**Terms and Conditions of Title IV, HEA Loans**

This document provides pertinent information and an overview of the Title IV Program and the Higher Education Act (HEA). Specific to terms and conditions that govern eligibility, availability and repayment.

**ELIGIBILITY**

To participate in the Title IV and HEA loans, students must complete a Federal Application for Federal Student aid (FAFSA) for the applicable award year. The financial aid package will be determined based off need and eligibility. To understand more, or complete the FAFSA application, please visit [www.studentaid.gov](http://www.studentaid.gov).

For students continuing to future terms, they must meet the minimum requirements for Pennsylvania Institute of Technology (PIT) Satisfactory Academic Progress (SAP) Policy. PIT’s SAP policy is evaluated at the completion of each term, in order for a student to be considered in good standing, must meet both qualitative and quantitative measures of the SAP policy. A GPA of at least 2.0, progressing through the term at a 67% pace or higher and not to exceed 150% of credits attempted. Any students who do not meet the SAP criteria will be informed by PIT.

**MASTER PROMISSORY NOTE / DISCLOSURE OF LOAN TERMS**

A Mater Promissory Note (MPN) is the loan agreement that applies to Federal Direct Stafford/Ford Loans (Subsidized Loans, Unsubsidized and Parent Plus Loans) and is required to receive Federal Loans. Under the MPN, it discusses the loan terms for you to accept. Essentially, the principal amount owed, and are required to repay, will be the sum of all disbursements that are made (unless there is a reduction or cancellation of any disbursements as explained later under Loan Cancellation), plus any unpaid interest that is capitalized and added to the principal balance.

At or before the time of the first disbursement of each loan, a notification will be sent of a disclosure statement identifying the amount of the loan and additional terms of the loan.

The Act specifies annual and aggregate limits on the amount of loans that may be received under the MPN. A request for additional loan funds to pay for educational costs up to the annual and aggregate loan limits is made by contacting PIT’s Financial Aid Office (FAO). The FAO will determine eligibility for any additional loan funds. The student will be notified of any increase or other change in the amount of the loan.

The amount of Direct Subsidized Loans and Direct Unsubsidized Loans a student is eligible to receive may increase or decrease based on changes in financial circumstances. PIT will notify the student of any changes in eligibility. The student will be notified of any increase or decrease in the amount of any loan(s).

The Department of Education (ED) will provide the borrower with a loan servicer to handle billing and other communications related to a borrowed loan.

**ENTRANCE COUNSELING**

Students who participate in The Federal Student Aid Program (Title IV) are required to complete Entrance Counseling if they are financing their education by borrowing the federal direct loan(s). The Entrance Counseling informs students on their rights and responsibilities on their student loans, how to avoid default, their cost of attending school

**LOAN CANCELLATION**

A student has the right to pay back all or part of a loan disbursement within the timeframes set by the Act. Typically, a student has 120 days from the date their federal direct loan is disbursed to cancel all or part of it without incurring interest or fees. If you return the full loan amount within those timeframes, you will not have to pay any loan fee or interest charges. If you return part of a disbursement within those timeframes, ED will reduce the loan fee and interest charges in proportion to the amount returned.

**Before Loan Disbursement**

A loan can be cancelled (or part of a loan) prior to disbursement (paid out) by notifying PIT’s financial aid office

**After Loan Disbursement**

A loan can be cancelled by:

1. Notifying PIT within the proper timeframes to return all or part of the loan
2. Returning some or all of the loan money to the loan servicer

A borrower has the right to turn down a loan or to request a lower loan amount. If less is accepted, than the full amount of the loan offered, an increase can be done (up to the loan limit) within the academic year.

**INTEREST**

The interest rate for any federal loan received has a fixed rate that is calculated in accordance with a formula specified in the HEA. For Direct Subsidized and Unsubsidized loans, the interest rate is calculated annually. This rate will apply to any Direct loans disbursed during the period of July 1st of the present year, and on June 30th of the following year. Interest rates may differ depending on when the loan is first disbursed, and whether you are an undergraduate student and/or graduate or professional student. The Direct loan interest rate for undergraduates is not to exceed 8.25%, and 9.50% for graduate students.

The interest that accrues on a Direct Subsidized Loan during an in-school, grace, or deferment period, and during certain periods of repayment under the Income-Based Repayment Plan does not need to be paid. Interest must be paid that accrues on a Direct Subsidized Loan during all other periods (including forbearance periods), starting on the day after a grace period ends.

Interest that accrues on a Direct Loan(s) during the periods described above, the opportunity is provided to a student to pay the interest that accrues during in-school, grace, deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, ED may capitalize the interest (add it to the principal balance of your loans) at the end of the grace, deferment, forbearance, or other period.

**LOAN LIMITS**

The Department of Education allows students to borrow up to a certain amount of annual loan limits for an Academic Year, as well as a total Aggregate Loan Limit (aggregate loan limits differ for each fund source).

See below: <https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized>

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| **Year** | **Dependent Students (except students whose parents are unable to obtain PLUS Loans)** | **Independent Students (and dependent undergraduate students whose parents are unable to obtain PLUS Loans)** |
| **First-Year Undergraduate Annual Loan Limit** | **$5,500-No more than $3,500 of this amount may be in subsidized loans.** | **$9,500-No more than $3,500 of this amount may be in subsidized loans.** |
| **Second-Year Undergraduate Annual Loan Limit** | **$6,500-No more than $4,500 of this amount may be in subsidized loans.** | **$10,500-No more than $4,500 of this amount may be in subsidized loans.** |
| **Third Year and Beyond Undergraduate Annual Loan Limit** | **$7,500 per year-No more than $5,500 of this amount may be in subsidized loans.** | **$12,500-No more than $5,500 of this amount may be in subsidized loans.** |
| **Graduate or Professional Student Annual Loan Limit** | **Not Applicable (all graduate and professional degree students are considered independent).** | **$20,500 (unsubsidized only).** |
| **Subsidized and Unsubsidized Aggregate Loan Limit** | **$31,000-No more than $23,000 of this amount may be in subsidized loans.** | **$57,500 for undergraduates-No more than $23,000 of this amount may be in subsidized loans.****$138,500 for graduate or professional students-No more than $65,500 of this amount may be in subsidized loans. The graduate aggregate limit includes all federal loans received for undergraduate study.** |

**LOAN FEES**

Per the HEA, the Department of Education charges a loan fee (origination fee) for each Federal Loan that a student, and/or parent, may borrow. The loan fee consists of a percentage of the loan that will be deducted from each disbursement. Origination fees are provided by the Department of Education each year, and the fees are associated with each loan disbursement by the dates of whether the loan(s) is disbursed on October 1st of the current year, and before October 1st or the following year.

**GRACE PERIOD**

Once a student ceases attendance at PIT, whether it be graduation or withdrawal, a six-month grace period is placed on each loan disbursed. During this grace period repayment on the loan(s) is not required, however interest will accrue on the Direct Unsubsidized Loan during the grace period, and if not paid, will capitalize on the principal amount at the end of the grace period. As discussed previously.

**REPAYMENT**

Any students who borrow a Federal Direct loan(s) are bound by the MPN agreement and must abide by the loan terms and repayment plans. The borrower is appointed a loan servicer that will service the life of the loan, and this who they will repay the full loan to in monthly installments. Please refer to the “Loan Terms, Sample Loan Repayment Schedule, and Requirement for Repaying Loans

Student Rights and Responsibilities” disclosure for a list of potential repayment plans.

Borrowers experiencing financial difficulties, or any other life altering hardships could apply for deferments, forbearances or extended repayment plan options to temporarily postpone repayment or reduce monthly installments.

The regulations state that a borrower can prepay all or any part of an unpaid direct loan balance at any time without penalty. In the event the prepaid amount is not specified to which loan, the Department of Education will determine how to apply the prepayment in accordance with the Act.

Once a loan is paid in full, the loan servicer and Department of Education will send you a notice saying that the debt has been paid in full.

**CONSOLIDATION**

Borrowers are entitled to combine multiple federal loans into a single Direct Consolidation Loan. This could help simplify the repayment process.

**NON-REPAYMENT AN DEFAULT**

If a borrower chooses not to repay their student loan(s), this could result in detrimental financial consequences. This includes garnishment of working wages, decreasing and damaging credit scores and tax refund offset. In addition, the borrower will accrue interest, delinquent, collection and default fees that will be applied to the principal balance, increasing the overall balance that was originally borrowed. If a borrower is defaulted on any student loans, they are ineligible for any federal direct aid for continuing education until the default status is resolved.

The Department of Education provides options, as mentioned above, to avoid default and these serious consequences.

**IMPORTANT INFOMRATION REPORTED**

Information about any borrowed loan(s) will be reported to the nationwide consumer reporting agencies (all credit bureaus), as well as the National Student Loan Data System. Including disbursement dates, loam amount and the repayment status of the loan. As noted above, if any late payments, delinquencies or default statuses occur, they will be reported to both parties.

For a more detailed, in-depth review on loan terms please complete and review the Master Promissory Note that can be completed at <https://studentaid.gov/mpn/>.