

## DIRECT STAFFORD/PERKINS LOAN FREQUENTLY ASKED QUESTIONS

### WHAT IS THE WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM?

Commonly referred to as Direct Loans, the U.S. Department of Education has created this program for students who are accepted into a degree-granting program, attend at least half-time (as defined by their degree program) and meet satisfactory academic progress standards. There is no credit check required to qualify for this program. Providence College is responsible for determining eligibility based on the results of your Free Application for Federal Student Aid (FAFSA) and current federal regulations. In addition, the College collects and processes all paperwork on the government's behalf for this program.

### WHAT IS THE DIFFERENCE BETWEEN A SUBSIDIZED AND UNSUBSIDIZED DIRECT LOAN?

Direct Loans are either **subsidized** (the government pays the interest while you're in school) or **unsubsidized** (you pay all the interest). To receive a subsidized Direct Loan, you must be able to demonstrate financial need as determined by filing the FAFSA each year. You may also receive an unsubsidized Direct loan regardless of need level, as long as you also meet the criteria defined in the question above. You can defer the interest payments on an unsubsidized Direct loan until after graduation by capitalizing the interest. This adds the interest payments to the loan balance, increasing the size and cost of the loan.

### HOW MUCH CAN I BORROW IN THE DIRECT LOAN PROGRAM EACH YEAR?

The maximum loan amount you can borrow is tied to how many credits you have satisfactorily completed at Providence College and any accepted transfer credits. For the 2017-2018 academic year the Direct Loan program has a fixed 6.0% interest rate on graduate unsubsidized loans and a fixed 4.45% interest rate on undergraduate subsidized and unsubsidized loans. Both loans have a 1.066% origination fee that reduces the gross amount that appears on your billing statements.

Credits Completed	Undergrad Dependent		Undergrad Independent		Graduate
	Subsidize	Unsubsidize	Subsidize	Unsubsidize	Unsubsidize
0 – 27	\$3,500	\$2,000	\$3,500	\$6,000	\$20,500
28 – 55	\$4,500	\$2,000	\$4,500	\$6,000	\$20,500
56 – 85	\$5,500	\$2,000	\$5,500	\$7,000	N/A
86 -116	\$5,500	\$2,000	\$5,500	\$7,000	N/A
Teaching Certification	\$5,500	N/A	\$5,500	\$7,000	N/A

To determine how much you are eligible to borrow, choose the category that best fits your status (i.e. Dependent, Independent or Graduate). Choose the row that reflects how many credits you have completed. A student can borrow up to the total of the two columns (subsidized + unsubsidized). For example, an Undergraduate Dependent student with 20 credits can borrow a total of \$5,500, of which no more can be \$3,500 subsidized.

Independent students and students whose parents have been turned down for a parent PLUS loan can borrow a total of \$6,000 in an unsubsidized Direct Loan the first two years and \$7,000 the remaining years. Parents **MUST** apply and get turned down each year the student wishes to take advantage for the additional unsubsidized loan.

Cumulatively, an undergraduate dependent can borrow up to \$31,000 (no more than \$23,000 can be subsidized). Undergraduate independents or students whose parents have been turned down for a parent PLUS loan can borrow up to \$57,500 (no more than \$23,000 can be subsidized). Graduate student can borrow up to \$138,500 (no more than \$65,500 can be subsidized) during their pursuits of a postsecondary education.

#### **ASIDE FROM FILING THE FAFSA, IS THERE ANYTHING ADDITIONAL I NEED TO DO TO ACTIVATE MY DIRECT LOANS?**

**Yes!** If you have never borrowed through the Direct Loan Program at Providence College you must complete a Federal Direct Loan Master Promissory Note (MPN) and Entrance Counseling (EC) online. Both the MPN and EC only need to be completed once during your attendance at Providence College. In order to complete both of these requirements you will need your FSA ID. An FSA ID gives you access to Federal Student Aid's online systems and can serve as your legal signature. Both you and one custodial parent (if required) should apply for an FSA ID in order to complete the entire process online. If you forgot your FSA ID or would like to apply for one you can visit <https://fsaid.ed.gov>.

To complete your Direct Loan MPN and Direct Loan EC online visits:  
[www.studentloans.gov](http://www.studentloans.gov)

#### **WHAT IS A FEDERAL PERKINS LOAN?**

The U.S. Department of Education has created the Federal Perkins Loan program for students who are accepted into a degree-granting program, attend at least half-time (as defined by their degree program) and meet satisfactory academic progress standards. Perkins Loans are awarded to undergraduate and graduate students who demonstrate exceptional financial need. This is a campus based loan program, with the school acting as the lender using a limited pool of funds provided by the federal government. Essentially, it is a subsidized loan with the interest being paid by the federal government. There are no origination fees and the interest rate is fixed at 5%.

#### **HOW MUCH CAN I BORROW IN THE PERKINS LOAN PROGRAM?**

The amount of Perkins Loan you receive is determined by the Providence College Office of Financial Aid. The program limits are \$5,500 per year for undergraduate students and \$8,000 per year for graduate students, with cumulative limits of \$27,500 for undergraduate loans and \$60,000 for undergraduate and graduate loans combined. Not all students will receive this fund or receive the maximum allowed due to the limited amount in this program allocated to Providence College.

#### **ASIDE FROM FILING THE FAFSA, IS THERE ANYTHING ADDITIONAL I NEED TO DO TO ACTIVATE MY PERKINS LOANS?**

**Yes!** If you have never borrowed through the Perkins Loan Program at Providence College you must complete a Master Promissory Note (MPN) and Entrance Counseling (EC) online ***before September 30, 2017***. It is important to note, the federal government is terminating the Perkins Loan program on September 30, 2017. If you fail to sign the MPN prior to the deadline you cannot receive your Perkins Loan funds and Providence College cannot replace the offer of funds.

To complete your Perkins MPN & EC online visit:  
<https://www.signmyloan.com>

### **When do I have to pay my Direct and/or Perkins Loans back?**

You are able to make pre-payments against principle/interest at any time without penalty. However, repayment for Direct Loans officially begins 6 months and Perkins Loans begins 9 months after the student graduates or drops below half-time enrollment (as defined by their degree program). The standard repayment term is 10 years, although one can get access to alternate repayment terms (extended, graduated and income contingent repayment) by consolidating the loans. However, if you consolidate your loans, you could lose your grace period. As your graduation date approaches you will be contacted by the lenders who hold your loan to make payment arrangements.

### **HOW MUCH MONEY HAVE I BORROWED THROUGH THE DIRECT AND PERKINS LOAN PROGRAMS?**

You can access what you have borrowed to date by logging into [www.nslds.ed.gov](http://www.nslds.ed.gov). You will need your FSA ID to access this site. Direct Loans can also be reached at 1-800-557-7394.

### **CAN I CONSOLIDATE MY PERKINS LOANS WITH PROVIDENCE COLLEGE?**

**No!** Providence College does not offer a consolidation program. However, you may consolidate your Perkins loan with the holder of your Direct Loans (i.e. U.S. Department of Education). You can visit [www.direct.ed.gov](http://www.direct.ed.gov) for more information about this process. Please note Perkins Loans have several provisions of forgiveness that you would lose if you chose to add them to your consolidation loan. In some cases, consolidation may even increase your interest rate on those loans.

### **WHAT IS EXIT COUNSELING?**

As you approach your graduation date, separate from the College or drop below half-time you will be contacted by the lenders who hold your loan(s) regarding exit counseling. Exit counseling must be completed for both the Direct Loan and Perkins Loan programs separately. These requirements can be completed at [www.studentloans.com](http://www.studentloans.com) (Direct Loans) and [www.uasexit.com](http://www.uasexit.com) (Perkins Loan). Exit counseling covers outstanding loan balance, payment plans and other terms and conditions of your loans. Failure to complete exit counseling could result in a hold on your student account with the College.

### **WHERE CAN I GET MORE INFORMATION ABOUT DIRECT AND/OR PERKINS LOANS?**

Please come and visit the Office of Financial Aid in Harkins 403 or the Student Loan Office in Harkins 400. You could also email us at [finaid@providence.edu](mailto:finaid@providence.edu) or call us at 401.865.2286 if you have any additional questions, comments or concerns.

**\*Please note, the Perkins Loan Program will be eliminated on September 30, 2017.\***

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