

Federal Direct Loan Information

Direct Loans, from the William D. Ford Federal Direct Loan Program, are low-interest loans for eligible students to help cover the cost of higher education. Eligible students borrow directly from the U.S. Department of Education at participating schools.

Most students who complete the Free Application for Federal Student Aid (FAFSA) are eligible for Direct Student Loans. Direct Loans are the best student loans available for college students. A student can borrow money in their own name. They do not need a co-signer, and they are not required to go through a credit check. Interest rates are fixed, and repayment begins six months after the student graduates or ceases to be enrolled at least half-time. We advise students to borrow the minimum amount of loan funds they need. Eligible students must be enrolled at least part-time (6 credit hours for undergraduates and 3 credit hours for graduates) in an eligible program.

Direct Loans include the following types of loans:

- **Direct Subsidized Loans**—Direct Subsidized Loans are for undergraduate students with financial need. Your school will review the results of your FAFSA and determine the amount you can borrow. You are not charged interest while you're in school at least half-time and during grace periods and deferment periods.
- **Direct Unsubsidized Loans**—You are not required to demonstrate financial need to receive a Direct Unsubsidized Loan. Like subsidized loans, your school will determine the amount you can borrow. Interest accrues (accumulates) on an unsubsidized loan from the time it's first paid out. You can pay the interest while you are in school and during grace periods and deferment or forbearance periods, or you can allow it to accrue and be capitalized (that is, added to the principal amount of your loan). If you choose not to pay the interest as it accrues, this will increase the total amount you have to repay because you will be charged interest on a higher principal amount.

Annual and Aggregate Loan Limits

There are limits on the maximum amount you are eligible to receive each academic year (annual loan limit) and in total (aggregate loan limits). The actual amount you can borrow each year depends on your year in school, whether you are a dependent or independent student, and other factors, and may be less than the maximum amounts shown in the loan limit chart. Your school will determine what types of loans and how much you may borrow.

Depending on your financial need, you may be eligible to receive a subsidized loan for an amount up to the annual subsidized loan borrowing limit for your level of study. If you have education expenses that have not been met by subsidized loans and other aid, you may also receive an unsubsidized loan so long as you don't exceed the combined subsidized and unsubsidized annual loan limits.

The following chart provides maximum annual and aggregate loan limits for subsidized and unsubsidized Direct Loans. Student recipients may not exceed their annual and/or aggregate borrowing limits. These annual loan limit amounts are the maximum yearly amounts you can borrow in both subsidized and unsubsidized loans. You can have one type of loan or a combination of both. Because you can't borrow more than your cost of attendance minus any other financial aid you'll get, you may receive less than the annual maximum amounts. Also, the annual loan limits assume that your program of study is at least a full academic year.

Year	Dependent Undergraduate Student	Independent Undergraduate Student (and dependent students whose parents are unable to obtain <u>PLUS Loans</u>)	Graduate and Professional Degree Student
First Year	\$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.	\$20,500— (Unsubsidized only)
Second Year	\$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 and Beyond (each year)	\$7,500—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.	
Maximum Total Debt from Direct Loans When You Graduate (aggregate loan limits)	\$31,000—No more than \$23,000 of this amount may be in subsidized loans.	\$57,500—No more than \$23,000 of this amount may be in subsidized loans.	\$138,500—No more than \$65,500 of this amount may be in subsidized loans. The graduate debt limit includes Direct Loans received for undergraduate study.

*Annual limits include fall, spring, and summer.

Funds are disbursed at the beginning of each semester by the institution, or when student eligibility for funding is determined within a given payment period. Your school will use your loan money first to pay for tuition and fees, room and board, and other school charges. If any loan money remains, you'll receive the funds by check or other means. Entrance Loan Counseling and a signed Master Promissory Note (MPN) must be on file prior to disbursement of funds.

Current interest rates:

Direct Subsidized Loans:

- **Undergraduate students**— for loans first disbursed on or after July 1, 2018, but before July 1, 2019 the interest rate is fixed at 5.05%. If you are a previous loan borrower, the interest rate for previous loans is determined from the point in which you first borrowed your loan. The interest rates have been a fixed rate since July 1, 2006. Each year a new rate will be set based on the 10-year Treasury note index and be tied more closely to market rates, capping at 8.25%.
- **Direct Unsubsidized Loans**— for loans first disbursed on or after July 1, 2018, but before July 1, 2019 the interest rate is fixed at 5.05% for undergraduate students and 6.60% for graduate students. Each year a new rate will be set based on the 10-year Treasury note index and be tied more closely to market rates, capping at 8.25% for undergraduate students and 9.50% for graduate students.

There is also a net origination fee on all Direct Subsidized and Unsubsidized Loans. For Loans first disbursed on or after October 1, 2017 and before October 1, 2018 the loan fee was 1.066%. For Loans first disbursed on or after October 1, 2018 and before October 1, 2019 the loan fee will be 1.062%. We will deduct the loan fee proportionately from each loan disbursement.

Students receiving Title IV educational loans will have their loan information submitted to the National Student Loan Data System (NSLDS). This information will be accessible to guaranty agencies, lenders and institutions determined to be authorized users of the data system. If you currently have a Direct Loan and would like to check the interest rate, servicer information, and other financial aid history, go to the National Student Loan Data System (NSLDS) at <https://nslds.ed.gov/npas/index.htm>.