Contacts

Student Aid on the Web

www.studentaid.ed.gov

For more information about the Direct Loan Program and the aid application process, including helpful publications and tools to help manage Direct Loans, visit Student Aid on the Web.

StudentLoans.gov

www.studentloans.gov

Check with your school's financial aid office about completing entrance counseling and a Master Promissory Note (MPN) online at StudentLoans.gov.

Once your loan has been made, you will be contacted by your loan servicer. You can check your loan servicer's website for the most recent account information regarding your Direct Loans.

The National Student Loan Data System℠ (NSLDS℠)

www.nslds.ed.gov

For information about all of your Direct Loans, Federal Family Education Loan (FFEL℠) Program Loans, Federal Perkins Loans, and federal grants, visit the Department's National Student Loan Data System (NSLDS). You will need your Federal Student Aid PIN to access NSLDS. NSLDS does not include information about any private loans you may have received.

Direct Consolidation Loans

www.loanconsolidation.ed.gov

For everything you need to know about Direct Consolidation Loans and for an online application, visit the Department's Direct Consolidation Loans website.

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Direct Loan Basics for Students

A simple and flexible way to finance your education.

The William D. Ford Federal Direct Loan Program is one of the Federal Student Aid programs of the U.S. Department of Education.

START HERE GO FURTHER FEDERAL STUDENT AID

How can Direct Loans℠ help pay for college or career school expenses?

Direct Loans are low-interest loans for students and parents to help pay for the cost of a student's education after high school. The lender is the U.S. Department of Education (the Department) rather than a bank.

Direct Loans are:

- ***Simple***—You borrow directly from the federal government.
- ***Flexible***—You can choose from several repayment plans that are designed to meet the needs of almost any borrower, and you can switch repayment plans if your needs change.

What kinds of Direct Loans are available?

- ***Direct Subsidized and Unsubsidized Loans***—Your eligibility for Direct Subsidized and Unsubsidized Loans is based on the information reported on the *Free Application for Federal Student Aid* (FAFSA℠). No interest is charged on subsidized loans while you are in school at least half-time, during your grace period, and during deferment periods. Interest is charged on unsubsidized loans during all periods.
- ***Direct PLUS Loans***—Direct PLUS Loans are low-interest loans available to parents of dependent students and to graduate and professional degree students. Interest is charged during all periods.
- ***Direct Consolidation Loans***—Direct Consolidation Loans are loans for borrowers who want to combine their eligible federal student loans into a single loan.

What are the eligibility requirements?

You must be enrolled at least half-time at a school that participates in the Direct Loan Program, and you must meet general eligibility requirements for the Federal Student Aid programs. You can find more information about these requirements on the Direct Loan website at **www.direct.ed.gov**, or by contacting your school's financial aid office.

How do I apply for aid?

You apply for a Direct Subsidized and Unsubsidized Loan and other federal student aid by completing a *Free Application for Federal Student Aid* (FAFSA). The information from your application will be shared with the schools that you have identified on the FAFSA. Some schools have additional application procedures—check with your school's financial aid office to be sure. After your FAFSA has been processed, the school will notify you, usually through an award letter, of the types of aid for which you are eligible.

How do I take out a Direct Loan?

You must complete a Master Promissory Note (MPN). The MPN is a legally binding agreement to repay your loan to the Department. In most cases, one MPN can be used for loans that you receive over several years of study. Before receiving your first Direct Loan, you must sign an MPN that you'll get from your school or from the Department. Check with your school's financial aid office.

How much can I borrow?

The maximum amount you can borrow each school year depends on your grade level and other factors. It ranges from $5,500 per year for a dependent freshman to $20,500 per year for a graduate or professional degree student; however, the actual amount you are eligible to borrow each year is determined by your school and may be less than the maximum amount. There are also limits on the total amount of your loan debt.

Graduate and professional degree students who need to borrow more than the maximum subsidized or unsubsidized loan amounts to meet education expenses not covered by other financial aid may be eligible to receive a Direct PLUS Loan.

Direct Loan Website
www.direct.ed.gov

What is the interest rate?

Direct Loans have a fixed interest rate that differs depending on the loan type and other factors. Check with your school's financial aid office or the Direct Loan website at **www.direct.ed.gov** for details and current interest rate information.

Is there a charge for this loan?

Yes. In addition to interest, you pay a loan fee that is a percentage of the principal amount of the loan. We deduct the fee before you receive any loan money, so the loan amount you actually receive will be less than the amount you have to repay.

How will I receive my loan money?

Your school will generally disburse your loan money by crediting it to your school account but may also give some of it to you directly. Your loan money will usually be disbursed in at least two installments.

How will I repay my loan?

When you receive your first Direct Loan, you will be contacted by the servicer for that loan. Your loan servicer will provide regular updates on the status of your Direct Loan and of any additional Direct Loans that you receive.

When do I have to begin repaying my loan?

Direct Subsidized and Unsubsidized Loans have a 6-month grace period that starts the day after you graduate, leave school, or drop below half-time enrollment. You don't have to begin making payments until your grace period ends.

Note that repayment on a Direct PLUS Loan begins 60 days after the last installment of the loan for that school year is made; however, there is the option to defer repayment of a Direct PLUS Loan. See "Repaying Your Loans" on Student Aid on the Web at **www.studentaid.ed.gov**.

How much time will I have to repay my loan, and how much will I have to pay each month?

Generally, you'll have from 10 to 25 years to repay your loan, depending on the repayment plan that you choose. Your monthly payment amount will be based on how much you borrowed and how long you take to repay.

You may choose one of several repayment plans:

- ***Standard Repayment Plan***—Fixed monthly payments for up to 10 years.
- ***Graduated Repayment Plan***—Payments that start off lower at first, and then gradually increase, usually every 2 years. The loan must be repaid in 10 years.
- ***Extended Repayment Plan***—Fixed or graduated monthly payments over a period of time, not to exceed 25 years. To be eligible for this repayment plan, you must have more than $30,000 in Direct Loan debt and you must not have had an outstanding balance on a Direct Loan on Oct. 7, 1998.
- ***Income-Contingent Repayment (ICR) Plan***—Your monthly payment is adjusted each year based on your annual income (and your spouse's income, if you're married), your family size, and the total amount of your Direct Loans. After 25 years, any unpaid loan amount will be forgiven. (This plan is not available to parent Direct PLUS Loan borrowers.)
- ***Income-Based Repayment (IBR) Plan***—Your monthly payment is capped at an amount that is affordable based on your income and family size. To find out if your federal student loan debt is high enough to qualify for this plan, use the repayment calculators on Student Aid on the Web at **www.studentaid.ed.gov** or on your loan servicer's site. Your monthly payment amount may be adjusted annually. If you repay under IBR for 25 years and meet other requirements, any remaining balance will be forgiven. (Direct PLUS Loans made to parents may not be repaid under IBR.)

You can change plans at any time. There's no penalty if you make payments before they are due or pay more than the amount due each month.

For more information about these repayment plans, or to use our online calculator to calculate your estimated loan payment under different repayment plans, go to Student Aid on the Web at **www.studentaid.ed.gov** or to your loan servicer's website.

Can I ever postpone making loan payments?

Yes, under some conditions you may receive a deferment or forbearance that allows you to temporarily stop or lower your payments.

For example, you may qualify for a deferment if:

- You return to school at least half-time at a school that's eligible to participate in the Federal Student Aid programs.
- You are studying full-time in a graduate fellowship program.
- You are in an approved full-time disability rehabilitation program.
- You are unemployed or meet our rules for economic hardship (limited to 3 years).

You may also qualify for a deferment based on active duty service in the U.S. Armed Forces or National Guard. Refer to the Master Promissory Note for your loan or contact your loan servicer for more information about specific qualifications for deferment based on military service and for other available deferments.

If you don't qualify for a deferment but are temporarily unable to make loan payments for such reasons as illness or financial hardship, we may grant you a forbearance.

Can my loan ever be cancelled, discharged, or forgiven?

You must repay your loan even if you don't complete or can't find a job related to your program of study, or are unhappy with the education you paid for with your loan. However, we will discharge (forgive) your loan if you have your loan cancelled in bankruptcy, if you become totally and permanently disabled, or if you die.

We may discharge some or all of your loan if:

- Your school closed before you completed your program.
- Your school forged your signature on your promissory note or falsely certified that you were eligible for aid.
- Your loan was falsely certified through identity theft.
- You withdrew from school but the school didn't pay a refund that it owed. See Student Aid on the Web at **www.studentaid.ed.gov** for more information about refund policies.

You also may qualify for forgiveness of some or all of your loan balance:

- If you teach full-time for 5 years at a school or educational service agency serving low-income families and meet other requirements; or
- After you have made 120 payments on a Direct Loan while employed in certain public service jobs (additional conditions apply).

For more information about loan forgiveness options, go to Student Aid on the Web at **www.studentaid.ed.gov**.

Where can I get more information?

For more information about the Direct Loan Program and other Federal Student Aid programs, contact the financial aid office at your school or go to Student Aid on the Web.

SAVE TIME & MONEY WITH AUTOMATIC PAYMENT WITHDRAWAL

This repayment incentive program encourages you to repay your loans on time. With this payment option, your bank automatically deducts your monthly payment from your checking or savings account and sends the payment to your loan servicer. This ensures that your payment always will be made on time and your interest rate will be reduced by a quarter point (0.25%) during all periods when payments are made through this option. Your loan servicer will include information about this payment option in your first bill. Contact your loan servicer for more information.

Direct Loan Website
www.direct.ed.gov