

FEDERAL DIRECT LOAN REQUIREMENTS

Federal Direct Loan Requirements

You must do both a [Master Promissory Note \(https://studentaid.gov/mpn/subunsub/landing/\)](https://studentaid.gov/mpn/subunsub/landing/) and **Entrance Counseling** online before your money can be requested through the Department of Education.

Both the Master Promissory Note and Entrance Counseling must be completed in order to receive the loan(s) you accepted on myMPTC Student. In this process you will sign for your loans and learn about the funding you have accepted. If you have done this previously while you were a student at Moraine Park, we will have this in your file and you do not need to repeat this process.

If these two items are not completed within 30 days of your loans being offered, they will be canceled.

Students will receive a Direct Loan Disclosure Statement from the Federal Direct Loan Program when their loan has been processed. It will show the total amount of the loan, the disbursement amounts and the estimated disbursement dates. This is an estimate for when the funds will be transferred to Moraine Park, not the date the funds will be released to the student.

Repayment of Loans

[Loan Exit Counseling \(https://studentaid.gov/exit-counseling/\)](https://studentaid.gov/exit-counseling/): The federal government requires that you complete Student Loan Exit Counseling prior to graduating or upon change of status during the school year, such as:

- Falling below half-time status
- Withdrawal from a program.
- Graduating from a program.

The purpose of this counseling is to help you understand your rights and obligations as a student loan borrower; it will guide you through your responsibilities to repayment and help prevent you from going in to default.

Default

The consequences of defaulting (not paying) on your student loan obligation will be the reporting of your nonpayment to a credit bureau and any or all of the following:

1. Loan due and payable immediately.
2. Ineligible for further federal financial aid.
3. Reported to the IRS for offset against future tax refunds.
4. Referred to private collection agency.
5. Subject to legal action.
6. Garnishment of wages.
7. Property liens.
8. Increase of loan interest rate.

Loan deferments and forbearance (<https://studentaid.gov/h/manage-loans/>) are not automatic; they must be applied for.

Loan Deferment

Repayment of student loans may be deferred if the borrower meets specific conditions. Deferments are not automatic and vary depending on the type of loan—contact your servicer. Some reasons for deferments are:

- In-school at least half-time
- Unemployment
- Economic hardship

Unsubsidized and PLUS Loan deferments apply only to the principal. Repayment of the interest begins within 60 days of disbursement unless the lender agrees to let it accrue and capitalize (add on to the principal while the principal is deferred).

Loan Forbearance

If you are unable to make regular scheduled monthly payments, your loan servicer may grant forbearance. Forbearance may be reduced monthly payments, interest-only payments or no monthly payments (interest accrues). Forbearance is not automatic—contact your loan servicer.