



2025-2026 DIRECT LOAN OBLIGATION AND RESPONSIBILITIES

I have read and I understand the conditions of borrowing a Federal Direct Loan for attendance at Alpena Community College and I have read and I understand the Financial Aid policies are available on ACC's website.

I acknowledge that loan funds will be used to assist in meeting my educational costs. Loan proceeds may not be used to purchase or lease an automobile, go on vacations, or other non-educational expenses.

I understand that if I am a first year, first time loan borrower, my loan funds will not be disbursed until at least 30 days after the start of the new semester.

I understand I must be enrolled in and *attending* six or more eligible degree applicable credits to receive loan funds for each semester.

I understand that the actual amount of the loan may be less than the amount I have requested due to my loan eligibility and grade level.

I understand that I must meet ALL Satisfactory Academic Progress (SAP) standards **each semester** to be eligible to receive a loan. Repeat coursework rules apply as do attending course hours. Failure to comply will result in loss of eligibility and any undisbursed portion of my student loan will be canceled.

I understand that eligibility for subsidized loans is limited to 150 percent of my program if I am a new borrower with a zero balance as of 7/1/2013 through June 30, 2021.

Time Limitation on Direct Subsidized Loan Eligibility for First-Time Borrowers on or after July 1, 2013 through June 30, 2021.

I understand that Financial Aid staff may use professional judgment to decline or reduce the loan requested for students at risk to default on a case-by-case basis per HEA Sec. 479(A)(c), 34 CFR 685.301(a)(8), DCL GEN-11-07. In circumstances when professional judgment is used, a written explanation will be provided to the student.

I understand that in response to default prevention and management, I may be required to meet with Financial Aid

staff prior to the loan certification if I have (had) academic performance difficulties including but not limited to withdrawing or failing to

complete course(s) and/or being placed on Warning or Probation SAP status for Financial Aid. I understand academic performance from schools other than Alpena Community College may be taken into consideration when determining if I must meet with financial aid staff.

I understand that Alpena Community College is committed to default prevention and management and strives to limit loan defaults and the debt of students. A high loan default rate may affect all Alpena Community College students' eligibility for grants, loans, and Federal Work Study.

I understand that in response to Alpena Community College's Default Prevention and Management Plan, if I am a first time student loan borrower at Alpena College, I may be required to complete further loan counseling.

I understand that my total financial aid awards cannot exceed my cost of attendance/budget. If additional grants, scholarships or other awards are added after a loan has been awarded, but prior to disbursement, my loan amounts may be reduced to accommodate the new awards, or the new awards may not be offered.

I understand that I may be required to complete *enhanced* loan entrance and/or exit counseling and financial literacy education on an annual basis as a borrower and/or upon reaching a specific level of total loan debt.

I understand that fees will be deducted from each loan disbursement by the Department of Education.

I understand that for Direct Subsidized and Unsubsidized loans with a first disbursement on or after Oct. 1, 2020 and before October 1, 2026, the loan origination fee will be **1.057%** of the principal loan amount. For loans disbursed after October 1, 2026, the loan origination fee is subject to change.

I understand that loans disbursed on or after 7/1/25 and before 7/1/26 are subject to a **6.39%** interest rate. Loans disbursed after 7/1/25 have an interest rate that has not been

published by the Department of Education at this time. Please visit: <https://studentaid.gov>.

I understand that interest on Subsidized Loans is paid by the taxpayers while I am enrolled in and complete at least six credit hours each semester.

I understand that interest on an unsubsidized loan will begin to accrue immediately after the first disbursement. I understand that while I am in college, if I choose not to pay the interest as it accrues, this will increase the total amount that I have to repay.

I understand that I must repay my loan according to my repayment schedule even if I do not complete my academic program, drop out, I am dissatisfied with the education I received or I am unable to find employment after I graduate.

CONSEQUENCES OF DEFAULT (not paying your student loans)

Your loans may be turned over to a collection agency and you will be charged collection costs. These may include court and attorney fees.

Your defaulted loans will appear on your credit history for up to 7 years after the default is paid. The U.S. Department of Education reports defaulted loans to TransUnion, Equifax and Experian.

You can be sued in federal district court for the entire loan amount, your federal and state income tax refunds may be intercepted, and your wages may be garnished.

You may be unable to obtain a professional state license, you may not be approved for a car loan or a mortgage loan, and you may be turned down for federal/state jobs.

You will become ineligible for federal financial aid programs like Pell Grant, SEOG, and Federal Student Loans.

I understand that inaccurate or incomplete loan application information will delay loan processing.

I will promptly contact my Direct Loan Servicer(s) and the Financial Aid Office when I graduate or withdraw from school, carry less than six credits per semester, or change my name and/or address.

I understand that failure to meet the terms of loan repayment may require the entire amount of the loan, plus collection and legal costs to become repayable immediately.

I understand that if my student account has a balance from tuition charges or other fees, that this balance will be deducted from my student loan disbursement. If my student loans exceed the total charges, my account will have a credit balance and a refund will be made to me by check.

CANCELLING YOUR LOAN

Before your loan money is disbursed, you may cancel all or part of your loan by notifying your school. After your loan money is disbursed, the student may:

Notify the school in writing that you want to cancel all or part of the loan within 14 days after the loan is certified or by the first day of the semester, whichever is later.

If you ask your school to cancel all or part of your loan outside the timeframes described above, your school may process your cancellation request, but it is not required to do so.

If you do not understand or have questions about this information, please schedule an appointment with the ACC Financial Aid Staff by calling 989-358-7286.