



Direct Student Loan FAQs

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1. What types of Federal Direct Loans are available at GCC? Students and their parents are able to apply for subsidized, unsubsidized and Parents Plus loans under the Federal Direct Loan Program.
 - What are Direct Subsidized Loans? Direct subsidized loans are a need based program that provides low interest loans to students who are attending GCC at least half-time (6 hours). If you are eligible for a Direct Subsidized loan, the federal government pays the interest on the loan while you are enrolled in school at least half-time in deferment and during grace periods. Eligible students will see

available subsidized loan amounts listed along with Pell and other grants in their award package each year.

- What are Direct Unsubsidized Loans? This is a non-need based program that provides low-interest loans to students who are attending GCC at least half-time. The student is responsible for the interest that accrues on the Direct Unsubsidized loan during school, deferment and grace periods. *So, if payments on interest are not made during school or are not paid off once the student graduates, the interest will be capitalized and added to the total loan amount to be repaid.*
 - What are Parent Plus Loans? The Federal Parent PLUS Loan is a fixed interest loan created by the federal government to help creditworthy parents pay for their dependent student's education beyond high school. The amount a parent can borrow for a student cannot exceed the student's total cost of attendance. Repayment begins 60 days after the loan is fully disbursed.
2. Are there requirements that decide my eligibility? Yes, you must meet the following requirements:
- You must have submitted a FAFSA to be eligible for loans
 - You must be enrolled at least half-time to receive loans
 - You must have financial need as determined by the information on your FAFSA
 - You must be a U.S. citizen or national, a U.S. permanent resident, or eligible non-resident
 - You cannot be in default on any education loan or owe a refund on an education grant (NOTE – if you are in default on a student loan or owe a repayment to another school you will not be eligible for loans or any other federal aid until it has been repaid or the Department of Education can provide a letter stating you are eligible for Title IV federal aid)
3. When will GCC send my loan disbursement to me? GCC sends loan disbursements out in two payments each semester. The first disbursement is half of your loan award amount minus any tuition, fees or other charges that you may owe GCC at that time. The second disbursement will be the

second half of your loan award amount minus any tuition, fees or other charges that are still unpaid at that time. Your first disbursement is issued 30 days after the beginning of the semester as long as your MPN and Entrance counseling have been correctly submitted at least two weeks before the disbursement date. The dates for the second disbursement will be posted each semester on Grayson.edu under the financial aid section.

4. What are the interest rates/where can I find that information? For 2011-12 the interest rates are reported as:

Undergraduate	Interest Rate	Fees
Direct Subsidized	3.4%	.5%
Direct Unsubsidized	6.8%	.5%
Direct Plus	7.9%	2.5%

For more information you can visit:

www.dl.ed.gov/borrower/BorrowerWelcomePage.jsp

- Where can I find information about Federal loans that I already have? Information on your federal loan debt can be accessed via the [National Student Loan Data System \(NSLDS\)](#). Note that any private loans you have borrowed will not appear in the NSLDS.
 - Where can I get additional information about Federal Direct Lending? For more information about the Federal Direct Lending Program, please review the following websites:
 - Direct Lending Questions & Answers - <http://www.direct.ed.gov/dlq-a.html>
 - US Department of Education - www.studentloans.gov
 - Direct Loan Consolidation - <http://loanconsolidation.ed.gov>
5. Do I have to complete a FAFSA application in order to apply for Direct Loans? Yes, you must fill out a FAFSA application when you are applying for any federal financial aid. You can complete your application at fafsa.ed.gov or contact them at 800.4FED.AID if you have any questions.

6. When does repayment begin? Repayment of your loan begins after a one-time grace period of six months after you graduate or you are not enrolled in at least half-time. For deferment or forbearance you must contact the lender. The amount you can borrow is based on your grade level and your status as a student. Independent students may be eligible to borrow more because they are paying for college without assistance from their family. You may not always qualify for the full amount that you have asked for but if you have asked for the maximum amount then you will be awarded the maximum that you qualify for.

- Do Direct loans allow borrowers to defer payment? Yes. The maximum period for which a borrower may receive a deferment is determined in accordance with the Direct Loan Program regulations, and depends on the deferment type.
- What is deferment? Deferment is an authorized period of time during which you may postpone monthly principal and/or interest payments. The federal government makes interest payments on subsidized loans during authorized deferment periods. You are responsible for interest that accrues on PLUS and unsubsidized loans during any deferment and have the option of making interest payments to avoid capitalization.
- What is forbearance? Forbearance is an authorized period of time during which a loan holder agrees to temporarily postpone payments or reduce your payment amount if you intend to repay the loan but are having temporary financial difficulties. You're still responsible for the accrued interest during forbearance.
- What is capitalization? If you don't pay the interest that accrues on your loan while you're in school or during a deferment or forbearance, the unpaid interest is added to the principal balance of your loan. Once the unpaid interest is added, it increases the total amount of your loan and the monthly payment.
- What is consolidation? Loan consolidation allows borrowers to combine all of their federal education loans into a single loan. The

program allows borrowers to make a single monthly payment and extend the repayment period.

- Is there a penalty for early repayment? There are never early payment penalties for [federal student loans](#). That is another great benefit of the Stafford Loan.
- Do I have to reapply for loans every year? This is a very common question. You have to apply every year because each year, the amount of aid you are eligible for is determined by your [FAFSA](#). Federal Stafford loans do not "renew" automatically.

7. Who do I contact if I need assistance concerning my student loans?

Direct Loan Servicing Center Address

Direct Loan Servicing Center

Borrower Services Department

P.O. Box 5609

Greenville, TX 75403-5609

800.848.0979

www.dl.ed.gov