Federal Direct Subsidized/Unsubsidized 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.

- **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.

*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.

**Interest Rates & Origination Fees**

Each year, the interest rates will be determined by the 10-year Treasury note rate as of the preceding June 1st plus an additional percentage. The rates will be locked for that following year. A loan disbursed within a particular year will carry that rate for the lifetime of the loan.

Additionally, every Direct Loan is subject to origination fees that are taken out at the time of disbursement. These typically change late fall so early action on loans will ensure favorable fees. Please see the Office of Financial Aid website for the most accurate rates and fees. [http://www.chapman.edu/students/tuition-and-aid/financial-aid/loans/federal.aspx](http://www.chapman.edu/students/tuition-and-aid/financial-aid/loans/federal.aspx)

**Loan Limits**

The maximum amount you can borrow each year in Direct Subsidized and Unsubsidized Loans depends on your amount of completed units and 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:

<table>
<thead>
<tr>
<th></th>
<th>Dependent student¹</th>
<th>Independent student²</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-29 undergraduate units</td>
<td>$5,500 (up to $3,500 subsidized)</td>
<td>$9,500 (up to $3,500 subsidized)</td>
</tr>
<tr>
<td>30-59 undergraduate units</td>
<td>$6,500 (up to $4,500 subsidized)</td>
<td>$10,500 (up to $4,500 subsidized)</td>
</tr>
<tr>
<td>60+ undergraduate units</td>
<td>$7,500 (up to $5,500 subsidized)</td>
<td>$12,500 (up to $5,500 subsidized)</td>
</tr>
<tr>
<td>Graduate/professional</td>
<td>N/A</td>
<td>$20,500 unsubsidized</td>
</tr>
</tbody>
</table>

¹Except those whose parents are unable to borrow a Direct PLUS Loan.
²These 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)

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. You may accept or refuse your loans and other awards online via your student portal (my.chapman.edu).

Entrance Counseling

If you haven’t previously received a Direct 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 FSA ID number.

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 Unsubsidized Loan.

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 for Undergraduate Students**

1. Go to www.studentloans.gov
2. Click on “Sign In” (You will need your U.S. Department of Education-issued FSA ID number)
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 “Notify This 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.”
   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.
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 you are now finished with your loan application. You may log out.

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.

The printed information provided in this guide is accurate as of January, 2016.