



Federal Direct Student Loan Information

Office of Financial Aid

William D. Ford Federal Direct Loan Program

The William D. Ford Federal Direct Loan Program, commonly referred to as Direct Loans, is a federal student loan program administered by the U.S. Department of Education. The program provides low-interest loans to eligible students to assist with the cost of higher education.

To be eligible for Direct Loans at Providence College, a student must be admitted to a degree-granting program, be enrolled at least half-time, and meet Satisfactory Academic Progress (SAP) requirements in accordance with federal regulations. Eligibility for Direct Loans is determined by the Office of Financial Aid based on information provided on the Free Application for Federal Student Aid (FAFSA) and applicable federal guidelines.

No credit check is required for student borrowers. Providence College facilitates the origination and disbursement of Direct Loans and collects required documentation; however, all Direct Loans are issued by the U.S. Department of Education and are managed after disbursement by a federally contracted loan servicer.

Subsidized and Unsubsidized Direct Loans

Direct Loans are available in two forms: Subsidized and Unsubsidized.

Direct Subsidized Loans are awarded based on financial need as determined by the FAFSA. The federal government pays the interest on subsidized loans while the student is enrolled at least half-time and during the six-month grace period following separation from the College. Interest coverage ends when the grace period expires or if the student drops below half-time enrollment.

Direct Unsubsidized Loans are not based on financial need. Interest begins accruing at the time of disbursement and continues throughout enrollment, the grace period, and repayment. Students may defer interest payments while enrolled; however, unpaid interest will be capitalized, increasing the total loan balance and overall cost of borrowing.

Annual Loan Limits

Annual Direct Loan limits are established by federal law and are based on the student's dependency status and earned credits.

Dependent Undergraduate Students

- First year (0–27 credits): \$5,500 total (maximum \$3,500 subsidized)
- Second year (28–55 credits): \$6,500 total (maximum \$4,500 subsidized)
- Third year and beyond (56+ credits): \$7,500 total (maximum \$5,500 subsidized)

Independent Undergraduate Students

(or dependent students whose parent is denied a Parent PLUS Loan)

- First year: \$9,500 total (maximum \$3,500 subsidized)
- Second year: \$10,500 total (maximum \$4,500 subsidized)
- Third year and beyond: \$12,500 total (maximum \$5,500 subsidized)

Graduate Students

Graduate students may borrow up to \$20,500 per academic year in Direct Unsubsidized Loans. Subsidized loans are not available at the graduate level.

Interest Rates, Fees, and Additional Borrowing Rules

Interest rates and origination fees are set annually by the federal government and are subject to change each year. For the 2025–2026 academic year, Direct Loan interest rates are fixed at:

- 6.39% for undergraduate Direct Loans
- 7.94% for graduate Direct Unsubsidized Loan

Direct Loans are subject to a 1.057% origination fee, which is deducted proportionally from each loan disbursement before funds are sent to the College. Independent students—and dependent students whose parent is denied a Parent PLUS Loan—may qualify for additional unsubsidized loan eligibility:

- \$4,000 annually for first- and second-year students
- \$5,000 annually for third-year students and beyond

A parent must apply for and be denied a PLUS Loan each academic year for a dependent student to receive these additional funds. A PLUS Loan denial does not obligate the parent to borrow.

Aggregate (Lifetime) Loan Limits

Federal Direct Loans are subject to cumulative borrowing limits over a student's academic career:

- Dependent undergraduates: \$31,000 total (maximum \$23,000 subsidized)
- Independent undergraduates: \$57,500 total (maximum \$23,000 subsidized)
- Graduate students: \$138,500 total, including undergraduate borrowing

Disbursement of Direct Loans

Direct Loans are generally disbursed in two equal installments per academic year. Loan funds are first applied to tuition, fees, housing, and other institutional charges. Any excess funds are refunded to the student in accordance with the College's refund procedures. Refunded loan funds remain subject to repayment with interest.

Required Borrower Steps

First-time borrowers at Providence College must complete a Master Promissory Note (MPN) and Entrance Counseling prior to loan disbursement. These requirements are typically completed once per enrollment period.

An FSA ID is required to complete federal loan requirements.

- studentaid.gov/mpn
- studentaid.gov/entrance-counseling

Exit Counseling and Repayment Preparation

Students are required to complete Exit Counseling when they graduate, withdraw, or drop below half-time enrollment. Exit Counseling reviews total borrowing, repayment obligations, available repayment plans, and the six-month grace period. Exit Counseling is completed online at studentaid.gov/exit-counseling.

Enrollment Changes and Loan Proration

Changes in enrollment status may affect Direct Loan eligibility and repayment timing. Dropping below half-time enrollment may trigger the grace period and could result in the return of loan funds.

Under federal loan proration rules, students enrolled less than full-time or completing their final term may be eligible for a reduced loan amount based on enrollment level and remaining degree requirements. As a result, students may not be eligible for the full annual loan limit even if aggregate eligibility remains. Students are encouraged to consult with the Office of Financial Aid prior to making enrollment changes.

Additional Information

For additional information regarding Federal Direct Loans, please contact:

Office of Financial Aid
Harkins Hall, Room 403
Monday–Friday, 8:30 a.m.–4:30 p.m.
401-865-2286 | finaid@providence.edu