



Direct Subsidized/Unsubsidized Student Loans

Frequently Asked Questions for 2016-2017

What's the difference between "Subsidized" and "Unsubsidized"?

- Subsidized loan eligibility is always based on demonstrated financial need (file the FASFA) and the interest is paid (or subsidized) by the federal government until you're no longer enrolled at least half-time.
- Eligibility in the unsubsidized loan program is NOT contingent upon financial need; however, you must file the FASFA 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, but payment can be deferred.
- These loans must be repaid!

Do I need to go to a bank to get a loan?

- OPSU works through the "Federal Direct Loan Program". You work only with OPSU and a U.S. Department of Education loan servicer instead of commercial lenders.

Continuing OPSU borrowers:

- Once you have accepted your loan(s) at my.opsu.edu, you don't have anything else. The Master Promissory Note (MPN) you completed in a prior year/semester, will be updated when OPSU sends your loan eligibility to the U.S. Dept. of Education.

New OPSU borrowers:

Master Promissory Note

- If you are a first-time borrower, or if you have borrowed in the past 12 months, you will complete a Master Promissory Note (MPN), which is retained and updated by the loan servicer throughout your education at OPSU. You can complete the MPN at <http://www.studentloans.gov>.

Entrance Counseling

- Any new Subsidized/Unsubsidized Direct Student Loan borrower at OPSU (even if you borrowed at another school) must complete a one-time Loan Entrance Counseling Session, which includes borrower rights and responsibilities, prior to the first loan disbursement. You can complete this requirement at <http://www.studentloans.gov>. The U.S. Dept. of Education will automatically notify OPSU within a few days after you complete the session.

What's the interest rate?

- Congress sets rates for new loans each year, on or after June 1st, rates cannot exceed 8.25% for undergraduates.
- Subsidized Loan: Carries a fixed 3.76% rate for loans first disbursed between July 1, 2016 and June 30, 2017. Interest is paid for you by the government while you are enrolled at least half-time.
- Unsubsidized Loan: Carries a fixed 3.76% interest rate for loans first disbursed between July 1, 2016 and June 30, 2017. Interest accrues while you are in school. If you have previous Unsubsidized Loans, they will continue to accrue interest at the rate for each loan until you consolidate your loans when you graduate.

What's an Origination Fee?

- The Federal government charges Subsidized/Unsubsidized Loan borrowers an origination fee of 1.068% on loans first disbursed between October 1, 2015 and September 1, 2016 and 1.069% for all new loans first disbursed on or after October 1, 2016.

Will OPSU ever change the amount of loan I'm offered?

- Your loan eligibility is based in part on your cost of attendance, Expected Family Contribution (EFC), and other sources of financial assistance you receive. Any change to these factors after your original award has been made may cause an adjustment to your loan eligibility.
- If your loan eligibility is decreased, we will notify you of the adjustment. If this change occurs after you have submitted your promissory note(s), OPSU will notify the U.S. Dept. of Education of the change.
- Specific reasons your loan might be adjusted include: additional awards not reflected in your original award, such as OPSU cash or tuition scholarships, awards from community organizations or employers, Vocational Rehabilitation, Workforce Investment Act benefits, tribal grants, or any other grants, etc., a change in EFC, or a change in enrollment.
- Your initial loan award is also based in part on the grade level (freshman, sophomore, etc.) you report on the FASFA. If this doesn't match the OPSU registrar's record at the time of disbursement, your eligibility will be adjusted accordingly.

How much can I 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 total amount borrowed in all programs combined (including Parent Loans) can't exceed your annual costs as determined by OPSU, minus any other aid you will receive.

Annual Loan Limits			Aggregate (Lifetime) Loan Limits		
Dependent			Subsidized	Overall	
Undergraduate	Base Amount	Additional Unsub	Limit	Limit	
Freshman	\$3,500	\$2,000	Dependent Undergrad	\$23,000	\$31,000
Sophomore	\$4,500	\$2,000	Independent Undergrad	\$23,000	\$57,500
Junior/Senior	\$5,500	\$2,000			
Independent					
Undergraduate	Base Amount	Additional Unsub			
Freshman	\$3,500	\$6,000			
Sophomore	\$4,500	\$6,000			
Junior/Senior	\$5,500	\$7,000			

- Undergraduate Dependent students whose parents are denied for the Parent Loan may be eligible for the Independent Undergraduate loan limits.

Subsidized Loan Limit

- Federal regulations limit Direct Subsidized Loan borrowers to borrowing only enough money to cover and-and-a half times the length of their program of study

Can I postpone the repayment of my loan?

- Under certain conditions, you can receive a "deferment" or "forbearance" on your loan, as long as the loan isn't in default. A deferment allows you to temporarily postpone payments on your loan.
- If you have a subsidized loan, you won't be charged interest during the deferment. If your loan is unsubsidized, you will be responsible for the interest during the deferment. In that case, if you don't pay the interest as it accrues (accumulates), it will be capitalized (added to the principal loan amount and additional interest will be calculated on that higher amount) and the amount you will have to pay will increase.
- A forbearance is a temporary delay or reduction of payments when the borrower is willing, but unable, to pay the full payment. Interest continues to accrue during forbearance.

What's a "Direct Loan Servicer" and how do I contact mine?

- A Direct Loan servicer is the U.S. Dept. of Education's agent contracted to collect Direct Loans and handle deferments, repayment options, and consolidation.
- With Direct Loans, you:
 - Borrow directly from the federal government and have a single contact—your "loan servicer"—for everything related to repayment, even if you receive Direct Loans at different schools.

- Have online access to your Direct Loan account information via your servicer's website.
 - Can choose from several repayment plans, and you can switch repayment plans if your needs change.
- Once the first portion of your Direct Loan has been disbursed (credited to your OPSU Bursar account), you'll receive correspondence from your assigned servicer.
- You can also find contact information and web links to your servicer by logging into the National Student Loan Data System (NSLDS) at www.nslsds.ed.gov

National Student Loan Data System (NSLDS)

- You can find information about all of your Direct Loans, Federal Family Education Loans, Federal Perkins Loans, and federal grants at the NSLDS. You will also find contact information for the federal loan servicer holding your loans once the first disbursement of the loan has occurred.
- You can access NSLDS at www.nslsds.ed.gov. You will need your Federal Student Aid ID (FSAID)(the one you used to sign the FASFA) to log into the system
- Information relating to your federal student loans at OPSU will be submitted to NSLDS and will be accessible by guaranty agencies, lenders, and institutions authorized to use the system.

What's a "Grace Period"?

- After you graduate, leave school, or drop below half-time enrollment, you have a six-month period, called a grace period, before you start repaying a Direct Subsidized or Unsubsidized Loan. For new Subsidized loans received before July 1, 2012 or after July1, 2014, the interest is paid by the federal government during the grace period. For Subsidized Loans received between July1, 2012 and July 1, 2014, the interest will accrue during the grace period. The repayment period begins 6 months after you are no longer enrolled at least half-time, but interest that accrues during those 6 months will be payable by you, rather than by the federal government.
- If you return to school at least half-time before your grace period ends, repayment of your loan will again be delayed until 6 months after you leave school.

How will I repay my loan?

- Repayment on a Direct Subsidized or Unsubsidized Loan starts 6 months after you graduate or cease to be enrolled at least half-time. You will make your payments to your Federal Direct Loan servicer. All Direct Student Loans can be consolidated into one student loan when you graduate.
- When you leave school, you will select the repayment plan that fits your financial circumstances. You may switch repayment plans at any time without penalty by contacting your Federal Direct Loan servicer.
- The following descriptions are general in nature. You can find detailed repayment information and a loan repayment calculator link at <http://studentloans.gov>
 - The Standard Repayment Plan requires fixed monthly payments (at least \$50) for up to 10 years
 - The Extended Repayment Plan allows loan repayment to be extended up to a total of 25 years, depending on the total amount you owe when your loans enter repayment
 - The Graduated Repayment Plan allows payments to start at one level and increase every 2 years, with full payment within 10 years
 - The Income Contingent Repayment Plan bases monthly payments on your yearly income, family size, and loan amount. As your income rises or falls each year, so do your payments. After 25 years, any6 remaining balance on the loan will be forgiven, but you may have to pay taxes on the amount forgiven
 - The Income-Based Repayment Plan allows for adjustments, based on your income, to your monthly payment amount during any period when you have a partial financial hardship. The maximum repayment period may exceed 10 years

Are there any tax credits available for paying back the loans?

- There are tax incentives for certain higher education expenses, including a deduction for student loan interest for certain borrowers. IRS Publication 970, Tax Benefits for Higher Education, explains these credits and other tax benefits. You can find this publication at www.irs.gov.

Satisfactory Academic Progress

- You must maintain satisfactory academic progress, as outlined in the OPSU Financial Aid Policy on Satisfactory Academic Progress, to remain eligible for aid, including Federal Direct Subsidized/Unsubsidized Loans. Even though this loan requires repayment, you must meet the academic standards to receive this loan.