

Federal Direct Loans

The Stafford Loan is a federal long-term loan designed to help students who have difficulty meeting college expenses. These loans are administered by the William D. Ford Direct Loan program. Federal regulations control the amount that a student may borrow. Subsidized Loans are need based, meaning that your EFC (Estimated Family Contribution) is taken into consideration when awarding this loan. Unsubsidized Loans are non-need based, meaning they can be awarded to any student, as long as other eligibility requirements are met.

Terms of the Loan

- Monthly payments begin 6 months after the student is no longer enrolled in college at least half-time.
- Interest rates for loans first disbursed between July 1, 2015, and June 30, 2016 are:
Undergraduate Direct Subsidized and Unsubsidized Loans – 4.29%, Graduate/Professional Direct Unsubsidized Loans – 5.84%
- The Direct Loan Program offers several different repayment options. You can find out more by visiting www.studentloans.gov

Loan Payments

If you have trouble making your education loan payments, contact the organization that services your loan. You might qualify for a deferment, forbearance, or other form of payment relief. It's important to take action before you are charged late fees. If you do not know who your servicer is, you can look it up in the U.S. Department of Education's National Student Loan Data System at http://www.nsls.ed.gov/nsls_SA/.

Deferments

A deferment is a temporary suspension of loan payments for specific situations such as reenrollment in school, unemployment, or economic hardship.

You may qualify for a deferment while you are:

- Enrolled at least half time in an eligible postsecondary school or studying full time in a graduate fellowship program or an approved disability rehabilitation program.
- Unemployed or meet the Department of Education's rules for economic hardship (limited to 3 years). To determine if you qualify and to apply please download and complete this form: <http://www.ifap.ed.gov/dpcletters/attachments/FP0606HRD.pdf>

You may also be eligible for a deferment based on qualifying active duty service in the U.S. Armed Forces or National Guard. Refer to the MPN for your loan or contact the Direct Loan Servicing Center at 888-877-7658 for more information about specific qualifications for deferment based on military service.

In most cases, you need to submit a deferment request to your loan servicer along with documentation of your eligibility for the deferment.

If you've gone back to school and your loan servicer receives enrollment information that shows you're enrolled at least half time, it will automatically put your loans into deferment and notify you. You have the option of cancelling the deferment and continuing to make payments on your loan.

If you are in default on your loan, you are not eligible for a deferment or forbearance.

Note to PLUS and Unsubsidized Loan borrowers: The eligibility requirements and procedures for requesting a deferment or forbearance for Stafford Loan borrowers also apply to you. However, on Unsubsidized and PLUS loans, you'll be charged interest during periods of deferment or forbearance. If you don't pay the interest as it accrues, it will be capitalized (added to the principal balance of the loan), thereby increasing the amount you'll have to repay.

Forbearance

If you can't make your scheduled loan payments, but don't qualify for a deferment, you may qualify for a forbearance. Forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments. Some common reasons for getting a forbearance are illness, financial hardship or serving in a medical or dental internship or residency. See your copy of the Borrower's Rights and Responsibilities Statement (from your MPN) for more examples. You can also get more information by contacting your loan servicer.

National Student Loan Data System

Loans will be submitted to the National Student Loan Data System (NSLDS), and will be accessible by guaranty agencies, lenders, and schools determined to be authorized users of the data system.

For more information on loan repayment and loan forgiveness please visit the Department of Education's website at <http://studentaid.ed.gov/PORTALSWebApp/students/english/repaying.jsp>
