

## Student Loan Policies and Procedures at NOVA

All aid types awarded by NOVA require that a student meets the [Satisfactory Academic Progress](#) requirements and the requirements for each type of aid. In order to borrow from any of the loan programs offered at NOVA, the student must be enrolled half-time. Eligibility is confirmed at the point of loan awarding and certification and again prior to disbursement. Students who do not meet eligibility criteria will have loan funds returned to the lender.

### **Federal Direct Loans**

- NOVA participates in the Direct Loan Program. Student loans are borrowed from the federal government.
- All loans must be repaid by the borrower and should be taken with extreme caution and forethought. Failure to repay a loan will negatively affect the student for years.
- Loans initially offered in the myNOVA Student Information System (SIS) under [View Financial Aid](#) show potential eligibility. To accept an offered loan (or a reduced amount) the student must accept the amount they wish to borrow in myNOVA each year and complete a Master Promissory Note and Loan Entrance Counseling at <https://studentaid.gov/> the first year.
- Until both the Master Promissory Note and Loan Entrance Counseling are completed, a student cannot use a loan to offset tuition and fees or to purchase books at the campus bookstore.
- Fall/Spring loans will have two disbursements; half in the fall term and half in the spring term if the student maintains eligibility. One-semester loans will be disbursed at the beginning of the term. Summer is a separate loan period.
- Loans for fall, spring and the following summer term combined cannot exceed annual maximums.
- Whether subsidized or unsubsidized, the minimum loan amount that NOVA will process is \$200 per term (fall/spring) and \$150 for summer.
- Loans and other financial aid are to be used only for costs pertaining to higher education attendance. The total amount of aid offered, including student loans, cannot exceed the cost of attendance and subsidized loans cannot exceed unmet financial need.
- In circumstances where need is reduced after a subsidized loan disbursement has been made (e.g., Cost of Attendance (COA) changes due to enrollment level below full-time status, other COA component changes, or additional educational resources are made known to NOVA, etc.), NOVA reserves the right to change subsidized loan amounts to an unsubsidized loan where possible to prevent an over-award or an immediate repayment by the student. The student always has the right to repay the amount due to eliminating the unsubsidized loan.
- Students cannot be in default on a federal student loan or they must have made satisfactory arrangements to repay a defaulted loan.
- Students cannot receive a student loan or other aid if they owe money back on a federal student grant and have not made satisfactory arrangements to repay any such overpayment.
- Students cannot borrow in excess of the loan limits under Title IV programs at any institution.
- Students cannot request/receive loans from another school for the same period or an overlapping loan period if the total borrowed exceeds annual or lifetime maximums.
- Loans are credited to student accounts at NOVA. After school costs are covered, excess amounts will be refunded to the student in accordance with [NOVA's refund policies](#), to be used for other educational costs.

- Loan disbursements for students not attending at least six credits or not meeting Satisfactory Academic Progress requirements will generally be returned to the lender. Aid cannot be disbursed until a student has attended at least 6 credits past the course census date.
- Prior to the term census date, Cost of Attendance (COA) budgets and loan eligibility are calculated based on anticipated full-time attendance. If COA must be reduced due to less than-full-time attendance, accepted subsidized loan amounts over the amount of the student's need will be changed to unsubsidized loans (whether or not an unsubsidized loan was originally accepted) if the student maintains loan eligibility, need is no longer sufficient to accommodate the original subsidized amount, and COA allows the additional unsubsidized amount. If the student does not want the unsubsidized loan, the student always has the right to return the loan proceeds and cancel the loan.
- Additional information regarding loans is provided at <https://www.nvcc.edu/admissions/financialaid/types-of-aid/loans/index.html>.

**Federal Perkins Loan Program (FPL)** – The Federal Perkins Loan program ended on September 30, 2017. If students previously received a Perkins Loan at NOVA, they may contact University Accounting Service at 1-800-999-6227 if they have questions about their Perkins Loan or repayment.

**Federal Direct Loans** – NOVA participates in the Direct Loan Program. These loans are borrowed from the federal government. Accepted loans are listed on the National Student Loan Database (NSLDS), where students can also monitor their loan history and outstanding loan balances.

**Federal Direct Subsidized Loan** – To be eligible for the Federal Direct Subsidized Loan, a student must show need and be enrolled at least half-time. The government subsidizes the loan by paying the interest for the student during periods of at least half-time enrollment and for a six-month grace period following the student's graduation or withdrawal from college. First-year students are eligible for up to a maximum of \$3,500; students reaching sophomore status can borrow up to \$4,500.

**Federal Direct Unsubsidized Loan** – The terms of the Federal Direct Unsubsidized Loan are slightly different than those of the Federal Subsidized Loan. A student is not required to show need for the Federal Direct Unsubsidized Loan, and interest is the student's responsibility from the beginning. The government does not pay interest for a student. Eligibility for the Federal Direct Subsidized Loan is considered first; if the maximum limit of \$3,500 for freshmen or \$4,500 for sophomores has not been met, the Federal Direct Unsubsidized Loan will be considered to fill the Expected Family Contribution/Student Aid Index and reach the maximum eligibility limit. Dependent students can borrow an additional \$2,000 of the Federal Direct Unsubsidized Loan; independent students, and dependent students whose parents are denied a PLUS, can have up to \$6,000 of additional unsubsidized eligibility. Unsubsidized loans cannot be awarded unless the student has unmet cost of attendance.

## Federal Direct Loan Limits

### Dependent Students (except when parents are denied a PLUS)

Class Standing	Base Amount	Additional Unsubsidized	Total	Aggregate Limit
Freshman	\$3,500	\$2,000	\$5,500	\$31,000 with a maximum \$23,000 in Direct Subsidized Loans
Sophomore	\$4,500	\$2,000	\$6,500	

### Independent Students (and dependent students whose parents are denied a PLUS)

Class Standing	Base Amount	Additional Unsubsidized	Total	Aggregate Limit
Freshman	\$3,500	\$6,000	\$9,500	\$57,500 with a maximum \$23,000 in Direct Subsidized Loans
Sophomore	\$4,500	\$6,000	\$10,500	

**Direct Parent Loan for Undergraduate Students (PLUS)** – The PLUS loan is available to parents of dependent students to help meet the remaining costs of education. Maximum eligibility is the total cost of education minus financial aid.

**Important:** Information on current interest rates and fees for Subsidized and Unsubsidized Direct Loans as well as Parent PLUS loans is provided at <https://studentaid.gov/understand-aid/types/loans/interest-rates>.

## Packaging Student Loans

Subsidized and Unsubsidized Federal Direct Loans are included in the packaging plan at NOVA. Normal packaging will include the maximum known annual eligibility for the student at the time of the award. PLUS loans are not packaged but will be added with parental request as eligibility exists. NOVA will rescind loan offers if information is received that indicates student ineligibility for the loan or the amount offered such as the student exceeding annual or lifetime aggregates, loans recently defaulted, overpayments, etc.

Under federal regulations 34 CFR 685.301(a)(8), NOVA has the right on a case-by-case basis to deny loans. **NOVA may deny loans on a case-by-case basis for the following reasons:**

- The student is entering a new program of study and has insufficient loan eligibility remaining to complete the new program of study.
- The student has existing student loan debt that approaches or exceeds undergraduate aggregate limits (\$31,000 with a maximum \$23,000 in Federal Direct Subsidized Loan for dependent students; \$57,500 with a maximum \$23,000 in Federal Direct Subsidized Loan for independent students), regardless of whether previous loans were taken as an undergraduate student or graduate student or whether the outstanding balance is due to principal or principal plus interest.
- The student previously defaulted on a student loan and has existing student loan debt from all sources equal to or greater than half the maximum aggregate limit in either subsidized or unsubsidized loans for the student's status as a dependent or independent student.
- PLUS loans for parents may be denied if the parent has cumulative subsidized, unsubsidized, Perkins and PLUS loan debt exceeding subsidized and unsubsidized loan limits.
- Other circumstances that strongly indicate an unwillingness to repay or loan program abuse.

## Additional Points for Consideration in Awarding/Revising Loans

NOVA must determine eligibility at the point of loan certification and again at the point of loan disbursement.

Reasons that loans must be denied include, but are not limited to:

- The student has not submitted requested documents or resolved holds, and the requirement has not been temporarily waived.
- The student has failed Satisfactory Academic Progress requirements.
- Information is received that indicates ineligibility for the loan.
- The student has already borrowed the annual maximum.
- The student has exceeded the lifetime maximum.
- The student is in default on a loan.
- The student is not attending at least 6 credits. For Direct Loans the courses must be [required to complete the eligible program](#) of study at NOVA.

### **34 CFR 685.301(a)(8) Origination of a loan by a Direct Loan Program School**

A school may refuse to originate a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan or may reduce the borrower's determination of need for the loan if the reason for that action is documented and provided to the borrower in writing, and if —

- (i) The determination is made on a case-by-case basis;
- (ii) The documentation supporting the determination is retained in the student's file; and
- (iii) The school does not engage in any pattern or practice that results in a denial of a borrower's access to Direct Loans because of the borrower's race, gender, color, religion, national origin, age, disability status, or income.