

## FEDERAL DIRECT STUDENT LOANS

Valpo participates in the Direct Lending program, and processes all federal loans directly, apart from private lenders. First time student borrowers are required to complete [entrance counseling and an electronic promissory note](#) before disbursement can be made. Federal loans are credited to the student's Finance Office account. All loans are subject to a total aid cap equalling the cost of attendance less other aid received. And you must be enrolled at least half-time to be eligible for a federal loan. (For undergraduate and law students: half-time = 6 credits per semester; Graduate students: half-time = 4.5 credits per semester)

### Annual federal direct student loan limits

- Freshmen = \$5,500 (\$3,500 max in a subsidized loan)
- Sophomore = \$6,500 (\$4,500 max in a subsidized loan)
- Junior = \$7,500 (\$5,500 max in a subsidized loan)
- Senior = \$7,500 (\$5,500 max in a subsidized loan)
- Graduate/Law = \$20,500 (\$8,500 max in a subsidized loan)

### [Federal Direct Subsidized Loan](#)

- Need-based, must file FAFSA
- A 0.5% federal \*origination fee is deducted from loan proceeds.
- Principal and Interest deferred while enrolled at least 1/2 time in school.
- Interest Rate for Graduate Student Loans processed after July 1, 2006 are at a fixed rate of 6.8%
- Interest Rates for Undergraduate Loans:
  - o Processed between July 1, 2006 - June 30, 2008: 6.8%
  - o Processed between July 1, 2008 - June 30, 2009: 6.0%
  - o Processed between July 1, 2009 - June 30, 2010: 5.6%
  - o Processed between July 1, 2010 - June 30, 2011: 4.5%
  - o Processed between July 1, 2011 - June 30, 2012: 3.4%
  - o Interest Rate returns to 6.8% for subsequent years.

### [Federal Direct Unsubsidized Loan](#)

- Not need-based, but must file FAFSA
- A 0.5% federal \*origination fee is deducted from loan proceeds.
- Interest Rate: Loans processed after July 1, 2006 are at a fixed interest rate of 6.8%
- Principal deferred but interest accrues while in school, borrower may pay interest or defer.

### [Loan repayment information](#)

\*A Loan Origination Fee of 1.0 percent is deducted from the Federal Direct Loan before it is disbursed. However, 0.5 percent of the fee is

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immediately refunded back to you in the form of an interest rebate. The net affect of this rebate is that you will receive the loan amount requested less 0.5 percent. To keep the interest rebate, you must make your first twelve required monthly payments on time when your loan enters repayment. If you do not make all twelve payments on time, the rebate amount will be added back to your loan principal.

<u>Loan first disbursed</u>	<u>Origination fee %</u>	<u>rebate %</u>	<u>Net fee %</u>
On or after July 1, 2010	1.0%	0.5%	0.5%
July 1, 2009-June 20, 2010	1.5%	1.0%	0.5%
July 1, 2008-June 30, 2009	2.0%	1.5%	0.5%
July 1, 2007-June 30, 2008	2.5%	1.5%	1.0%
July 1, 2003-June 30, 2007	3.0%	1.5%	1.5%
July 1, 2002-June 30, 2003	4%	1.5%	2.5%
July 1, 2000-June 30, 2002	4%	1%	3%
Prior to July 1, 2000	4%	0	4%

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