

## *Types of Federal Loans*

There are several types of loans available to students. They are the federal subsidized and unsubsidized loan, Federal Perkins and Federal Graduate PLUS Loans. Parents may also apply for a Federal Parent Loan on behalf of a dependent undergraduate. For all federal loans the student must be enrolled in a degree seeking program, be maintaining Satisfactory Academic Progress according to financial aid guidelines and enrolled for at least half-time (6 hours for undergraduate and 5 hours for graduate students).

The ***Federal Subsidized Loan*** is based on financial need. Financial need is determined by subtracting the Estimated Family Contribution (EFC) as provided by the FAFSA from the Institution's Cost of Attendance (COA). Students must have financial need. The Federal Government pays the interest on the subsidized loan while the student is enrolled in school at least half-time. Repayment begins 6 months after graduation or half-time enrollment.

The ***Federal Unsubsidized Loan*** is not based on financial need. Students who do not have demonstrated financial need or their need if fully met by other aid, may receive the unsubsidized loan up to the Cost of Attendance. The student is responsible for repayment of the interest while in school. The student may opt to let the interest accrued and be added to the loan during enrollment. Repayment of the principal and any added interest begins 6 months after graduation or half-time enrollment.

***Federal Graduate PLUS Loan*** is for students attending graduate school. Graduate students. Students may borrow up to the cost of attendance minus any financial aid awarded. A credit check is required on the Graduate PLUS loan. Students must first apply for federal loan before a Graduate PLUS can be awarded.

***Federal Parent PLUS Loan*** are low interest loans with long repayment options made available to parents of eligible dependent undergraduates students. A credit check is performed on PLUS Loan applicants. The amount borrowed is the student's Cost of Attendance minus any financial aid awarded. The lender charges interest on the loan from the date of the first disbursement until the loan is paid in full. The current interest rate for a PLUS loan is 8.5%. The interest rate changes July 1<sup>st</sup> of each year and is capped at 9%.

The Free Application for Federal Student Aid (FAFSA) is not required to apply for the PLUS loan; however, if the loan is denied the student will not be offered the Unsubsidized Loan without a FAFSA on file. It is recommended that parents complete the FAFSA. Parents may borrow through the Federal Direct Loan or any lender of their choice. Parents interested in borrowing through the Federal Direct Loan must complete the [Federal Direct Loan PLUS Loan Data Sheet](#) and submit to the Student Financial Aid Office. Parents approved for the Federal Direct PLUS Loan must sign the Master Promissory Note at <http://dlenote.ed.gov>.

***Federal Perkins Loan*** is a low interest loan for students with exceptional need. The funds are received from the federal government and the school is the lender. The interest rate on the Federal Perkins Loan is 5%. Students must be enrolled at least half-time. Repayment begins 9 months after the students graduate or drops below half-time. Students must sign a Master Promissory Note with the Student Financial Aid Office.