Guidelines and Requirements in Applying for a Federal Direct Stafford Student Loan

Entrance/Exit Counseling On Line: Go directly to www.studentloans.gov and use your FSA ID to sign in.

Also, at www.studentloans.gov you can review your financial aid history and learn about repaying your loans and payment options. Click on “Tools and Resources”, this will take you to the website of www.nslds.ed.gov (which you can go to directly, if you wish).

All student loans will be submitted to the National Student Loan Data System (NSLDS). This information will be accessible by guaranty agencies, lenders and institutions determined to be authorized users of the data system.

Unsubsidized Loan: Does not require students to demonstrate financial need. U S Dept. of Education does not pay interest on unsubsidized loans.

To Process A Loan Application

Direct Loan MPNs are valid for 10 years. If you have previously completed a Direct Loan MPN with the Dept. of Education, and it has not expired, you do not need to complete another.

Complete a Direct Loan Master Promissory Note – go to www.studentloans.gov, sign in with your FSA ID, scroll down to Master Promissory Note and click on Complete MPN. For the type of loan, click on Subsidized/Unsubsidized”.

Before the loan can be originated, Central must have in the student’s file the Institutional Student Information Record (ISIR), signed counseling affirmation, completed student budget, and Entrance Counseling confirmation (if first time borrower).

Basic Requirements for Obtaining a Federal Stafford Student Loan

- A Master level student must be enrolled at least half-time: 5 credit hours per semester - Spring and Fall (NOTE: This does NOT include the J-term or summer) or 3 credit hours per trimester. Doctor of Ministry students: need to maintain fulltime status. Fulltime status is based on scheduled cohort classes.
- Student must be making satisfactory progress academically according to the standards of Central Baptist Theological Seminary
- Student must be a citizen of the United States or a permanent resident (A copy of the green card must be presented to the Office of Financial Services)
- Student must NOT be in default on any other student loans, including Federal Stafford student loans and Perkins loans or owe a refund on a PELL grant, SEOG, or state grant for attendance at any previous educational institution
- Student must not have reached the maximum amount available to him/her in the Federal Stafford student loan program
Direct Loans can be processed for classes that are required for degree completion. Any class that is not required for the specific degree will not count toward the half time requirement.

The Federal Direct Stafford student loan program is for educational expenses only at the specific school that originates the loan. Education expenses include school charges, such as tuition and fees and indirect expenses such as books, supplies, equipment, dependent child care expenses, transportation and rental or purchase of a personal computer.

Loan amounts will be in multiple disbursements (normally two). One half will be sent at the beginning of each major matriculation period (Fall/Spring). Central Seminary will disburse your loan funds by crediting the funds to your school account to pay tuition, fees and other authorized charges. If the loan disbursement amount exceeds your school charges, Central Seminary will pay the remaining balance of the disbursement directly to you by paper check.

To receive subsequent loans, you should have completed a grade level (20-24 hours) since the beginning date of the previous loan.

**Doctor of Ministry students:** As long as the student is progressing with their cohort group.

Central students processing their first Stafford loan **must complete** the Entrance Counseling before the loan will be certified.

Students who receive Federal Direct Stafford student loans at Central Baptist Theological Seminary **will be required** to participate in an Exit Interview. When the student does not return for the next semester or leaves school, either by withdrawing or graduation, or drops below half time, the Financial Aid Office will notify the student that an Exit Interview must be completed. **The Department of Education requires this interview.** Go to [www.cbts.edu](http://www.cbts.edu), click on Prospective Students and then click on Financial Aid and scroll down to Loans and click on Exit Loan Counseling or go directly to [www.studentloans.gov](http://www.studentloans.gov) and click on “Complete Counseling”.

If you have unusual financial circumstances, such as high monthly medical bills, etc., please attach a letter of explanation to the Student Budget which is at the back of this packet of information.

**IMPORTANT NOTE** – If you drop below half time or withdraw before your Federal Direct Stafford funds are applied to your student account, the funds will be returned to the Dept. of Education.

**Overview of loan process:**

1. Student completes the FAFSA.
2. After the FAFSA is submitted, within the next 3-4 days, if the student put an e-mail address on the FAFSA, the student will be e-mailed a SAR (Student Aid Report) from the Dept. of Education which is a summary of the FAFSA data submitted. The student is to review and, if needed, make changes or corrections. If no e-mail address is given, the SAR will be mailed to the student.
3. After the submission of the FAFSA, in about 3-4 days, the Financial Aid Administrator will receive electronically from the Dept. of Education the information the student reported on the FAFSA called an ISIR (Institutional Student Information Record).
4. Upon receipt of the ISIR, the Business Office will contact the student by mail if the ISIR indicates a conflict of information; or the student will be mailed the Information Packet, Guidelines and Requirements in Applying for a Federal Direct Stafford Student Loan. This packet contains information about Direct Loans and also contains instructions to follow in order to complete with the Direct Loan process.
5. Also, upon receipt of the ISIR, the Business Office will send a Student Status sheet to the Registrar’s Office for completion to confirm student eligibility. The information requested on this sheet for each student is program of enrollment, number of credit hours enrolled and SAP information.
6. Upon receipt of all information for the student’s file, the file is sent to the Financial Aid Administrator for review and calculation of the student’s eligibility amount for the unsubsidized loan.
7. Within 24 hours the file is returned to the Financial Services Coordinator. The eligibility information is sent to the student, via the student’s CBTS e-mail account, requesting loan amount(s) the student wants to borrow. If not already on file, the student is sent an “Authorization to Hold a Federal Student Aid Credit Balance” to complete.
8. When the student returns the loan amount information, the file is returned to the Financial Aid Administrator to originate (certify) the loan(s) with the Dept. of Education. This includes setting the disbursement dates. Between the date the loan was originated and the first disbursement date is 10 days or more. This gives Dept. of Education time to produce a Disclosure Statement for the borrower.
9. Once the loan(s) is originated (certified), in about a week the student will receive by e-mail from the Dept. of Education a Disclosure Statement summarizing their loan(s).
10. At the disbursement date, the Financial Aid Administrator releases the funds and informs the Financial Services Coordinator it is time to request the funds from the Dept. of Education. This takes approximately 48 hours from receipt of the funds to the application of the loan funds to the student’s account balance.
11. The student will be notified by the Financial Services Coordinator via the student’s CBTS e-mail account when the funds have been applied to their account and asked if they want the check for the remaining funds mailed to them or if they want to pick up the check.
12. After the funds have been applied to the student’s account, the Financial Services Coordinator has 2 weeks to deliver the remaining funds to the student.
13. All students who borrow Direct Loans will receive a Right to Cancel letter dated no later than 30 days after disbursement of their loan amount. The letter reminds students they can still cancel all or a portion of the loan even though it has been disbursed.
FEDERAL STAFFORD STUDENT LOAN COUNSELING MEMO

Federal Direct Stafford Loans are low interest loans for students to help pay for the cost of education after high school. The lender is the U.S. Department of Education. With Direct Loans, you:

- Borrow directly from the federal government and have a single contact for everything related to the repayment of your loans, even if you receive Direct Loans at different schools.
- Have online access to your Direct Loan account information 24 hours a day, 7 days a week
- Can choose from several repayment plans that are designed to meet the needs of almost any borrower, and you can switch repayment plans if your needs change.

For more information, go to www.studentloans.gov, for interest rates on loans go to www.studentaid.ed.gov/interestrates.

As a graduate student in a master's or doctorate degree program, you may borrow up to $20,500 per year in the unsubsidized program only as of July 1, 2012.

ATTN: Master students: For term programs based on fall and spring, equal disbursements will be added to the student’s account at the beginning of each semester. For term programs based on trimesters, equal disbursements (3) will be added to the student’s account at the beginning of each trimester. Students enrolled for a term based program with a capstone course will receive one disbursement in the term in which they initially register for the capstone course.

ATTN: Doctor of Ministry students: The D.Min program is a non-term program. Students may borrow for the first 2 years of coursework and the initial year of the dissertation-project phase. During the dissertation-project year, students will be eligible for one disbursement in the term in which they initially register for the dissertation project. Extensions are not eligible for student loans.

The total Federal Direct Stafford student loan (aggregate loan limits) debt you can have outstanding as a graduate/professional student is $138,500 (no more than $65,500 of which can be subsidized).

Promissory Note

The promissory note is a legally binding contract between a lender and a borrower. The promissory note contains the terms and conditions of the loan including how and when the loan must be repaid. In order to receive a loan, the borrower must sign the promissory note.

Origination Fee

Dept. of Education charges a loan fee (also called an origination fee) on Direct Unsubsidized Loans. The loan fee is an expense of borrowing one of these loans. The loan fee is a percentage of the amount of each loan the borrower receives, and is subtracted proportionately from each loan disbursement.

Loans with a first disbursement date on or after 10/01/15 and before 10/01/16, the origination fee is 1.068%  
Loans with a first disbursement date on or after 10/01/16 and before 10/01/17, the origination fee is 1.069%

Grace Period

A six month period before the first payment must be made on a subsidized or unsubsidized Direct Stafford Loan. The grace period begins the day after the borrower ceases to be enrolled at least half time. For most Federal Direct Stafford loans, you are entitled to ONE six-month grace period. Once you have used your grace period, you cannot receive another one.
Academic Progress

To be eligible for a Federal Direct Stafford student loan, you must be maintaining satisfactory academic progress. This is considered to be a 2.0 average on a 4.0 scale. **Doctor of Ministry students:** A minimum grade point average of 3.0 on a 4.0 scale during graduate study.

Deferment

A postponement of payment on a loan that is allowed under certain conditions and during which interest does not accrue for subsidized loans.

Some common types of deferments are: **In School Deferment**  **Economic Hardship**  **Unemployed**

Other types of deferments may be available and you should obtain specific information from [www.studentaid.ed.gov](http://www.studentaid.ed.gov). Click on “How To Repay Your Loans”.

Forbearance

Allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Some common reasons for getting forbearance are: **Illness**  **Financial Hardship**  **Serving in a medical or dental internship or residency**

See your copy of the Borrowers Rights and Responsibilities Statement for more examples. You can get more information by going to [www.studentaid.ed.gov](http://www.studentaid.ed.gov) and click on “How To Repay Your Loans”.

Default

**Failure to repay a loan according to the terms agreed to when you signed a promissory note.** This failure must persist for 270 days. If you default on a student loan, the lender and the state and federal government all can take action to recover the money. Default may affect your future credit rating and you will not be able to receive additional federal aid if you decide to return to school. Also, you may be liable for expenses incurred in collection of your loan. Finally, the Internal Revenue Service may withhold your income tax refund so that your loan will be repaid. If you default on your loan, you are not eligible for a deferment or forbearance.

Other Obligations to Your Lender:

You must notify your loan servicer if you: (1) change your mailing address, (2) change your name and/or social security number, (3) transfer to another school, (4) drop to below half time, (5) graduate or withdraw.

Until you graduate or leave school, you must also keep your school’s financial aid office informed of these changes.

**If for any reason you cannot make your payments, you must contact your loan servicer.** If you don’t know who is your loan servicer, go to [www.studentaid.ed.gov](http://www.studentaid.ed.gov), roll the cursor on “How To Repay Your Loans”, then roll cursor on “Understanding Repayment” and click on “Loan Servicers” and scroll down to “Who Is My Loan Servicer”.

Loan Cancellation and Consolidation

To qualify for a Direct Consolidation Loan, borrowers must have at least one Direct Loan or Federal Family Education Loan (FFEL) that is in grace, repayment, deferment or default status. Loans that are in an in-school status cannot be included in a Direct Consolidation Loan.
Conditions for cancelling all or part of your loan

*Teacher service*. If you are a new borrower* and are a full time teacher in a low-income elementary or secondary school for 5 consecutive years, you may be able to have as much as $17,500 of your subsidized or unsubsidized loans cancelled. This provision is not available for borrowers of PLUS Loans. For more information, see Student Aid on the Web (www.studentaid.ed.gov)

*You are considered a new borrower if you did not have an outstanding balance on an FFEL or Direct Loan on Oct. 1, 1998, or on the date you obtained an FFEL or Direct Loan after Oct. 1, 1998.*

*Public service*. If you are employed in certain public service jobs and have made 120 payments on your Direct Loans (after Oct. 1, 2007), the remaining balance that you owe may be forgiven. Only payments made under certain repayment plans may be counted toward the required 120 payments. You must not be in default on the loans that are forgiven.

*School-related discharges*. In certain cases, you may be able to have all or a part of your loan cancelled because:

- Your school closed before you completed your program.
- Your school forged your signature on your promissory note or falsely certified that you were eligible to get the loan.
- Your loan was falsely certified because of identity theft (additional requirements apply).
- You withdrew from school but the school didn’t pay a refund that it owed under its written policy or our regulations. Check with the school to see how refund policies apply to federal aid at the school. (see attached document *Treatment of Title IV Aid When a Student Withdraws*)

In general, you must repay your loan even if you don’t graduate, can’t find work in your field of study, or are dissatisfied with the education program.

*Disability, bankruptcy, or death.*

- Your loan may be discharged if you are determined to be totally and permanently disabled and you meet certain requirements during a 3-year conditional discharge period. To apply for this discharge, you must provide a physician’s statement that you became totally and permanently disabled after the loan was made. See your copy of the Borrower’s Rights and Responsibilities Statement for more information on the procedures and conditions for this discharge.
- Your loan may be cancelled if it is discharged in bankruptcy. This is not an automatic process—you must prove to the bankruptcy court that repaying the loan would cause undue hardship.
- For a student who dies, the loan will be cancelled if a family member or other representative provides an original or a copy of the original or certified copy of the death certificate to the Direct Loan Servicing Center.

For more information or to get a cancellation form go online www.studentaid.ed.gov.

**Consolidation**

There may be advantages to consolidating (combining) your federal student loans into one loan, starting with the convenience of making a single monthly payment. Consolidation generally extends the repayment period, resulting in a lower monthly payment. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation since you will be making payments for a longer period of time. Contact the Direct Loan Consolidation Center for more information at 1-800-557-7392. The Direct Loans Consolidation website (www.loanconsolidation.ed.gov) also has an online calculator that you can use to find out how much you’ll pay each month if you consolidate.

**Payments**

So that you will better understand your loan payment, we have incorporated, in this document, an approximate repayment schedule.

**Remember --- Monthly payments must be a minimum of $50**
### Repaying Your Loans: Standard, Graduated, and Extended Repayment Plans

<table>
<thead>
<tr>
<th>Debt</th>
<th>Standard/Extended Plan (10-year repayment period)</th>
<th>Graduated Repayment Plan (25-year repayment period)</th>
<th>Extended/Graduated Repayment Plan (25-year repayment period)</th>
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<tr>
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<td>Payment</td>
<td>Total Paid</td>
<td>Minimum Payment</td>
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</tr>
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<tr>
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<td>$147,138</td>
<td>$719</td>
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**Notes:**
- All estimated payments shown in the chart above are calculated using a fixed interest rate of 3.25%.
- The payment amounts shown in this chart are estimates. Your actual payment amount may differ from these estimates depending on factors such as the interest rate(s) of your loans and the amount of your loan debt. Your loan servicer will provide you with your actual monthly payment amount after you select a repayment plan.
- For the Extended Repayment Plan, an entry of "N/A" means that you are not eligible for this plan based on the amount owed when your loan enters repayment.
- You may use the Repayment Estimator at [Studentaid.gov/Repayment estimator](http://Studentaid.gov/Repayment estimator) to estimate payment amounts based on your actual loan debt.

### Repaying Your Loans: Income Based Repayment Plan (IBR Plan) for Borrowers Who Are Not New Borrowers on or after July 1, 2014

<table>
<thead>
<tr>
<th>Debt</th>
<th>Starting Income of $25,000</th>
<th>Starting Income of $40,000</th>
<th>Starting Income of $60,000</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Initial Payment</td>
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### Repaying Your Loans: Pay As You Earn Repayment Plan (PAYE Plan) for Eligible Borrowers on or after July 1, 2014

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<th>Debt</th>
<th>Starting Income of $25,000</th>
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### Repaying Your Loans: Income-Contingent Repayment Plan (ICR Plan)

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<th>Starting Income of $40,000</th>
<th>Starting Income of $60,000</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Initial Payment</td>
<td>Final Payment</td>
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<tr>
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</table>

**Notes:**
- For the IBR Plan, the Pay As You Earn Plan, and the ICR Plan, the estimated payment amounts shown in the chart above are calculated using a fixed interest rate of 3.25% and the 2013 Poverty Guidelines published by the U.S. Department of Health and Human Services. For the ICR Plan, the calculations use the 2013 income percentage factors. For all three plans, the solutions are based on an assumption that you are single and do not have any children or anyone else in your household.
- You live in one of the eight contiguous states, and your income will increase at a rate of $4 per year.
- The payment amounts shown in these charts are estimates. Your actual payment amount may differ from these estimates depending on factors such as the interest rate(s) of your loans and the amount of your loan debt, your income, and whether and how quickly your income increases.
- For the IBR Plan and the Pay As You Earn Plan, an entry of "Not Eligible" means that you would not have a partial financial hardship based on your loan debt and starting income shown and therefore would not be eligible to initially select the plan.
- You may use the Repayment Estimator at [Studentaid.gov/Repayment estimator](http://Studentaid.gov/Repayment estimator) to estimate your eligibility for the IBR Plan, Pay As You Earn Plan, and to estimate your payment amounts under the IBR, Pay As You Earn, and ICR plans based on your actual loan debt, income, family size, and state of residence.
The following information is provided by Great Lakes Higher Education Guaranty Corporation. The information provided is intended as general information and does not constitute financial advice. For financial advice tailored to your situation, please contact a financial professional.

CREDIT REPORT:  • summarizes an individual’s financial history  • used by creditor to predict risk

CREDIT SCORE:  • a number that predicts the likelihood of repaying debts on time  • based on a mathematical equation that evaluates many types of information in the credit report  • always changing  • each credit bureau offers credit scores for purchase

What’s included in a Credit Score?

☐ Payment History: number of days delinquent; time since last delinquency; number of delinquent accounts
☐ Amounts Owed: total amount owed compared to original loan amount on installment accounts; utilization of credit limits on revolving accounts
☐ Length of Your Credit History: the amount of time since credit accounts have been opened
☐ New Credit: the number and time since recent inquiries for new credit; Note: shopping for rates on major purchase within a 14 day period count as one inquiry; the re-establishment of positive behaviors following past credit problems
☐ Types of Credit Used: the mix of credit types used by the consumer

MAJOR CREDIT BUREAUS:

Experian
745 Anton Blvd.
Costa Mesa, CA 92626
888-397-3742
www.experian.com

Equifax
P.O. Box 740241
Atlanta, GA 30348
800-685-1111
www.equifax.com

TransUnion
P.O. Box 1000
Chester, PA 19022
800-888-4213
www.transunion.com

The Impact of Student Loans on Credit Reports and Scores

Federal Student Loan Reporting Requirements
Lender/Servicer must:
➤ Report information on each student loan it makes to all credit bureaus
➤ Report status changes at least quarterly

To Student Loan Borrowers:
➤ Utilize NSLDS to keep track of federal student loans
➤ Become familiar with the information in their credit reports; consumers are entitled to one free credit report per credit bureau in a 12 month period; official site, www.annualcreditreport.com or 877-322-8228
➤ Choose an affordable payment plan; make payments on time
➤ Contact the servicer immediately for: difficulties making a payment; change payment due date; change payment plans
➤ Catch up on missed payments if they become delinquent

Good Credit Enables Students to:
• Qualify for other consumer loans
• Receive lower interest rates and fees
• Receive lower insurance rates
• Buy a home or rent an apartment
• Secure employment
• Avoid cash deposit requirements
Sample Summary of the Requirements of 34 CFR 668.22
(To Provide Students as Part of Consumer Information)

Treatment of Title IV Aid When a Student Withdraws

The law specifies how your school must determine the amount of Title IV program assistance that you earn if you withdraw from school. The Title IV programs that are covered by this law are Federal Pell Grants, Iraq and Afghanistan Service Grants, TEACH Grants, Direct Loans, Direct PLUS Loans, Federal Supplemental Educational Opportunity Grants (FSEOGs), and Federal Perkins Loans.

Though your aid is posted to your account at the start of each period, you earn the funds as you complete the period. If you withdraw during your payment period or period of enrollment (your school can define these for you and tell you which one applies to you), the amount of Title IV program assistance that you have earned up to that point is determined by a specific formula. If you received (or your school or parent received on your behalf) less assistance than the amount that you earned, you may be able to receive those additional funds. If you received more assistance than you earned, the excess funds must be returned by the school and/or you.

The amount of assistance that you have earned is determined on a pro rata basis. For example, if you completed 30% of your payment period or period of enrollment, you earn 30% of the assistance you were originally scheduled to receive. Once you have completed more than 60% of the payment period or period of enrollment, you earn all the assistance that you were scheduled to receive for that period.

If you did not receive all of the funds that you earned, you may be due a post-withdrawal disbursement. If your post-withdrawal disbursement includes loan funds, your school must get your permission before it can disburse them. You may choose to decline some or all of the loan funds so that you don't incur additional debt. Your school may automatically use all or a portion of your post-withdrawal disbursement of grant funds for tuition, fees, and room and board charges (as contracted with the school). The school needs your permission to use the post-withdrawal grant disbursement for all other school charges. If you do not give your permission (some schools ask for this when you enroll), you will be offered the funds. However, it may be in your best interest to allow the school to keep the funds to reduce your debt at the school.

There are some Title IV funds that you were scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements. For example, if you are a first-time, first-year undergraduate student and you have not completed the first 30 days of your program before you withdraw, you will not receive any Direct Loan funds that you would have received had you remained enrolled past the 30th day.

If you receive (or your school or parent receive on your behalf) excess Title IV program funds that must be returned, your school must return a portion of the excess equal to the lesser of:

1. your institutional charges multiplied by the unearned percentage of your funds, or
2. the entire amount of excess funds.

The school must return this amount even if it didn't keep this amount of your Title IV program funds.

If your school is not required to return all of the excess funds, you must return the remaining amount.
For any loan funds that you must return, you (or your parent for a Direct PLUS Loan) repay in accordance with the terms of the promissory note. That is, you make scheduled payments to the holder of the loan over a period of time.

Any amount of unearned grant funds that you must return is called an overpayment. The maximum amount of a grant overpayment that you must repay is half of the grant funds you received or were scheduled to receive. You do not have to repay a grant overpayment if the original amount of the overpayment is $50 or less. You must make arrangements with your school or the Department of Education to return the unearned grant funds.

The requirements for Title IV program funds when you withdraw are separate from any refund policy that your school may have. Therefore, you may still owe funds to the school to cover unpaid institutional charges. Your school may also charge you for any Title IV program funds that the school was required to return. If you don’t already know your school’s refund policy, you should ask your school for a copy. Your school can also provide you with the requirements and procedures for officially withdrawing from school.

If you have questions about your Title IV program funds, you can call the Federal Student Aid Information Center at 1-800-4-FEDAI (1-800-433-3243). TTY users may call 1-800-730-8913. Information is also available on Student Aid on the Web at www.studentaid.ed.gov.