
Federal Direct Loan Terms and Conditions

Federal Direct Loans are loans provided by the U.S. Department of Education to help students pay for educational expenses. Loans must be repaid with interest, even if a student does not complete their program.

Direct Loans include subsidized loans, which do not accrue interest while the student is enrolled at least half-time, and unsubsidized loans, which begin accruing interest at the time of disbursement.

Loan terms include fixed interest rates, origination fees, and a variety of repayment options. Most loans enter repayment after a student graduates, leaves school, or drops below half-time enrollment, following a grace period.

Borrowers should review the terms of the Master Promissory Note (MPN), which outlines the legal obligations and repayment terms of the loan. Borrowers are responsible for understanding the terms of their loans, completing required loan agreements (Master Promissory Note), maintaining contact with their loan servicer, and making timely payments. Options such as deferment, forbearance, and income-driven repayment plans may be available under certain circumstances.

For additional information about Federal Direct Loan terms and conditions, including current interest rates, fees, and repayment options, visit [FSA's Federal Student Loans page](#).

Loan Repayment and Borrowing Responsibility

Loans are a form of financial aid that must be repaid with interest. Students should carefully consider their borrowing needs and only borrow what is necessary to cover educational expenses.

The total amount repaid will depend on the amount borrowed, the interest rate, and the selected repayment plan. Monthly loan payments will vary based on these factors.

For example, a student who borrows federal student loans may have monthly payments that extend over a standard 10-year repayment period or longer, depending on the repayment plan selected.

Students can estimate their monthly loan payments and explore different repayment options using the [Federal Student Aid Loan Simulator](#).

Borrowers are responsible for repaying their loans even if they do not complete their program, are unable to find employment, or are dissatisfied with their education. Failure to repay loans may result in delinquency or default, which can negatively impact credit and result in collection activity.

Entrance Counseling

First-time federal student loan borrowers are required to complete entrance counseling before receiving loan funds.

Entrance counseling provides important information about loan terms and conditions, interest, repayment obligations, and borrower rights and responsibilities. This process helps ensure that students understand their responsibilities before borrowing.

Entrance counseling must be completed online at:

<https://studentaid.gov/entrance-counseling/>

Exit Counseling for Student Loan Borrowers

Students who have received federal student loans are required to complete **exit counseling** when they graduate, withdraw from the university, or drop below half-time enrollment.

Exit counseling is required for borrowers under the Federal Direct Loan, Federal Family Education Loan (FFEL), and Federal Perkins Loan programs.

This process provides important information about loan repayment, including repayment options, timelines, interest, and borrower rights and responsibilities. Students will also be required to update contact information to assist with loan servicing and repayment.

Exit counseling helps ensure that borrowers understand their obligations and are prepared to successfully manage repayment of their student loans.

Exit counseling is completed online at:

<https://studentaid.gov/exit-counseling/>

Private Loan Certification

Students who choose to apply for a private (alternative) education loan must complete the application process with a lender of their choice. Private loans are credit-based and are not part of the federal student loan program.

As part of this process, Elmhurst University is required to certify all private education loans. Certification confirms the student's enrollment status, cost of attendance, and other financial aid received to ensure that the loan amount does not exceed allowable limits.

The university will review and certify private loan requests after the student has been approved by the lender. Loan funds will not be disbursed until the certification process is complete.

Students are encouraged to carefully review loan terms and compare lenders before borrowing.

Additional information about private loan options is available on the <https://www.elmhurst.edu/admission/financial-aid/types-aid/loans/>

Code of Conduct for Education Loans

Elmhurst University maintains a Code of Conduct for Education Loans that governs the ethical responsibilities of financial aid staff and ensures that student loan decisions are made in the best interest of students.

This policy prohibits conflicts of interest, including revenue-sharing arrangements with lenders, and restricts gifts or incentives that could influence loan decisions.

View the full Code of Conduct at:

<https://www.elmhurst.edu/admission/financial-aid/policies-faqs/code-of-conduct/>