

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 on the basis of 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 on the basis of 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 Expected Family Contribution (EFC).

1. Maximum yearly loan amount

Students enrolled in a degree-seeking program may complete a loan application available from the Financial Aid Office or on the Rhodes State website. Students must be enrolled for and complete a minimum of six 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 (up to \$4,500 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 (maximum number of attempted hours and up to \$4,500 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 bachelors degree) from all Stafford 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).

2. Subsidized Loan Limit

Effective July 1, 2013, the law limits borrowing of subsidized loans to 150% of the state program length for first time loan borrowers, those who have never borrowed or previous borrowers who have a zero loan balance per the National Student Loan Data System (NSLDS). Students in two-year programs will be limited to borrowing subsidized loans for three academic years. Students who transfer from a four-year program to a two-year program may

have no subsidized loan eligibility and would only be able to borrow unsubsidized loans. Eligibility will be calculated by determining the periods of time in which the student borrowed a subsidized loan rather than by all the periods that a borrower is enrolled. Eligibility will also be calculated based on enrollment of less than full time.

Student who reach the 150% limit will lose the subsidy on their loans and interest will begin to accrue on all previous subsidized loans.