Federal Direct Subsidized/Unsubsidized Student Loans

2015-2016 Frequently Asked Questions

What is the difference between “Subsidized” and “Unsubsidized?”

Subsidized loan eligibility is always based on demonstrated financial need (file the FAFSA) and the interest is paid (or subsidized) by the federal government until you are no longer enrolled at least half-time.

Eligibility in the unsubsidized loan program is not contingent upon financial need; however, you must file the FAFSA to be considered for an Unsubsidized Loan. As the borrower, you (the student) are responsible for the interest on an unsubsidized loan while in school.

Typically, only independent students receive an offer of an Unsubsidized Loan, as the Parent Loan is typically used to meet any remaining need after the Subsidized Loan has been awarded for dependent students.

How much can you borrow?

Federal regulations place annual and aggregate (lifetime) limits on the amount a student can borrow. These limits include Federal Stafford Loans borrowed at other schools you have attended, as well as Direct Loans. The current limits effective for disbursements that occur after July 1, 2013 are listed below.

### Annual Subsidized/Unsubsidized Loan Limits

<table>
<thead>
<tr>
<th></th>
<th>Total Hours Completed</th>
<th>Dependent Student</th>
<th>Independent Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshman</td>
<td>0-29</td>
<td>$5,500</td>
<td>$9,500</td>
</tr>
<tr>
<td>Sophomore</td>
<td>30+</td>
<td>$6,500</td>
<td>$10,500</td>
</tr>
<tr>
<td>Junior/Senior</td>
<td>Beyond Associates</td>
<td>$7,500</td>
<td>$12,500</td>
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Starting July 1, 2013, new borrowers applying for a Direct Subsidized Loan will be limited to borrowing only enough money to cover one-and-a-half times the length of their program study.

Special note for fall graduates: If you plan to graduate in the fall semester AND enroll in less than twelve credits, federal regulations require OSU-OKC to prorate your loan eligibility. It is important that you inform the Financial Aid Office upon accepting your loan awards or as soon as you are aware that you plan to graduate so that we can review your award and make any necessary award changes.

The total amount borrowed in all programs combined (including Parent Loans) cannot exceed your annual costs as determined by OSU-OKC, minus any other aid you will receive.

There are also lifetime (aggregate) loan limits. The aggregate amount for undergraduate dependent students is $31,000 (no more than $23,000 can be subsidized). The aggregate amount for undergraduate independent students is $57,500 (no more than $23,000 can be subsidized).

What is the interest rate?

Interest rates would be adjusted every July 1, based on the 10-year Treasury Note rate, with a cap to protect borrowers from rising interest rates. The interest rate for loans disbursed on or after July 1, 2015 through June 30, 2016 are:

**Federal Direct Stafford loans**
- Subsidized Undergraduate Student - 4.29%
- Unsubsidized Undergraduate Student - 4.29%

Undergraduate Stafford Loans (subsidized and unsubsidized) will be based on the 10-year Treasury Note plus 2.05%, with a cap of 8.25%

What is the “Origination Fee”?

The federal government charges Subsidized/Unsubsidized loan borrowers an origination fee of 1.073% for loans first disbursed on or after October 1, 2014 through September 30, 2015. The origination fee for loans first disbursed October 1, 2015 and before October 1, 2016 will be 1.068%.

I’ve never borrowed before; what do I need to do?

**Entrance Counseling**

ALL OSU-OKC loan borrowers must complete Loan Entrance Counseling before your loan can be disbursed. The purpose of borrower counseling is to educate you of your rights and responsibilities regarding your loan. You are encouraged to complete entrance counseling, on the web at [www.studentloans.gov](http://www.studentloans.gov). The OSU-OKC Financial Aid Office will receive notification, from the Direct Loan Servicer, within a few days after you complete this requirement.

**First-Year - First-Time Borrowers**

Any loan applicant who is a first year-first time borrower will receive their first loan disbursement no earlier than thirty (30) days after the beginning of the semester.

**Master Promissory Note**

ALL loan borrowers will need to complete a Master Promissory Note (MPN), which is retained and updated by the loan servicer throughout your education at OSU-OKC. You will electronically ‘sign’ your MPN on the web at using the PIN you received from the U.S. Department of Education when you completed the FAFSA. You may sign your MPN online at [www.studentloans.gov](http://www.studentloans.gov).

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When will I get my loan funds?
Loan refunds will begin the first day of classes each semester. In order for your funds to be released, federal regulations require you to be currently enrolled and attending classes as a half-time student (6 credits) and making reasonable satisfactory academic progress. Generally, OSU-OKC Business Services issues refunds for students who are signed up for Direct Deposit within 48 hours after loan funds credits your student account. Students who are not signed up for Direct Deposit will be mailed a refund check with five to seven business days after your student account has been credited with your loan proceeds.

All student loan proceeds will be delivered to borrowers in TWO (2) installments EACH LOAN PERIOD. The chart below describes estimated disbursement dates:

<table>
<thead>
<tr>
<th>Award Period</th>
<th>Anticipated First Disbursement</th>
<th>Anticipated Second Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall-Spring Loan Period</td>
<td>First day of fall or a later date of the semester as set by the school</td>
<td>First day of spring or a later date of the semester as set by the school</td>
</tr>
<tr>
<td>Fall Only Loan Period</td>
<td>First day of fall or a later date of the semester as set by the school</td>
<td>After the mid-point of the semester, typically after fall break</td>
</tr>
<tr>
<td>Spring Only Loan Period</td>
<td>First day of spring or a later date of the semester as set by the school</td>
<td>After the mid-point of the semester, typically around spring break</td>
</tr>
<tr>
<td>Summer Loan Period</td>
<td>First day of summer or a later date of the semester as set by the school</td>
<td>After the mid-point of the semester, typically after July 4th</td>
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What is a “Grace Period”?
After you graduate, leave school, or drop below half-time enrollment, you have a six-month period, called the grace period, before you begin repayment on your loans. If you return to school at least half-time before your grace period ends, repayment of your loan will again be delayed until after you leave school.

Borrower Exit Counseling:
As part of OSU-Oklahoma City’s Default Reduction Plan and according to Federal Regulations, ALL BORROWERS must participate in Exit Counseling upon graduating, transferring or dropping to below half-time enrollment status. Failure to participate in Exit Counseling will result in a hold being placed on your academic transcript. Exit Counseling may be completed on the web at www.studentloans.gov or by visiting the Office of Financial Aid and Scholarship.

How will I repay my loan?
Repayment of Federal Family Educational Loans starts six (6) months after you graduate or cease to be enrolled at least half-time. All payments will be made to your federal loan servicer. Repayment amounts and period are determined by your loan amount. Loan holders offer four repayment schedules to accommodate your needs:

**Standard Repayment Schedule**
This plan is the most financially effective way to pay off your student loan while minimizing interest cost. Monthly payments are due over a 10-year repayment term.

**Graduated Repayment Schedule**
Allows for initial lower payments that will increase over time, with full repayment within 10 years.

**Income-Sensitive Repayment Schedule**
Bases monthly payments on your yearly income, family size, and loan amount. As your income rises or falls each year, so do your payments. This plan must be renewed annually.

**Extended Repayment Schedule**
This plan is available to borrowers who have loans totaling more than $30,000. Borrowers may choose either the standard or graduated payment plans; however, repayment extends up to 25 years.

Questions?
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