



## 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.

Credits Completed	Undergrad Dependent		Undergrad Independent		Graduate
	Subsidized	Unsubsidized	Subsidized	Unsubsidized	Unsubsidized
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
Pre-health Certificate	\$5,500	N/A	\$5,500	\$7,000	N/A

For the 2024-2025 academic year the Direct Loan program had a fixed 8.083% interest rate on graduate unsubsidized loans and a fixed 6.533% interest rate on undergraduate subsidized and unsubsidized loans. Both loans have a 1.057% origination fee that reduces the gross amount that appears on your billing statements (valid through 10/1/24).

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://studentaid.gov/fsa-id/create-account/launch> .

Direct Loan MPN <https://studentaid.gov/mpn/>

Direct Loan EC <https://studentaid.gov/entrance-counseling/>

### **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 your Direct Loans. This requirement can be completed at <https://studentaid.gov/entrance-counseling/>. 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 Loans?**

Please come and visit the Office of Financial Aid in Harkins 403. 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.