

SUBSIDIZED LOANS & UNSUBSIDIZED LOANS INFORMATION SHEET

What is the difference between subsidized loans and unsubsidized loans?

Subsidized Loans	Unsubsidized Loans
Available to undergraduate students with financial need;	Available to undergraduate and graduate students; there is no requirement to demonstrate financial need;
Your school determines the amount you can borrow, and the amount may not exceed your financial need;	Your school determines the amount you can borrow based on your cost of attendance and other financial aid you receive;
The U.S. Department of Education pays the interest: <ul style="list-style-type: none"> • While you're in school at least half-time; • For the first six months after you leave school (referred to as a grace period); • During a period of deferment (a postponement of loan payment—initiated by the student). 	You are responsible for paying the interest during all periods.
	If you choose not to pay the interest while you are in school and during grace periods and deferment or forbearance periods, your interest will accrue (accumulate) and be capitalized (that is, your interest will be added to the principal amount of your loan).

Who is eligible for a subsidized loan or an unsubsidized loan?

To receive either type of loan, you must **be enrolled at least half-time** at a school that participates in the Direct Loan Program. Generally, you must also **be enrolled in a program that leads to a degree or certificate awarded by the school.**

Subsidized Loans are available only to undergraduate students who have financial need.



Unsubsidized Loans are available to both undergraduates and graduate or professional degree students. You are not required to show financial need to receive a Unsubsidized Loan.

Is there a time limit on how long I can receive loans?

If you are a first-time borrower, there is a limit on the maximum period of time (measured in academic years) that you can receive Subsidized Loans. **This time limit does not apply to Unsubsidized Loans or PLUS Loans.** If this limit applies to you, you may not receive Subsidized Loans for more than 150 percent of the published length of your program. This is called your “maximum eligibility period.” Your maximum eligibility period is generally based on the published length of your current program. You can usually find the published length of any program of study in your school’s catalog.

For example, if you are enrolled in a four-year bachelor’s degree program, the maximum period for which you can receive Subsidized Loans is six years (150 percent of 4 years = 6 years). If you are enrolled in a two-year associate degree program, the maximum period for which you can receive Subsidized Loans is three years (150 percent of 2 years = 3 years).

Because your maximum eligibility period is based on the length of your current program of study, your maximum eligibility period can change if you change to a program that has a different length. Also, if you receive Subsidized Loans for one program and then change to another program, the Subsidized Loans you received for the earlier program will generally count toward your new maximum eligibility period.

Certain types of enrollment may cause you to become responsible for the interest that accrues on your Subsidized Loans when the U.S. Department of Education usually would have paid it. These enrollment patterns are described below:

I become responsible for paying the interest that accrues on my Direct Subsidized Loans because . . .	Yes	No
I am no longer eligible for Direct Subsidized Loans and I stay enrolled in my current program?	X	
I am no longer eligible for Direct Subsidized Loans, did not graduate from my prior program, and am enrolled in an undergraduate program that is the same length or shorter than my prior program?	X	
I transferred into the shorter program and lost eligibility for Direct Subsidized Loans because I have received Direct Subsidized Loans for a period that equals or exceeds my new, lower maximum eligibility period, which is based on the length of the new program?	X	
I was no longer eligible for Direct Subsidized Loans, did not graduate from my prior program, and am enrolled in an undergraduate program that is longer than my prior program?		X

I become responsible for paying the interest that accrues on my Direct Subsidized Loans because . . .	Yes	No
I lose eligibility for Direct Subsidized Loans and immediately withdraw from my program?		X
I graduated from my prior program prior to or upon meeting the 150 percent limit, and enroll in an undergraduate program that is the same length or shorter than my prior program?		X
I enroll in a graduate or professional program?		X
I enroll in preparatory coursework that I am required to complete to enroll in a graduate or professional program?		X
I enroll in a teacher certification program (where my school does not award an academic credential)?		X

How much can I borrow?

Your school determines the loan type(s), if any, and the actual loan amount you are eligible to receive each academic year. However, there are limits on the amount in subsidized and unsubsidized loans that you may be eligible to receive each academic year (annual loan limits) and the total amounts that you may borrow for undergraduate and graduate study (aggregate loan limits). The actual loan amount you are eligible to receive each academic year may be less than the annual loan limit. These limits vary depending on:

- What year you are in school and
- Whether you are dependent or independent student.

Year	Dependent Students (except students whose parents are unable to obtain PLUS Loans)	Independent Students (and dependent undergraduate students whose parents are unable to obtain PLUS Loans)
First-Year Undergraduate Annual Loan Limit	\$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.
Second-Year Undergraduate Annual Loan Limit	\$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-Year and Beyond Undergraduate Annual Loan Limit	\$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.
Graduate or Professional Students Annual Loan Limit	Not Applicable (all graduate and professional students are considered independent)	\$20,500 (unsubsidized only)



Year	Dependent Students (except students whose parents are unable to obtain PLUS Loans)	Independent Students (and dependent undergraduate students whose parents are unable to obtain PLUS Loans)
Subsidized and Unsubsidized Aggregate Loan Limit	\$31,000—No more than \$23,000 of this amount may be in subsidized loans.	\$57,500 for undergraduates—No more than \$23,000 of this amount may be in subsidized loans. \$138,500 for graduate or professional students—No more than \$65,500 of this amount may be in subsidized loans. The graduate aggregate limit includes all federal loans received for undergraduate study.

If the total loan amount you receive over the course of your education reaches the aggregate loan limit, you are not eligible to receive additional loans. However, if you repay some of your loans to bring your outstanding loan debt below the aggregate loan limit, you could then borrow again, up to the amount of your remaining eligibility under the aggregate loan limit.

What are the current interest rates?

Loan Type	Borrower Type	Loans first disbursed on or after 7/1/17 and before 7/1/18
Direct Subsidized Loans	Undergraduate	4.45%
Direct Unsubsidized Loans	Undergraduate	4.45%

The interest rates shown above are fixed rates for the life of the loan.

Other than interest, is there a charge for this loan?

YES, there is a loan fee on all Subsidized Loans and Unsubsidized Loans. The loan fee is a percentage of the loan amount and is proportionately deducted from each loan disbursement.

Loan Fees for Direct Subsidized Loans and Direct Unsubsidized Loans	Loan Fee
On or after Oct. 1, 2017, and before Oct. 1, 2018	1.066%

What additional steps must I take to receive my loan?

If it is your first time receiving a subsidized and unsubsidized Loan, you will be required to complete:

- Entrance counseling, a tool to ensure you understand your obligation to repay the loan; and
- Sign a Master Promissory Note (MPN), agreeing to the terms of the loan.

How will I receive my loan?

The school will first apply your loan funds to your school student account to pay for tuition, fees, room and board, and other school charges. If any additional loan funds remain, they will be returned to you—either in the form of a direct deposit, check or a credit in your student account.

Who will contact me after I receive my loan?

When you receive your loan, you will be contacted by your loan servicer (you repay your loan to the loan servicer, NOT YOUR SCHOOL). Your loan servicer will provide regular updates on the status of your loan(s).

When do I have to pay back my loan?

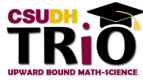
After you graduate, leave school, or drop below half-time enrollment, you will have a six-month grace period before you are required to begin repayment. During this period, you'll receive repayment information from your loan servicer, and you'll be notified of your first payment due date. **Payments are usually due monthly.**

What types of loan repayment plans are available?

There are several repayment options available that are designed to meet the individual needs of borrowers. Your loan servicer can help you understand which repayment options are available to you. **Generally, you'll have 10 to 25 years to repay your loan, depending on the repayment plan that you choose.**

What if I have trouble repaying my loan?

If you are unable to make your scheduled loan payments, contact your loan servicer immediately. Your loan servicer can help you understand your options for keeping your loan in good standing. For example, you may wish to change your repayment plan to lower your monthly payment or request a deferment or forbearance that allows you to temporarily stop or lower the payments on your loan. Learn more about deferment or forbearance options.



Can I cancel a loan if I decide that I don't need it or if I need less than the amount offered?

Yes. Before your loan money is disbursed, you may cancel all or part of your loan at any time by notifying your school. After your loan is disbursed, you may cancel all or part of the loan within certain time frames. Your promissory note and additional information you receive from your school will explain the procedures and time frames for canceling your loan.

Can my loan ever be forgiven or discharged?

Under certain conditions, you may be eligible to have all or part of your loan discharged or forgiven (canceled). Find out about loan cancellation, discharge, or forgiveness:
<https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation>

Where can I find information about the student loans I've received?

Visit "My Federal Student Aid" to view information about all of the federal student loans and other financial aid you have received and to find contact information for the loan servicer for your loans. (<https://studentaid.ed.gov/sa/>)