

# DIRECT LOANS

## Subsidized, Unsubsidized, & PLUS

2016-2017 Loan Information

### What is a Direct Loan?

- Direct Loans are federal student loans to help students cover the cost of higher education while enrolled at least 6 credit hours in a degree program at 2 and 4 year colleges.

### What types of Direct Loans are available?

- There are 3 types of Direct Loans: Subsidized, Unsubsidized, and PLUS. You must fill out a FAFSA application each school year to determine what type of Direct Loan you are eligible for.

### What is a Subsidized Direct Loan?

- A subsidized direct loan is available to students who demonstrate a financial need. The U.S. Department of Education pays the interest on a Subsidized Student Loan while you're enrolled at least half-time. Current interest rate is 4.29%.

### What is an Unsubsidized Direct Loan?

- An unsubsidized direct loan is a loan that must be repaid with interest. It is for undergraduate and graduate students. The student is responsible for all interest that accrues on the loan. You must be enrolled in at least 6 credit hours to be eligible to receive the student loan; 6 contact hours if in a certificate program. Financial need is not required and the interest rate is 4.29%.

### What is a Direct PLUS Loan?

- A plus loan is for parents of dependent undergraduate students. To be eligible, the student must be enrolled at least half-time. A student's parents' credit is checked and eligibility is based on approval of the credit check. The maximum amount a parent can borrow is the cost of attendance minus any other financial aid the student receives.

### Common Direct Loan Terms you should become familiar with:

**Consolidation**— The process of combining one or more loans into a single new loan.

**Cost of Attendance (COA)**- The total cost to attend school for the academic year.

**Default**— Failure to repay a loan according to the terms agreed to. For the direct loan program, your loan is in default if you fail to make a payment for 270 days, if you repay monthly (or 330 days, if your payments are due less frequently). Your lender is required to report the default to at least one national credit bureau.

**Deferment**— Allows you to temporarily stop making payments on your federal student loans. You are not charged interest on subsidized loans during deferment. Interest will continue to be charged on your unsubsidized loans and PLUS loans.

**Delinquency**— you become delinquent on a loan if you don't make a payment when due. Your lender is required to report the delinquency to at least one national credit bureau.

**Entrance Counseling**— Federal regulations require that you, as a first-time student loan borrower, complete an counseling session. Counseling is designed to inform you of important information you should know before you borrow a loan. The online counseling session contains the most current information and should be referred to in addition to this document.

**Exit Counseling**- If you graduate, withdraw or drop below half-time registration status, and you have borrowed a Federal Direct student loan, you must complete the Exit Loan Counseling requirement. This is an opportunity for your lender to remind you of your rights and responsibilities as a student loan borrower. In turn, you must provide your lender with certain information about your plans after you leave school (for example, your current address, your expected employer, two personal references, etc.). You can complete this at [www.nsls.ed.gov](http://www.nsls.ed.gov).

**Expected Family Contribution (EFC)**- Your EFC is the number that's used to determine your eligibility for federal student aid. This number results from the financial information you provided in your FAFSA application. Your EFC is reported to you on your Student Aid Report (SAR).

**Forbearance**—Allows you to temporarily stop making payments or reduce your federal student loans' monthly payment. Interest will continue to be charged on your subsidized, unsubsidized, and PLUS loans.

**Grace Period**—A period of time that generally begins on the day after a borrower graduates, leaves school, or drops below half-time enrollment and ends on the day before the repayment period begins. A borrower is not required to make payments during the grace period.

**Loan Fee (Origination Fee)**- A charge that occurs each time money is disbursed (paid out) to the borrower. The loan fee is charged as a percentage of the disbursement (gross), and reduces the actual amount received (net).

**Loan Servicers**— A company that collects payments on a loan, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a loan on behalf of a loan holder.

**Master Promissory Note (MPN)**- A binding legal document in which you promise to repay your loans and any accrued interest and fees. It also explains the terms and conditions of your loans. An MPN can be used to make one or more loans for one or more academic years, for up to 10 years, except in certain circumstances.

**National Student Loan Data System (NSLDS)**- the central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other federal student aid programs.

**Repayment**— To pay back money you borrowed by making scheduled payments to a loan servicer

# Be a responsible borrower.

- ⇒ Keep track of how much you're borrowing. Think about how the amount of your loans will affect your future finances, and how much you can afford to repay. Your student loan payments should be only a small percentage of your salary after you graduate, so **it's important not to borrow more than you need for your school-related expenses.**
- ⇒ **Research starting salaries in your field.** Ask your school for starting salaries of recent graduates in your field of study to get an idea of how much you are likely to earn after you graduate. You can use the U.S. Bureau of Labor Statistics *Occupational Outlook Handbook* ([www.bls.gov/ooh](http://www.bls.gov/ooh)) to estimate salaries for different careers or research employment opportunities advertised in the area where you plan to live to get an idea of a local starting salary. You also can use the Department of Labor's career search tool to research careers and view the average annual salary for each career.
- ⇒ Understand the terms of your loan and keep copies of your loan documents. When you sign your *promissory note*, you are agreeing to repay the loan according to the terms of the note even if you don't complete your education, can't get a job after you complete the program, or you didn't like the education you received.
- ⇒ **Make payments on time.** You are required to make payments on time even if you don't receive a bill, repayment notice, or a reminder. You must pay the full amount required by your repayment plan, as partial payments do not fulfill your obligation to repay your student loan on time.
- ⇒ **Keep in touch with your loan servicer.** Notify your loan servicer when you graduate; withdraw from school; drop below half-time status; transfer to another school; or change your name, address, or Social Security number. You also should contact your servicer if you're having trouble making your scheduled loan payments. Your servicer has several options available to help you keep your loan in good standing.

## Who is my loan servicer?

Visit the National Student Loan Data System (NSLDS<sup>®</sup>) ([www.nsls.ed.gov](http://www.nsls.ed.gov)) to view information about all of the federal student loans you have received and to find contact information for the loan servicer or *lender* for your loans. You will need your Federal Student Aid User ID and password to access your information.

Direct Loan Servicer	Website Address	Customer Service Telephone Number
Aspire Resources Inc.	<a href="http://www.aspireresourcesinc.com">www.aspireresourcesinc.com</a>	1-855-475-3335
CornerStone	<a href="http://www.mycornerstoneloan.org">www.mycornerstoneloan.org</a>	1-800-663-1662
COSTEP	<a href="https://costep.myedloan.com">https://costep.myedloan.com</a>	1-877-292-8639
Direct Loan Servicing Center (ACS)	<a href="http://www.directstudentloanprocessing.com">www.directstudentloanprocessing.com</a>	1-800-848-0979
EDGEducation Loans	<a href="https://edgeeducationloans.myedloan.com">https://edgeeducationloans.myedloan.com</a>	1-877-292-7470
EdManage	<a href="https://edmanage.myedloan.com">https://edmanage.myedloan.com</a>	1-855-479-0490
ESA/Edfinancial	<a href="http://www.edfinancial.com/DL">www.edfinancial.com/DL</a>	1-855-337-6884
FedLoan Servicing (PHEAA)	<a href="http://www.myfedloan.org">www.myfedloan.org</a>	1-800-699-2908
Granite State – GSMR	<a href="http://www.gsmr.org">www.gsmr.org</a>	1-888-556-0022
Great Lakes Educational Loan Services, Inc.	<a href="http://www.mygreatlakes.org">www.mygreatlakes.org</a>	1-800-236-4300
KSA Servicing	<a href="http://www.ksa.myedloan.com">www.ksa.myedloan.com</a>	1-877-292-4825
MOHELA	<a href="http://www.mohela.com">www.mohela.com</a>	1-888-866-4352
Nelnet	<a href="http://www.nelnet.com">www.nelnet.com</a>	1-888-486-4722
OSLA Servicing	<a href="http://www.osla.org">www.osla.org</a>	1-866-264-9762
Sallie Mae	<a href="http://www.salliemae.com">www.salliemae.com</a>	1-800-722-1300
VSAC Federal Loans	<a href="http://www.vsacfederalloans.org">www.vsacfederalloans.org</a>	1-888-932-5626