FEDERAL DIRECT UNSUBSIDIZED STAFFORD LOANS
FEDERAL GRADUATE PLUS LOANS

INFORMATION, GUIDELINES, AND POLICY
for Master of Divinity, Master of Arts and Master of Sacred Theology

INTRODUCTION
All sources of financial aid have some kind of eligibility requirements. Eligibility for most federal student aid programs is based on financial need rather than academic achievement. While the subject of financial need is quite complex, graduate students have only to concern themselves with completing the FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA). The FAFSA collects identifying information used to track the student (name, social security number, etc.) and financial information that affects basic eligibility. Incomplete answers and errors cause delays in processing and verifying loan applications.

TYPES OF FEDERAL EDUCATIONAL LOANS

Federal Direct Unsubsidized Loan
A student may receive an Unsubsidized Direct Loan, even if there is no demonstrated financial need, but this loan cannot exceed educational costs minus other aid. The student will be charged the interest, 6.8%, from the time the loan is disbursed until it is paid in full. If the student allows the interest to accumulate, it will be capitalized -- that is, the interest will be added to the principal amount of the loan and additional interest will be based on the higher amount. If the student chooses to pay the interest as it accumulates, less interest will be paid in the long run.

As of July 1, 2007, graduate students can borrow up to $20,500 each academic year. A student may receive less than these yearly maximums if he/she receives other financial aid that is used to cover a portion of the cost of attendance.

The loan may be deferred while the student is enrolled; must be a minimum of half-time enrollment. This is also deferred for six months after graduation or if a student drops below half-time enrollment. Interest accrues during these times.

Federal Graduate Plus Loans
The Graduate Plus Loan is a federally sponsored loan for students attending graduate school. This program allows you to borrow funding for the total cost of your education less any financial aid awards, including a Federal Direct Loan. A Federal Graduate PLUS Loan is a non-need based loan given by a private lender to creditworthy graduate students. The interest rate is fixed at 7.9%. Origination fees apply.

Repayment begins on the date that the loan is fully disbursed. The first payment is due 60 days after that date. Graduate borrowers who are enrolled at least half-time qualify for an automatic in-school deferment. Interest will accrue during the in-school period. If a student should drop below half-time, the Graduate Plus Loan borrower is not entitled to a grace period.
GENERAL ELIGIBILITY REQUIREMENTS

- Accepted in a Seminary degree program and enrolled at least halftime.
- Be a citizen or eligible non-citizen.
- Have a valid Social Security Number.
- Sign a statement on the FASFA certifying that you will use federal student aid only for education purposes.
- Make satisfactory academic progress as defined by the Seminary.
- Not in default on any prior Title IV educational loan and do not owe money back on a federal student grant.
- Have registered for Selective Service if required

Additional Eligibility Requirements for the Graduate Plus Loan

- Students should apply for the maximum annual amount through the Federal Direct Loan Program. (Please note: A student is not required to receive Federal Direct Loan funds as a condition for receiving a Graduate PLUS Loan. However, if a student rejects the Direct Loan funds, Pittsburgh Theological Seminary must document the rejection in the student's file.)
- Be creditworthy or have a creditworthy co-borrower.

Eligibility is based on financial need as stipulated by Federal Methodology, a method used to calculate a student's expected contribution. All graduate students are considered independent and therefore parental financial information is not a factor in determining eligibility.

PROCESS AND GUIDELINES

Completing the Free Application for Federal Student Aid (FAFSA) is the first step in applying for federal assistance for graduate/professional education. The FAFSA is the official form used to provide a need analysis and determine the Expected Family Contribution (EFC).

When applying for federal aid, the information you reported is used in a formula established by the US Department of Education. This formula determines your EFC, an amount you and your family are expected to contribute toward your education. The required Statements of Educational Purpose, and Refunds and Defaults are posted in the FAFSA.

The output document of the FAFSA, the Student Aid Report (SAR), is either mailed or emailed directly to the student. The student should carefully review the SAR. The loan certification cannot begin until the SAR has been received. If Pittsburgh Theological Seminary is listed as the one of the student's schools of choice on the FASFA, the Seminary should receive the SAR electronically from the US Department of Education.

Next, new borrowers must complete the Federal Direct Unsubsidized Loan Master Promissory Note (MPN) or the Graduate PLUS Promissory Note (PLUS MPN), available on-line at www.studentloans.gov. Students who borrowed during the past academic year are not required to complete a new MPN. Under the MPN process, all borrowers sign the promissory note once, and can be used at all Title IV schools for ten years.

The Master Promissory Note is a legal document requiring the student to repay the loan. Students transferring mid-year must contact the Financial Aid Office. The Financial Aid Office will assist in determining the student's eligibility for the current academic year. Confirmation of the current year's loan eligibility must establish through the National Student Loan Database before a loan can be certified for enrollment at Pittsburgh Seminary.
Students whose Student Aid Report, SAR, indicates a prior problem with exceeding the loan limit under the program, or is in default on any loan under the GSL, ICL, NDSL or Perkins Loan Programs, may not borrow in the Federal Direct Education Loan Program until the matter has been resolved. The student initiates the resolution of all such cases and all documents concerning relief from the existing ineligibility must be presented to the Financial Aid Office.

If the Department of Education’s federal processor selects a FAFSA, Free Application for Federal Student Aid, then the Financial Aid Office has the authority to require certain documentation before a loan can be originated. No loan application will be certified until all forms submitted to the Financial Aid Office and the verification process has been completed. Therefore, students should return all forms to the Financial Aid Office within thirty days of the start of the term. It is recommended that students turn in their loan forms by June 1 for the start of the academic year. This will provide ample time for the student’s loan funds to arrive for September. However, loans can be originated up until the last day of the academic year.

If it is determined that a student has received funds which they were not eligible to receive, the student must repay the amount. If a repayment is not made, the overpayment must be referred to the US Department of Education. No further applications for financial aid will be processed by the US Department of Education or the seminary’s financial aid office.

There are certain categories for which the regulations allow an increase to this budget in determining need, which include (but not limited to):

- Disability related expenses
- Certain childcare costs
- Computer purchase (may only be used once)
- Students applying for federal aid who believe they have allowable expenses, which could be used to increase their budgets, should document these expenses and request an appointment with the Director of Financial Aid.

**OTHER SOURCES OF FINANCIAL AID**

When certifying a Federal Direct Unsubsidized Loan or a Federal Graduate PLUS Loan, the Director of Financial Aid must consider other aid available to the student, as well as the amount the student can contribute (the EFC). Therefore, students must notify the Financial Aid Office of any awards, scholarships, prizes, etc. that they receive either prior to or after they apply for a loan through the Federal Direct Loan Program. This is a serious student responsibility. When financial aid exceeds the student’s demonstrated need, an overaward occurs. Overawards frequently require recertifying the student loan. This often means that the student is denied future loan disbursement funds, or may even have to return funds already disbursed.

Keep overaward regulations in mind: The institution must withhold and promptly return to the lender any disbursement not yet delivered to the student that exceeds the amount of assistance for which a student is eligible, taking into account other financial aid obtained by the student.
SATISFACTORY PROGRESS for FEDERAL LOANS
The Seminary Satisfactory Academic Progress Policy requires that a student maintain a cumulative GPA of at least 2.0 as a qualitative measure of progress. To ensure that a student is making quantitative progress, policy requires a full-time student to complete at least twenty-seven credits per academic year; part-time students must complete 18 credits per year (six credits per term). Assessment of a student's academic progress compares the number of credits attempted to the credits successfully completed, to see if the rate of progress indicates the student will finish the program within the maximum time allowed. As stated in the Catalog, M.Div. students must complete the M.Div. program within six years after entering the program; M.A. students have four years to complete the M.A. program; S.T.M. students have three years to complete the S.T.M. program. If the student takes longer to complete his/her degree program than the policy on quantitative progress allows, he/she must request permission to extend the period of study from the Dean of Faculty. See PTS website for more details.

SELECTIVE SERVICE REQUIREMENT
Another condition necessary for student loan eligibility is registration with Selective Services. If the law requires, you must register with Selective Service to receive federal student aid. The requirement to register applies to males who were born on or after January 1, 1960, are at least 18 years of age, are citizens or eligible non-citizen, and are not currently on active duty in the US Armed Forces. Students who have questions about their Selective Service registration status may contact the Selective Service Department at 1-847-688-6888 or log on www.SSS.GOV.

INTERVIEWS
Students should be knowledgeable about their student loans. Pittsburgh Theological Seminary strictly enforces the government regulation that first-time borrowers may complete an Entrance Interview at www.StudentLoans.gov. It is also a Federal requirement for all students with any type of Federal Student Loan to complete an exit interview prior to the time of departure from the seminary. Exit Interviews may also be completed on-line at www.StudentLoans.gov.

CHANGE OF ENROLLMENT STATUS
If, after obtaining a Stafford Loan, the borrower enrolls less than half time, fails to enroll during the period for which the loan was intended, or is otherwise found to be ineligible for the loan, it is the student's responsibility to notify both the Financial Aid Office. If, for any reason, a student leaves school or drops to less-than-half-time status without notifying the Registrar's Office, the student's last day of attendance in class will be used as the official withdraw date. Generally, there is a six-month grace period before repayment begins.

DEFERMENT REQUESTS
Pittsburgh Theological Seminary participates with the National Student Loan Clearinghouse (NSLCH) to process our Student Status Confirmation Reports. Because the seminary will report all students' enrollment status to the NSLCH, borrowing students no longer need to complete additional forms for deferment unless their lender still requires the paper form.
**DRUG-FREE SCHOOLS**
The Seminary is committed to providing an academic environment in compliance with The Drug Free Schools and Communities Act Amendments of 1989 (Public Law 101-226). The unlawful manufacture, distribution, possession or use of a controlled substance on Seminary property or off-site while on Seminary business is strictly prohibited. Violations of this policy will result in disciplinary action up to and including dismissal, and/or mandatory participation in and successful completion of a drug assistance or rehabilitation program approved by an appropriate health or law enforcement agency.

**DELIVERY OF LOAN PROCEEDS**
Your promptness and cooperation in completing the forms and submitting them to the Financial Aid Office will help speed up the loan application process. It is a Federal Regulation that your loan funds cannot be disbursed until all documents are in the Financial Aid Office.

Once the loan has been approved, the Department of Education will electronically transfer the loan proceeds to the educational institution. The loan is divided equally between the terms that it covers. One third pays in Term I, one third in Term II, and the final disbursement in Term III. Students may request a one or two term loan. The Department of Education will remove fees before the loan disburses.

Once the Seminary has electronically received the loan disbursement, the student’s account will be credited with the loan proceeds within three business days. Funds from the loan will be applied to any outstanding balance on the account to the loan period specified.

Anytime the delivery of a federal loan disbursement creates a credit balance on a student’s account, the school will refund the credit balance directly to the student within ten business days. A student must make a written request to the Business Office if they wish to have their loan proceeds remain on their student account to satisfy future charges for all or part of the specified loan period. All credit balances created by the disbursement of a federal loan must be refunded directly to the student by the end of the specified loan period.

Loan proceeds may only be used to pay for expenses incurred within the loan period. It is Seminary policy to use student loan funds first to balance the student's account; only then are other student aid funds applied to the account. All refunds must be made to the student before the end of the loan period for which the money was borrowed.

**FURTHER DETAILS**
Additional details can be found in the Pittsburgh Theological Seminary’s Student Handbook, Catalog, and website.