

# CONTACTS

## StudentAid.gov

Get more information about the Direct Loan Program and the aid application process, including helpful publications and tools for managing Direct Loans.

## www.StudentLoans.gov

Get more information about completing Master Promissory Notes and Direct PLUS Loan requests.

## www.NSLDS.ed.gov

### National Student Loan Data System (NSLDS®)

For information about all of your federal student loans and federal grants, visit ED's National Student Loan Data System (NSLDS). Note that NSLDS does not include information about any private loans you may have received.

### Stay connected:

 /FederalStudentAid

 /FAFSA

 /FederalStudentAid

*The William D. Ford Federal Direct Loan Program (Direct Loan) is one of the U.S. Department of Education's federal student aid programs.*

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**Note:** The information in this document was compiled in the fall of 2012. For updates or additional information, visit [StudentAid.gov](http://StudentAid.gov) or phone 1-800-4-FED-AID.

A simple and flexible way to finance your education.

# DIRECT LOAN BASICS FOR STUDENTS

## Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

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## How can Direct Loans help pay for college or career school expenses?

Direct Loans are federal loans to help you pay the cost of your four-year college or university, community college, or trade, career, or technical school. The lender is the U.S. Department of Education (ED) rather than a bank.

### Direct Loans are:

- **Simple**—You borrow directly from the federal government.
- **Flexible**—You can choose from several repayment plans that are designed to meet your needs, and you can switch repayment plans at any time.

## What kinds of Direct Loans are available?

- **Direct Subsidized**—For undergraduate students. No interest is charged on subsidized loans while you are in school at least half-time and during deferment periods.
- **Direct Unsubsidized**—For undergraduate, graduate, and professional degree students. Interest is charged on unsubsidized loans during all periods.
- **Direct PLUS**—For graduate, professional degree students, and parents of dependent undergraduate students. Interest is charged during all periods.
- **Direct Consolidation**—For student and parent borrowers who want to combine their eligible federal student loans into a single loan.

## What are the eligibility requirements?

You must be enrolled at least half-time at a school that participates in the Direct Loan Program, and you must meet general eligibility requirements for the federal student aid programs. Learn more about these requirements at [StudentAid.gov](http://StudentAid.gov), or by contacting your school's financial aid office.

## How do I apply for aid?

You apply for Direct Loans and other federal student aid by completing a *Free Application for Federal Student Aid* (FAFSA<sup>SM</sup>). You can complete the FAFSA online at [www.fafsa.gov](http://www.fafsa.gov). The schools that you have identified on your FAFSA will receive your information. Some schools have additional application procedures—check with your school's financial aid

office to be sure. After your FAFSA has been processed, the school will notify you, usually through an award letter, of the types of aid for which you are eligible.

## How do I take out a Direct Loan?

You must complete a Master Promissory Note (MPN). The MPN is a legally binding agreement to repay your loan to ED. In most cases, a single MPN can be used for loans that you receive over several years of study. Also, before receiving your first Direct Loan, you must complete entrance counseling. Entrance counseling is a mandatory information session which takes place before you receive your first federal student loan. Check with your school's financial aid office to find out how they want you to complete both the entrance counseling and the MPN.

## How much can I borrow?

The maximum amount you can borrow each school year depends on your grade level and other factors. It ranges from a maximum of \$5,500 per year for a dependent freshman to a maximum of \$20,500 per year for a graduate or professional degree student. The actual amount you are eligible to borrow each year is determined by your school and may be less than the maximum amount. There are also limits on the total amount of your loan debt.

**Graduate and professional degree students:** If you need additional loan funds to meet your education expenses not covered by other financial aid, you may be eligible to receive a Direct PLUS Loan. You will need to sign a Direct PLUS MPN in addition to the Direct Unsubsidized Loan MPN. Check with your school's financial aid office to find out how they want you to complete both the entrance counseling and the MPN.

**Parents of dependent students:** Direct PLUS Loans are also available to parents of dependent undergraduate students (see *Direct Loan Basics for Parents* available at [StudentAid.gov/resources](http://StudentAid.gov/resources)).

**REMEMBER:** It's important to borrow only what you need for your current school year. Loan debt adds up quickly. You must repay your student loan and any accumulated interest.