

# Federal Direct Loans

The Federal Direct Loan Program provides low-interest loans made by the U.S. Department of Education. To determine eligibility, a student must complete a FAFSA and the University's financial aid process. A Subsidized Direct Loan is awarded on the basis of financial need. No interest payments are required before repayment begins or during an authorized period of deferment. The federal government "subsidizes" the loan during these periods by paying the interest for the student.

An Unsubsidized Direct Loan is not awarded on the basis of financial need. The student will be charged interest from the time the loan is disbursed until it is paid in full. If interest is allowed to accumulate, it will be capitalized, which means the interest will be added to the principal amount. Then interest will be charged based on this higher amount. Capitalization will increase the amount that must be repaid. If the student chooses to pay the interest as it accumulates, loan payments will cost less.

A student must be enrolled in at least 6 credit hours each semester. Repayment begins six months after graduating or dropping below half-time enrollment. This six-month period is referred to as a grace period. The Financial Planning Office will counsel students as to the types of loans for which they are eligible and as to the amount they may borrow.

Before a loan is available, the student must complete an online **Direct Loan Entrance Counseling** session and sign a **Master Promissory Note (MPN)**. These requirements are completed online at <https://www.studentaid.gov> using the **STUDENT FSA USER ID**.