

Financial Aid Office Loan Information for Students

About Student Loans:

If you decide to obtain a student loan, it is important that you understand the terms and conditions of the loan. Student loans can come from the federal government or from private lenders. Loans offered by the federal government, called federal student loans, usually offer borrowers lower interest rates, and have more flexible repayment options than loans from banks or other private sources.

Federal Loans:

Unlike grants, scholarships or the Work-Study Program, a student loan is money that accrues interest and must be repaid to the Department of Education. Students have a legal obligation to repay these funds regardless of whether they complete their studies, are not satisfied with the education they received or get a job once they graduate. The Direct Loan Program of the Department of Education has the following loans available: Direct Subsidized and Unsubsidized loans and PLUS Loans. Federal loans offer several advantages, such as low interest rates and various repayment options.

Direct Subsidized Loans:

The U.S. Department of Education pays the interest while students are enrolled at least half-time, during their grace period (first 6 months after leaving school) or during periods of deferment. Loans granted between July 1, 2012, and July 1, 2014, will not accrue interest during the grace period. If during the grace period you choose not to pay interest that accrues, it will be added to your principal balance. This loan is available for undergraduate students who demonstrate financial need.

Direct Unsubsidized Loans:

The Direct Unsubsidized Loan is not based on financial need, so interest accrues from the time it is disbursed until the debt is paid in full. The borrower has the option to pay the interest as it accrues or allow the interest to be added to their principal balance. This loan is available for undergraduate and graduate students.

Direct PLUS Loans:

Direct PLUS Loans are available to graduate level students and to parents of dependent students as determined by the criteria put forth by the Department of Education. The maximum amount to request is the cost of attendance (COA), determined by the university, minus additional financial aid received. A credit check is required to determine eligibility. Borrowers should not have an adverse credit history.

PLUS loans are not based on financial need, therefore interest accrues from the time it is disbursed until it is paid in full. The borrower has the option to pay the interest as it accrues or allow the interest to be added to their principal balance. Responsibility for payment of a Parent PLUS Loan cannot be transferred to the student, the parent will be responsible for payment. The first payment for a PLUS Loan is due within 60 days of the total disbursement of the loan. There is no grace period for this type of loan, however, parents can request deferment of payments to 6 months after the student leaves the university, which will continue to accrue interest.

To receive the Direct PLUS Loan, after the credit approval the parent or graduate level student must complete the PLUS Master Promissory Note (MPN).

Use of your Loan Money:

You may use the loan money you receive only to pay for your authorized educational expenses for attendance at the school that determined you were eligible to receive the loan. Authorized expenses include the following: Tuition, Room and Board, Institutional fees, Books and Supplies, Equipment, Dependent care expenses, Transportation, Commuting expenses, Rental or purchase of a personal computer, Loan fees, and Other documented, authorized costs.

Information that you must Report to Loan Servicer or Financial Aid Department:

You must notify your servicer and/or the financial aid office at your school about certain changes. Until you graduate or otherwise leave school, you must notify your school's financial aid office if you:

- Change your address or telephone number;
- Change your name (for example, maiden name to married name);
- Do not enroll at least half-time for the loan period certified by the school;
- Do not enroll at the school that determined you were eligible to receive the loan;
- Stop attending school or drop below half-time enrollment;

- Transfer from one school to another school; or
- Graduate.

You must also notify your servicer if any of the above events occur at any time after you receive your loan. In addition, you must notify your servicer if you:

- Change your employer, or your employer's address or telephone number changes; or
- Have any other change in status that would affect your loan (for example, if you receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment).

Eligibility Requirements:

To be eligible for the Federal Direct Loan Program, you must comply with the U.S. Department of Education and University requirements. If you do not comply, your application for student loans will be canceled at any time:

- Be a U.S. citizen or eligible non-citizen
- Have a valid Social Security number
- Complete a Free Application for Federal Student Aid (FAFSA)
- Not owe an overpayment or be in default under any state or federal grant or loan.
- You need to have an unmet need to receive Subsidized loans
- You must maintain Satisfactory Academic Progress (SAP)
- Must be registered for a minimum of 6 credits (undergraduate) or 3 credits (graduate), to receive federal loans.
- To receive federal loans, you must complete a Master Promissory Note (MPN). The MPN is your agreement that you understand you are taking loans and you must repay your loans to the U.S. Department of Education. You can complete the Master Promissory Note by visiting <https://studentaid.gov/mpn/>. Additionally, you must complete an entrance counseling. Entrance counseling is needed for first time borrowers to teach you about what it means to borrow from the federal government and how to manage your loans. To complete these steps students should visit: <https://studentaid.gov/entrance-counseling/>
- Complete and turn in all necessary documentation required by your university's Financial Aid office.

Loan Limits:

Undergraduate Dependent Students Annual Loan Limits

Grade Level (Year)	Subsidized Loan Limit	Unsubsidized Loan Limit
1st year (0-30 credits)	\$3,500	\$2,000
2nd year (31-60 credits)	\$4,500	\$2,000
3rd year (61-90 credits)	\$5,500	\$2,000

Undergraduate Independent Students Annual Loan Limits

Grade Level (Year)	Subsidized Loan Limit	Unsubsidized Loan Limit
1st year (0-30 credits)	\$3,500	\$6,000
2nd year (31-60 credits)	\$4,500	\$6,000
3rd year (61-90 credits)	\$5,500	\$7,000

Graduate Students Annual Loan Limits

Grade Level (Year)	Subsidized Loan Limit	Unsubsidized Loan Limit
Graduate/Professional	Not Eligible at the graduate or professional level	\$20,500

Maximum (Aggregate) Loan Limits

Status	Maximum Loan Limits
Dependent (except students whose parents cannot obtain Direct PLUS Loans)	Up to \$31,000; No more than \$23,000 in Subsidized loans and \$8,000 in Unsubsidized loans *
Independent (and dependent students whose parents cannot obtain Direct PLUS Loans)	Up to \$57,500; No more than \$23,000 in Subsidized loans and \$37,500 in Unsubsidized loans *
Graduate/Professional	Cumulative Up to \$138,500; No more than \$65,500 in Subsidized loans, including undergraduate usage *

**Note: The maximum amount you can borrow each school year depends on your grade level and other factors. The actual amount you are eligible to borrow each year is determined by your school and may be less than the maximum amount.*

Interest Rates & Loan Fees:

If you receive a federal student loan, you will be required to repay that loan with interest. It is important that you understand how interest is calculated and the fees associated with your loan. Both factors will impact the amount you will be required to repay.

The interest rate varies depending on the loan type and (for most types of federal student loans) the first disbursement date of the loan. The table below provides interest rates for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed on or after July 1, 2021, and before July 1, 2022.

Loan Type	Borrower Type	Fixed Interest Rate
Direct Subsidized and Unsubsidized Loans	Undergraduate	3.73%

Direct Unsubsidized Loans	Graduate or Professional	5.28%
Direct PLUS Loans	Parents and Graduate or Professional Students	6.28%

All interest rates shown in the chart above are fixed rates that will not change for the life of the loan.

Interest rates on federal student loans are set by federal law, not the U.S. Department of Education.

Most federal student loans have loan fees that are a percentage of the total loan amount. The loan fee is deducted equally from each loan disbursement you receive while enrolled in school. This means the money the university receives will be less than the amount you actually borrow. You're responsible for repaying the entire amount you borrowed and not just the amount received.

The charts below show the loan fees for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed on or after Oct. 1, 2019.

Loan Fees for Direct Subsidized Loans and Direct Unsubsidized Loans

First Disbursement Date	Loan Fee
On or after 10/1/20 and before 10/1/22	1.057%
On or after 10/1/19 and before 10/1/20	1.059%

Loans first disbursed prior to Oct. 1, 2019, have different loan fees.

For more information regarding interest rates and origination fees please visit:

<https://studentaid.gov/understand-aid/types/loans/interest-rates>

Disbursement of the Loan:

If you are enrolled at least half-time and have complied with all admissions and financial aid document requirements, loans are disbursed after 30 days of beginning of the enrollment. Loans are used to cover educational costs (tuition and fees, among others). If there is any excess or surplus, it will be sent to the parent or student (as appropriate), unless the student authorizes the institution holding the funds. Any remaining funds must be used for educationally related expenses. For more information you may contact the Financial Aid Office.

Separation of Studies / Grace Period:

Once you graduate, drop below half-time enrollment, or leave school, your federal student loan goes into repayment. However, if you have a Direct Subsidized, Direct Unsubsidized, or Federal Family Education Loan, you have a six-month grace period before you are required to start making regular payments. This grace period gives you time to get financially settled and to select your repayment plan. Not all federal student loans have a grace period. Note that for most loans, interest accrues during your grace period. You can choose to pay the interest that accrues during your grace period. This prevents that interest from being added to the principal balance (also known as interest capitalization).

Note: When your loan enters repayment, your servicer will automatically place you on the Standard Repayment Plan. You can request a different repayment plan at any time.

Your loan servicer will provide you with a loan repayment schedule that states when your first payment is due, the number and frequency of payments, and the amount of each payment.

PLUS loans do not have a grace period; but if you received a PLUS loan as a graduate or professional student, you'll automatically get a six-month deferment after you graduate, leave school, or drop below half-time enrollment. No payments are required during this six-month deferment period. If you're a parent borrower who took out a PLUS loan to pay for your child's education, you can request a six-month deferment after your child graduates, leaves school, or drops below half-time enrollment. Contact your loan servicer for more information.

Repayment Plans:

The Department of Education provides several options for loan repayment. To make your payments more affordable, repayment plans can give you more time to repay your loans or can be based on your income. The following repayment options are available:

Repayment Plan	Eligible Borrowers/Loans	Monthly Payment and Timeframe
Standard Repayment Plan	All borrowers Eligible/ Direct subsidized and unsubsidized loans, Subsidized and Unsubsidized Federal Stafford loans, All PLUS loans, All	Payments are a fixed amount that ensures loans are paid off within 10 years (within 10 to 30 years for Consolidation Loans).

	Consolidation loans (Direct or FFEL)	
Graduated Repayment Plan	All borrowers Eligible/ Direct subsidized and unsubsidized loans, Subsidized and Unsubsidized Federal Stafford loans, All PLUS loans, All Consolidation loans (Direct or FFEL)	Payments are lower at first and then increase, usually every two years, and are for an amount that will ensure your loans are paid off within 10 years (within 10 to 30 years for Consolidation Loans).
Extended Repayment Plan	If you are a Direct Loan borrower, you must have more than \$30,000 in outstanding Direct Loans/ Direct subsidized and unsubsidized loans, Subsidized and Unsubsidized Federal Stafford loans, All PLUS loans, All Consolidation loans (Direct or FFEL)	Payments may be fixed or graduated and will ensure that your loans are paid off within 25 years.
Revised Pay as You Earn Repayment Plan (REPAYE)	Any Direct Loan borrower with an eligible loan type may choose this plan/ Direct subsidized and unsubsidized loans, Direct PLUS loans made to students, Direct Consolidation Loans that do not include PLUS loans (Direct or FFEL) made to parents	Your monthly payments will be 10 percent of discretionary income. Payments are recalculated each year and are based on your updated income and family size. You must update your income and family size each year, even if they haven't changed. If you're married, both your and your spouse's income or loan debt will be considered, whether taxes are filed jointly or separately (with limited exceptions). Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years (if all loans were taken out for undergraduate study) or 25 years (if any loans were taken

		out for graduate or professional study).
Pay as You Earn Repayment Plan (PAYE)	You must be a new borrower on or after Oct. 1, 2007, and must have received a disbursement of a Direct Loan on or after Oct. 1, 2011/ Direct subsidized and unsubsidized loans, Direct PLUS loans made to students, Direct Consolidation Loans that do not include PLUS loans (Direct or FFEL) made to parents	Your monthly payments will be 10 percent of discretionary income, but never more than you would have paid under the 10-year Standard Repayment Plan. Payments are recalculated each year and are based on your updated income and family size. You must update your income and family size each year, even if they haven't changed. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years.
Income-Based Repayment Plan (IBR)	You must have a high debt relative to your income/ Direct subsidized and unsubsidized loans, Subsidized and Unsubsidized Federal Stafford loans, Direct PLUS loans made to students, Direct Consolidation Loans (Direct or FFEL) that do not include PLUS loans (Direct or FFEL) made to parents	Your monthly payments will be either 10 or 15 percent of discretionary income (depending on when you received your first loans), but never more than you would have paid under the 10-year Standard Repayment Plan. Payments are recalculated each year and are based on your updated income and family size. You must update your income and family size each year, even if they haven't changed. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. Any

		<p>outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years or 25 years, depending on when you received your first loans. You may have to pay income tax on any amount that is forgiven.</p>
<p>Income-Contingent Repayment Plans (ICR)</p>	<p>Any Direct Loan borrower with an eligible loan type may choose this plan/ Direct subsidized and unsubsidized loans, Direct PLUS loans made to students, Direct Consolidation Loans</p>	<p>Your monthly payment will be the lesser of 20 percent of discretionary income, or the amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income.</p> <p>Payments are recalculated each year and are based on your updated income, family size, and the total amount of your Direct Loans. You must update your income and family size each year, even if they haven't changed. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return, or you choose to repay your Direct Loans jointly with your spouse. Any outstanding balance will be forgiven if you haven't repaid your loan in full after 25 years.</p>
<p>Income-Sensitive Repayment Plan</p>	<p>Available only for FFEL Program loans, which are not eligible for PSLF/ Subsidized and Unsubsidized Federal Stafford</p>	<p>Your monthly payment is based on annual income, but your loan will be paid in full within 15 years.</p>

	Loans, FFEL PLUS Loans, FFEL Consolidation Loans	
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Loan Consolidation:

A Direct Consolidation Loan allows you to consolidate (combine) multiple federal education loans into one loan. The result is a single monthly payment instead of multiple payments. Loan consolidation can also give you access to additional loan repayment plans and forgiveness programs.

For more information regarding consolidating your student loans please visit:

<https://studentaid.gov/manage-loans/consolidation>

There is no application fee to consolidate your federal education loans into a Direct Consolidation Loan.

You may be contacted by private companies that offer to help you apply for a Direct Consolidation Loan, for a fee. These companies have no affiliation with the U.S. Department of Education (ED) or ED’s consolidation loan servicers. There’s no need to pay anyone for assistance in getting a Direct Consolidation Loan. The application process is easy and free.

To apply for a Consolidation, visit <https://studentaid.gov/app/launchConsolidation.action>. The entire Loan Consolidation process must be completed in a single session. Most people complete the application process in less than 30 minutes. Once the consolidation is complete, you will have a single monthly payment on the new Direct Consolidation Loan instead of multiple monthly payments on the loans you consolidated.

Postpone Payment:

If you’re in a short-term financial bind, you may qualify for a deferment or a forbearance. With either of these options, you can temporarily suspend your payments. Discuss obtaining a deferment or forbearance with your loan servicer. The Department of Education’s goal is to keep you on the path to successful repayment of your federal student loan. They want you to avoid delinquency and default.

If you choose to use a deferment or forbearance, consider paying the interest that accrues during that period, so that you can avoid some of the consequences. For additional information please visit:

<https://studentaid.gov/manage-loans/lower-payments/get-temporary-relief>

Loan Forgiveness, Cancellation and Discharge:

Forgiveness, cancellation, or discharge of your loan means that you are no longer required to repay some or all your loan.

The terms forgiveness, cancellation, and discharge mean nearly the same thing, but they're used in different ways. If you're no longer required to make payments on your loans due to your job, this is generally called forgiveness or cancellation. If you're no longer required to make payments on your loans due to other circumstances, such as a total and permanent disability or the closure of the school where you received your loans, this is generally called discharge.

See the chart below to identify the different types of Loan Forgiveness and Loan Discharges available:

Type of Forgiveness or Discharge	Eligible Loans	Who is eligible and what happens?
Public Service Loan Forgiveness (PSLF)	Direct Loans	If you are employed by a government or not-for-profit organization, you may be able to receive loan forgiveness under the Public Service Loan Forgiveness (PSLF) Program. PSLF forgives the remaining balance on your Direct Loans after you have made 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer.
Teacher Loan Forgiveness	Direct Loans and FFEL Program Loans	If you teach full-time for five complete and consecutive academic years in a low-income elementary school, secondary school, or educational service agency, you may be eligible for forgiveness of up to \$17,500 on your Direct Loan or FFEL Program loans.

		Note: You may not receive a benefit for the same qualifying payments or period of service for Teacher Loan Forgiveness and Public Service Loan Forgiveness.
Closed School Discharge	Direct Loans, FFEL Program Loans, and Perkins Loans	If your school closes while you're enrolled or soon after you withdraw, you may be eligible for discharge of your federal student loan.
Perkins Loan Cancellation and Discharge	Federal Perkins Loans	You may be eligible to have all, or a portion of your Perkins Loan canceled (based on your employment or volunteer service) or discharged (under certain conditions). This includes Perkins Loan Teacher Cancellation.
Total and Permanent Disability Discharge	Direct Loans, FFEL Program Loans, and Perkins Loans	If you're totally and permanently disabled, you may qualify for a discharge of your federal student loans and/or Teacher Education Assistance for College and Higher Education (TEACH) Grant service obligation.
Discharge due to Death	Direct Loans, FFEL Program Loans, and Perkins Loans	Federal student loans will be discharged due to the death of the borrower or of the student on whose behalf a PLUS Loan was taken out.
Discharge in Bankruptcy (in rare cases)	Direct Loans, FFEL Program Loans, and Perkins Loans	In some cases, you can have your federal student loan discharged after declaring bankruptcy. However, discharge in bankruptcy is not an automatic process.

Borrower Defense to Repayment	Direct Loans	You may be eligible for discharge of your federal student loans based on borrower defense to repayment if you took out the loans to attend a school and the school did something or failed to do something related to your loan or to the educational services that the loan was intended to pay for. The specific requirements to qualify for a borrower defense to repayment discharge vary depending on when you received your loan.
False Certification Discharge	Direct Loans and FFEL Program Loans	You might be eligible for a discharge of your federal student loan if your school falsely certified your eligibility to receive a loan.
Unpaid Refund Discharge	Direct Loans and FFEL Program Loans	If you withdrew from school and the school didn't make a required return of loan funds to the loan servicer, you might be eligible for a discharge of the portion of your federal student loan(s) that the school failed to return.

As with loans made to students, a parent PLUS loan can be discharged if you die, if you (not the student on whose behalf you obtained the loan) become totally and permanently disabled, or if your loan is discharged in bankruptcy. Your parent PLUS loan may also be discharged if the child for whom you borrowed dies.

- In addition, all or a portion of a parent PLUS Loan may be discharged in any of these circumstances:
- The student for whom you borrowed could not complete his or her program because the school closed.

- Your eligibility to receive the loan was falsely certified by the school.
- Your eligibility to receive the loan was falsely certified through identity theft.
- The student withdrew from school, but the school didn't pay a refund of your loan money that it was required to pay under applicable laws and regulations.

Contact your loan servicer for more information.

For more information regarding loan forgiveness, cancellations, or discharge please visit:

<https://studentaid.gov/manage-loans/forgiveness-cancellation>

Default:

For a loan made under the William D. Ford Federal Direct Loan Program or the Federal Family Education Loan Program, you're considered to be in default if you don't make your scheduled student loan payments for at least 270 days. If you defaulted on any of your federal student loans, contact the organization that notified you of the default as soon as possible so you can explain your situation fully and discuss your options. If you make repayment arrangements soon enough after your loan has gone into default, you may be able to resolve the default quickly.

The consequences of defaulting can not only impact your ability to borrow but can impact your finances as well. Consequences include the following:

- The entire unpaid balance of your loan and any interest you owe becomes immediately due (this is called "acceleration").
- You can no longer receive deferment or forbearance, and you lose eligibility for other benefits, such as the ability to choose a repayment plan.
- You lose eligibility for additional federal student aid.
- The default is reported to credit bureaus, damaging your credit rating, and affecting your ability to buy a car or house or to get a credit card.
- It may take years to reestablish a good credit record.
- You may not be able to purchase or sell assets such as real estate.
- Your tax refunds and federal benefit payments may be withheld and applied toward repayment of your defaulted loan (this is called "Treasury offset").
- Your wages may be garnished. This means your employer may be required to withhold a portion of your pay and send it to your loan holder to repay your defaulted loan.
- Your loan holder can take you to court.
- You may be charged court costs, collection fees, attorney's fees, and other costs associated with the collection process.
- Your school may withhold your academic transcript until your defaulted student loan is satisfied. The academic transcript is the property of the school, and it is the school's decision—not the U.S. Department of Education's or your loan holder's—whether to release the transcript to you.

For more information regarding Defaulted Loans, please visit: <https://studentaid.gov/manage-loans/default>

Getting out of Default:

If you failed to make your payments on your federal student loan and now are in default, don't let the consequences of default affect your financial future. Find out how to get out of default.

One way to get out of default is to repay the defaulted loan in full, but that's not always the most realistic option for most borrowers. Two main ways to get out of default are loan rehabilitation and loan consolidation. While loan rehabilitation takes several months to complete, you can quickly apply for loan consolidation. However, loan rehabilitation provides certain benefits that are not available through loan consolidation.

For more information on getting out of default, please visit: <https://studentaid.gov/manage-loans/default/get-out>

Rights and Responsibilities

By getting a student loan, you will have certain rights. This a summary of them:

- Receive written and verbal information about your rights and responsibilities.
- Receive a grace period of six months after the first separation from their studies occurs.
- Receive an accounting of all information regarding student loan.
- Right to obtain a deferment or forbearance period if requested and qualified.
- Pay off the loan before the repayment period begins, without any penalty.
- Receive copy of (Note) before or during the period of loan disbursement.
- Receive documentation certifying the loan balance pay once finished.

As a borrower will have responsibilities both to the institution and your lender. This a summary of them:

- Receive an Exit Counseling once the first separation occurs. Complete the Exit Counseling by visiting: <https://studentaid.gov/exit-counseling/>
- You must repay your loans even if you did not get the education or job you expected or you didn't complete your education (unless you couldn't complete your education because your school closed).
- Report to the University and the Loan Servicer of any changes in service or academic load information that may affect your student loan such as address or withdrawing from classes.
- Make monthly payments on your loan after parting with the University.
- Notify the Service Agency if any factor that may affect the period of deferment or forbearance.

Additional Information:

For additional information about the Direct Loan Programs or Financial aid eligibility, please access the links listed or contact the Department of Education. The Federal Department of Education can assist you in managing your student loans under the Loan Program. You can visit their website to complete your FAFSA, Master Promissory Note, Entrance Counseling, Exit Counseling, among other things.

- 1-800-433-3243
- <https://studentaid.gov/h/understand-aid>

Federal Student Aid:

Department of Education, which covers all the necessary information about the types of financial assistance.

- 1-800-433-3243
- <https://studentaid.gov/h/understand-aid>

National Student Loan Data System (NSLDS):

Your Financial aid usage and enrollment information is submitted to NSLDS. This is where the student can review their Financial Aid usage and history. This is a great tool for determining who is managing your federal student aid.

- 1-800-433-7327
- https://nsldsfa.ed.gov/nslds_SA/

Direct Loan (Consolidation):

For orientation and how to work the consolidation and combine loans into one account.

<https://studentaid.gov/app/launchConsolidation.action>

Defaulted Student Loans:

For orientation about default when your loan is more than 270 days delinquent, you can contact:
1-800-621-3115.

Student seeking information about financial aid:

May direct questions regarding financial aid to their campus Financial Aid Office
(<https://agmu.edu/en/content/contact-us>).