CHAPMAN University
Orange, CA 92866

Office of Financial Aid www.chapman.edu (714) 997-6741 • FAX (714) 997-6743

Federal Direct Subsidized/Unsubsidized & Graduate PLUS Loans

Your award letter indicates you are eligible for a loan from the William D. Ford Federal Direct Loan Program. Direct Loans are awarded as part of a larger "award package," which may contain other types of aid as well, to help you meet the costs of attending Chapman University.

The Direct Loan Program offers the following types of loans:

- **Subsidized:** for students with demonstrated financial need, as determined by federal regulations. No interest is charged while a student is in school at least half-time or during deferment periods. For the 2013-2014 academic year, the fixed interest rate for this loan is 3.86% with a 1.051% origination fee for all undergraduate borrowers.
- **Unsubsidized:** not based on financial need; interest is charged during all periods, even during the time a student is in-school and during grace and deferment periods. For the 2013-2014 academic year, the fixed interest rate for this loan is 3.86% for undergraduate students and 5.41% for graduate students and with a 1.051% origination fee for all borrowers.
- **PLUS:** unsubsidized loans for graduate/professional students. Direct PLUS Loans help pay for education expenses up to the cost of attendance minus all other financial assistance. Interest is charged during all periods. For the 2013-2014 academic year, the fixed interest rate for this loan is 6.41% with a 4.204% origination fee for all borrowers. **Note: Direct PLUS Loan borrowers cannot have an adverse credit history (a credit check will be ran).**

Eligible federal student loans can be combined into one Direct Consolidation Loan.
Student borrowers are not required to begin making payments until after they withdraw from the university or drop below half-time.

Accepting a loan

You should evaluate the aid offer carefully. In the case of loans, keep in mind that whatever amount you borrow must be paid back with interest. You have the right to decline the loan or to request a lower loan amount.

Loan limits

The maximum amount you can borrow each year in Direct Subsidized and Unsubsidized Loans depends on your grade level and on whether you are a dependent student or an independent student. The following 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]
1st-year undergraduate	$5,500 (up to $3,500 subsidized)	$9,500 (up to $3,500 subsidized)
2nd-year undergraduate	$6,500 (up to $4,500 subsidized)	$10,500 (up to $4,500 subsidized)
3rd-5th-year undergraduate	$7,500 (up to $5,500 subsidized)	$12,500 (up to $5,500 subsidized)
Graduate/professional	N/A	$20,500 unsubsidized

[1]Except those whose parents are unable to borrow a Direct PLUS Loan.
[2]These limits also apply to dependent students whose parents are unable to borrow a Direct PLUS Loan.

The actual loan amount you are eligible to receive for an academic year is determined by Chapman University and may be less than the maximum annual amounts shown in the loan limit chart.

Below are the aggregate (total) limits for Subsidized and Unsubsidized Loans (this includes both FFELP & Direct):

- $31,000 for dependent undergraduate students excluding those whose parents are unable to borrow a Direct PLUS Loan (no more than $23,000 may be subsidized)
- $57,500 for independent undergraduate students and dependent undergraduates whose parents are unable to borrow a Direct PLUS Loan (no more than $23,000 may be subsidized)
- $138,500 for graduate or professional students (no more than $65,500 may be subsidized; includes loans for undergraduate study)

Entrance Counseling

If you haven't previously received a loan, you must complete entrance counseling before Chapman University can post the first disbursement of your loan. This helps you to understand your responsibilities regarding your loan. Chapman University requires you complete this counseling online.

Master Promissory Note

To take out a Direct Loan for the first time, you must complete a Master Promissory Note (MPN). The MPN will be provided by the U.S. Department of Education. You can complete the MPN online. The MPN is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the U.S. Department of Education. It also explains the terms and conditions of your loan(s). To complete an MPN online, you will be required to use your U.S. Department of Education-issued PIN.

In most cases, once you've submitted the MPN and it has been accepted, you won't have to fill out a new MPN for future loans you receive. Chapman University allows more than one loan to be made under the same MPN. Therefore, you can borrow additional Direct Loans on a single MPN for up to 10 years. If you are applying for a Direct PLUS Loan for the first time as a graduate/professional student, you'll need to complete and sign a Direct PLUS MPN that is separate from the one that you use for your Direct Subsidized and Unsubsidized Loans.

You'll receive a disclosure statement that gives you specific information about any loan that Chapman University plans to disburse under your MPN, including the loan amount, fees, and the expected disbursement dates and amounts.

Entrance Counseling Process

1. Go to www.studentloans.gov
2. Click on “Sign In” (You will need your U.S. Department of Education-issued PIN)
3. Click on “Complete Counseling.”
4. Click on “Entrance Counseling.”
5. You are now on the “Entrance Counseling” page.
    a. Select Schools to Notify
        i. For “School State” select “CALIFORNIA.”
        ii. For “School Name” select “CHAPMAN UNIVERSITY”. The school code (G01164) and school address will populate.
        iii. Click “Add School”
    b. Indicate if you are an undergraduate or graduate student. *NOTE: Credential students are considered 5th year **undergraduate** students for Federal student loan purposes.*
    c. Click on “Continue.”
6. You are now on STEP 1 – “Understand You Loans” page. *The following steps should take about 30 minutes to complete.*
    a. Read the information provided.
    b. Answer questions when asked to check your knowledge.
    c. Click “Continue.”

7. Repeat instructions for 6 a, b and c for STEP 2 – "Manage Your Spending" page, STEP 3 – "Plan to Repay" page, STEP 4 – "Avoid Default" page, and STEP 5 – "Make Finances a Priority" page.
    a. Click "Submit Counseling."
8. You have now completed the Entrance Counseling for your Direct Loan. You may print or download your completed Counseling Verification Page to keep a copy for your records.

Master Promissory Note Process

1. You must now complete a Master Promissory Note (MPN). On the left-hand column, under the "Master Promissory Note" heading, click on "Complete MPN."
2. You are now on the "Master Promissory Note (MPN)" page.
    a. Click on "Subsidized/Unsubsidized."
3. You are now on the "Information" page.
    a. Enter your information in the Borrower Information section.
    b. For "School State" select "CALIFORNIA."
    c. For "School Name" select "CHAPMAN UNIVERSITY." The school code (G01164) and school address will populate.
    d. Click on "Continue."
4. You are now on the "References" page.
    a. Enter the information for your two references in all fields. *NOTE: your references must have different addresses and telephone numbers from each other and they must have addresses within the U.S.*
    b. Click on "Continue."
5. You are now on the "Terms and Conditions" page.
    a. You must review sections C, D, E, G, and MPN Addendum. **Please read this information carefully and completely.**
    b. Once you have done so and agree to the terms, indicate you have reviewed the terms and conditions.
    c. After you have selected the box, click on "Continue."
6. You are now on the "Review & Sign" page.
    a. Review all the information.
        i. If the information is incorrect, click on "Edit" for the desired section.
    b. Once all information is correct, sign your MPN by entering your name in the appropriate fields.
    c. Click on "Sign." Once your signature has been authenticated, you must view your MPN before submitting.
    d. When you are ready to submit your MPN, click on "Submit."
7. You have now submitted your MPN for the Direct Subsidized/Unsubsidized Loan.
    a. You may view/download the PDF version of your completed MPN to retain a copy for your financial aid records.
        i. *If you are an undergraduate student, or a graduate student who is only borrowing from the Direct Subsidized/Unsubsidized Loan program,* you are now finished with your loan application. You may log out.
        ii. *If you are a graduate student who has been awarded a Graduate PLUS Direct Loan and wish to borrow funds from this program for the first time –OR– you applied with an endorser last year,* follow the instructions beginning with step 1 of this Master Promissory Note Process.
            1. This process will be similar to the Direct Subsidized/Unsubsidized MPN process except in step 2 you will click on "Graduate PLUS" to fill out the Graduate PLUS MPN.
            2. After submitting the MPN in step 7, you must complete the PLUS Application to authorize the U.S. Department of Education to run a credit check (see instructions on next page).

If you provided an email address during the application process, a confirmation email will be sent to you. Please retain it for your records. The MPN enables students to borrow Direct Loan funds for up to ten years without completing additional promissory notes. However, you must apply for financial aid each year.

PLUS Request Process for Graduate Students

1. If you have been awarded a Direct Graduate PLUS Loan, you must Request a Direct PLUS Loan annually.
    a. On the left-hand column, under the "PLUS Loan Process" heading, click on "Request Direct PLUS Loan."
2. You are now on the "Request Direct PLUS Loan" page. Click on "Graduate PLUS."
3. You are now on the "(Step 1) – Student and Loan Information" page.
    a. Select the Award Year for 2013-2014.
    b. Indicate if you would like to authorize the school to use your Direct PLUS loan funds to satisfy other institutional charges (i.e. library fines, campus parking tickets, lab fees, and charges for minor damage to school property). *NOTE: This authorization is optional.*
    c. For "School State" select "CALIFORNIA." For "School Name" select "CHAPMAN UNIVERSITY." The school code (G01164) and school address will populate.
    d. Indicate if you would like to borrow the maximum amount as determined by the school or if you would like to request a specific loan amount and how much you would like to borrow.
    e. Specify which loan period you would like for your Direct PLUS loan.
    f. Click on "Continue."
4. You are now on the "(Step 2) – Information" page.
    a. Enter your personal address, mailing address (if different) and contact information.
    b. Enter your employer information or indicate if you are not employed.
    c. Click on "Continue."
5. You are now on the "(Step 3) – Review Request" page.
    a. Review all information provided and verify that it is correct prior to submitting the loan application.
        i. If the information is incorrect, click on "Edit" for the desired section.
    b. Once all information is correct, click on "Continue."
6. You are now on the "(Step 4) – Credit Check and Submit" page.
    a. You must review the IMPORTANT NOTICES before you can continue. Click on "Click here to review."
    b. Certify that the information you provided is correct and that you understood the Direct PLUS Loan Request.
    c. Authorize the U.S. Department of Education to check your credit history for adverse credit history. As indicated, your Direct PLUS Request cannot be submitted without a credit check.
    d. Click on "Continue."
7. You will be immediately approved or denied for your Direct Graduate PLUS Loan based on your credit check.
    a. If you are denied, you will be given four options:
        i. <u>Apply with an eligible endorser</u> – An endorser is someone who agrees to repay the Direct Graduate PLUS Loan if you do not repay the loan. *Note: If you apply with an eligible endorser, your MPN will only be good for this PLUS loan.*
        ii. <u>Appeal the credit decision</u> - In some cases, you may also be able to obtain a Direct Graduate PLUS Loan if you document that there are extenuating circumstances related to your adverse credit history.
        iii. <u>Reject the loan</u> – If you reject the Direct Graduate PLUS Loan, you may seek further funds through alternative (private) loans.
        iv. <u>Undecided</u> – Chapman University will be notified of your PLUS denial.
    b. If you are approved, you are done with the Direct PLUS Loan Request. Chapman University will be notified and will process your loan for the amount you indicated in step 3(d). You are now finished with your loan application. You may log out.