



LOAN PROGRAM OVERVIEW

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Direct Loan Program Subsidized and Unsubsidized Loans

The Direct Loan Program provides low-interest, long-term loans through the federal government. These funds must be **REPAID**.

Loans can be **subsidized or unsubsidized**. To be eligible to borrow a Direct Loan, students must be enrolled at least half-time (6 units undergraduate and credential). If you drop below half-time during a semester, the remainder of your loan may be canceled. If you decide to borrow a Direct Loan, you will be required to complete a Master Promissory Note. Visit the following web site, <http://www.dlenote.ed.gov> to complete the promissory note online. *Special Note: First-time borrowers at HIU are required to complete an Entrance Loan Counseling session.* Students may satisfy this requirement by completing an on-line session via the following web site <http://www.dl.ed.gov> or students can attend an in-person session by calling our office at (714) 879-3901, x2638 to schedule an appointment.

The federal maximums are:

- \$3500 per academic year for the first year of undergraduate study; \$4,500 per academic year for the second year of undergraduate study; \$5,500 per academic year for the remaining years of undergraduate and credential study, up to a total of \$23,000 subsidized.

Repayment normally begins **six months** following graduation or when you cease to be enrolled at least halftime. Payments and length of repayment period depends on the size of your debt but must be a minimum of \$600 per year. Under special circumstances, repayment of a Direct Loan that is not in default may be deferred or canceled. Repayment, deferment and cancellation are handled by your lender or loan servicing center. If you are eligible for a Direct Loan, we have included one (either subsidized or unsubsidized or a combination of both) as part of your financial aid award. Please refer to the following paragraphs to learn the differences between the *subsidized* and *unsubsidized* Direct Loans.

Subsidized Loan (*Available only to undergraduate Students beginning July 1, 2012*)

The amount of a subsidized Direct Loan you can borrow is the difference between the cost of education and your resources (family contribution, financial aid, and any other assistance you receive from the school and outside sources). However, you cannot borrow more than the federal maximum. If you are eligible for a subsidized loan, the federal government pays the interest for you until your repayment begins. Interest rate is fixed at 4.5% for loans disbursed on or after July 1, 2010.

Unsubsidized Loan

The unsubsidized Direct Loan is awarded to students who do not qualify for the maximum subsidized loan eligibility. The unsubsidized loan can replace all or part of the family contribution. However, the amount of the loan cannot be more than the difference between the cost of education and any financial assistance you will receive from the school and any outside source (including the subsidized Direct Loan). Interest rate is fixed at 6.8%. If you are a dependent student, your total Direct Loan (subsidized, unsubsidized, or a combination of both) cannot exceed the annual and/or aggregate federal maximums for these loans. Interest will be charged beginning the day the loan is disbursed to you while you are enrolled at least halftime. To view current rates for the subsidized loan, please log on to www.direct.ed.gov/student.html.

Federal Parent Loans to Assist Students (PLUS)

PLUS loans are intended to provide a source of financial assistance to parents of dependent students. Parents (with satisfactory credit histories) may borrow up to the estimated cost of attendance each year, minus any financial aid awarded to the student. Interest begins to accrue immediately after the first disbursement. Repayment begins immediately after the final disbursement of the loan occurs, with the first payment due within 60 days. The fixed interest rate is 7.9%. If you are a dependent student and your parent does not qualify for a Federal PLUS loan, you may be eligible to borrow an additional unsubsidized Stafford Loan. PLUS loan applications are available in the Financial Aid Office or parents may choose to apply online by visiting www.dlenote.ed.gov.

Eligibility

Completion of the FAFSA at www.fafsa.ed.gov

Minimum half-time enrollment

US Citizen, Permanent Resident, or Eligible Non-Citizen

Not owe on a defaulted student loan or federal grant

Maintain Satisfactory Academic Progress as outlined in University Catalog