will I receive my loan money?

Loan proceeds are applied to the student's term bill in equal disbursements at the beginning of each term, if your financial aid file is complete and you have submitted all the verification documents requested.

In general, you can expect a disbursement for each term the student is enrolled at least half time.

#### What is a Master Promissory Note (MPN)?

A Master Promissory Note is a legal document that states you promise to repay your loan(s). An MPN can be used for all of the Federal Stafford Loans you borrow for up to a 10-year period. You still must file the FAFSA each year you wish to borrow.

#### What is Entrance Counseling?

Entrance Counseling ensures you understand the terms and conditions of your loan. Counseling also reviews your rights and responsibilities and offers an overview of loan basics.

#### Additional information regarding federal loans:

Federal loans will not be disbursed until your Entrance Counseling and MPN are complete. Oberlin posts federal loan funds one week prior to the start of each semester.

You cannot increase your loans online using OberView. If you wish to borrow additional funds; please contact the Office of Financial Aid to determine if you have additional eligibility.