

FEDERAL DIRECT LOAN PROGRAM

Federal Direct Student Loans are available and are commonly referred to as subsidized or unsubsidized loans. The **subsidized** Direct loan is awarded based on financial need. Students do not pay interest on these loans until they cease at least half-time enrollment, or they graduate from their respective institution. The federal government subsidizes the interest during the time the student is enrolled in school. The **unsubsidized** Direct loan is not awarded based on financial need but rather on the individual's desire for additional funds. Students will be charged interest from the time their loan is disbursed until the loan is paid in full. Students may receive both a subsidized and an unsubsidized loan during the same enrollment period, depending on financial need.

The total amount for which a student may be eligible for is determined by dependency status, enrollment status, Cost of Attendance (COA) and Student Aid Index (SAI).

Maximum yearly loan amount

1. Students enrolled in a degree-seeking program may complete a loan application available through STARS\Financial Aid\Student Forms. Students must be enrolled for and complete a minimum of six credit hours per term to be eligible for loans.

Students classified by the federal government as "**Dependent**" are eligible to borrow the following amounts:

- \$5,500 per year during the first 30 hours of earned coursework (up to \$3,500 is subsidized)
- \$6,500 per year during the remainder of the student's program (30-60 hours) (up to \$4,500 is subsidized)
- \$7,500 per year during the remainder of the student's bachelors program (60-90 hours) (up to \$5,500 is subsidized)

Students classified by the federal government as "**Independent**" or a "**student whose parent is denied a parent plus loan**" are eligible to borrow the following amounts:

- \$9,500 per year during the first 30 hours earned of course work (up to \$3,500 is subsidized)
- \$10,500 per year during the remainder of the student's program (30-60 hours) (maximum number of attempted hours and up to \$4,500 is subsidized)
- \$12,500 per year during the remainder of the student's bachelors program (60-90 hours) (maximum number of attempted hours and up to \$5,500 is subsidized)

Rhodes State College may only process loans for the maximum number of attempted hours for each program. Students are reminded that the total debt they may accumulate during their **ENTIRE** undergraduate career (associate degree and bachelor's degree) from all Direct loans combined is \$31,000 as a dependent student and \$57,500 as an independent student (of which no more than \$23,000 can be subsidized loans).