

# Steps to receiving a student loan

## 1. Applying for a Student Loan

As with all federal student aid, you apply for Federal Direct Loans by filling out the Free Application for Federal Student Aid (FAFSA). The information on your [FAFSA](#) is transmitted to Dixie State University and will be used to determine your financial need and eligibility for all federal and state student aid.

## 2. The award package

Federal Direct Loans are awarded as part of an award package which may contain other types of aid as well. Loans are to help you meet the costs of attending DSU.

The Federal Direct Loan Program offers the following types of loans:

- **Subsidized:** these loans are awarded to those students with demonstrated financial need, as determined by federal regulations. No interest is charged while a student is in school at least half-time. However, all subsidized loans received after July 1, 2012 will be subject to new regulations which effect the interest during the grace period. The government will no longer pay the interest on a subsidized loan during the 6 month grace period. This includes taking a semester off such as summer semester. Students will be responsible for all interest accrued for any time they are not enrolled at least half time in school.
- **Unsubsidized:** not based on financial need; interest is charged during all periods, even during the time a student is in school and during grace and deferment periods.
- **PLUS:** credit based, unsubsidized loans for the parents of dependent students. PLUS loans help pay for education expenses up to the cost of attendance minus all other financial assistance. Interest is charged during all periods. Loans repayment begins 60 days after the last disbursement of the award year.
- **Consolidation:** Eligible federal student loans can be combined into one Federal Direct Consolidation Loan.

*Student borrowers* are not required to begin making payments until 6 months after they drop below half-time attendance. Be advised, all loans only receive one, 6 month grace period. See [Federal Student Aid](#) for more information.

DSU will tell you how much you may borrow and the types of loans you are eligible to receive through your award notification that will be sent to your [Dmail](#) upon the completion of all financial aid requirements. The information below will give you an idea of how much you may be eligible to receive.

**Note: PLUS loan borrowers cannot have an adverse credit history (a credit check will be done).**

### 3. Accepting a loan

DSU will notify you of the loan amounts that are being offered via a notification to your D-mail account. You should evaluate the aid offer carefully. In the case of loans, keep in mind that whatever amount you borrow must be paid back with interest. If your living expenses are not as high as the standard allowance projected by DSU, you may choose not to borrow as much as the amount in the award letter.

To get an idea of your monthly loan payments after you graduate, take a look at this [repayment calculator](#).

To get an idea of your educational expenses, please use this [budget calculator](#).

**You have the right to decline the loan or to request a lower loan amount. Your award letter will explain how to do this.**

### 4. After you accept your Federal loans you must complete a few more steps:

- Enroll in at least six credit hours and in a degree-seeking program.
- Complete loan [Entrance Loan Counseling](#). You will need to do this only once at DSU.
- Complete the [Master Promissory Note \(MPN\)](#).
- Depending on your award package you may need to:
  - **Parent/Graduate PLUS Loans:** Your parent(s) must submit a DSU [Parent Federal Direct PLUS application](#). Even if your parents are pre-approved for a Federal Direct PLUS loan, you must complete this form and submit it to our office. When your parents apply for a Federal Direct PLUS Loan, the Department will check their credit history. To be eligible to receive a Federal PLUS loan, they must not have an adverse credit history. If it is determined that they have an adverse credit history, they may still receive a Federal Direct PLUS Loan if they obtain an endorser who does not have an adverse credit history. An endorser is someone who agrees to repay the Federal Direct PLUS Loan if your parents do not repay the loan. If you are a parent borrowing on behalf of your dependent student, the endorser may not be the student on whose behalf a parent obtains a Federal Direct PLUS Loan.

**Private Education Loans ([Alternative Loans](#)):** If the federal programs are not sufficient to cover all of your school-related expenses, you may also consider a private education loan. Please contact the DSU Financial Aid Office for more details of these loans.

## Aggregate loan amounts for the Federal Direct Student Loan Program:

Undergraduate Year	Dependent Student	Independent Student
Freshman Year 0-29.9 credits	\$5,500 – No more than \$3,500 can be subsidized	\$9,500 – No more than \$3,500 can be subsidized
Sophomore Year 30-60 credits & students who have <b>NOT</b> matriculated into a bachelor degree program.	6,500 – No more than \$4,500 can be subsidized	\$10,500 – No more than \$4,500 can be subsidized
Junior & Senior Year 60+ credits for those students who are matriculated into a bachelor degree program.	\$7,500 – No more than \$5,500 can be subsidized	\$12,500 – No more than \$5,500 can be subsidized
Maximum Total Debt from Federal Direct Student Loans	\$31,000 – No more than \$23,000 can be subsidized	\$57,500 – No more than \$23,000 can be subsidized

Graduate Students	Yearly Limit	Total Graduate Limit
All graduate loans are Unsubsidized Loans	\$20,500	\$138,500

## The Master Promissory Note

To receive a Federal Direct Loan for the first time, you must complete a Master Promissory Note (MPN). The MPN will be provided by the U.S. Department of Education. DSU offers the option of completing the MPN electronically. Once you have accepted your loan(s), you can complete the MPN on the Federal Direct Loans [Master Promissory Note website](#). The MPN is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the Department. It also explains the terms and conditions of your loan(s).

In most cases, once you've submitted the MPN and it's been accepted, you won't have to fill out a new MPN for future loans you receive. You can borrow additional Federal Direct Loans on a single MPN for up to 10 years. You will receive a disclosure statement that gives you specific information about any loan that DSU plans to disburse under your MPN, including the loan amount, fees, and the expected disbursement dates and amounts. Please ensure that you keep your current address up to date with the DSU Records Office.

## How the loans are disbursed (paid out)

Generally, your loan will cover a full academic year. DSU will make at least two disbursements to you. This generally happens at the beginning of fall/spring or spring/summer semesters. DSU will disburse your loan money by crediting it to your school account to pay (tuition, fees, on-campus room, board, and other authorized charges). If the loan disbursement amount exceeds your DSU charges, the school will disburse to you the remaining balance of the disbursement directly to your selected refund method. A notice will be sent to your D-mail account each time we disburse any part of your loan money as well as information about how to cancel all or part of your disbursement if you find you no longer need the money. You will also receive a notice from us confirming the disbursement. You should read and keep all correspondence received concerning your loan.

## Using the loan for education expenses

You should use the loan money you receive to pay for your education expenses while attending DSU. Education expenses include school charges such as tuition & fees, room and board and indirect expenses such as books, supplies, equipment, dependent child care expenses, transportation and rental or purchase of a personal computer. Budgeting your money so that it will last the full semester is very important. You can learn more about how to budget your money [here](#).

## Enrollment status & other changes

It's important to keep the Federal Direct Loan Servicing Center informed of any changes in your status, so that your loan information is up-to-date. **This is your responsibility.**

You must notify the [Federal Direct Loan Servicing Center](#) if you:

- Change your local address, permanent address or telephone number
- Change your name (for example, maiden name to married name)
- Do not enroll at least half-time for the loan period certified by the school
- Do not enroll at the school that certified your loan
- Stop attending school or drop below half-time enrollment
- Transfer from one school to another school
- Graduate

Until you graduate or leave school, you must also keep the DSU Record Office informed of the changes listed above.



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A scheduled break in enrollment, such as the summer semester, is not considered an interruption in your enrollment. If you are planning to return to school during the next regularly scheduled enrollment period, you do not need to contact DSU or the Department of Education.

When you graduate, drop below half-time, or withdraw from your academic program, you will receive a six-month [grace period](#) for your Federal Direct Subsidized and Unsubsidized Loans. Once your grace period ends, you must begin repaying your loan(s). For more information about grace periods and your obligations after you have left school, please see, [When you graduate or leave school](#) for more information.

## **Paying interest while in school**

You may choose to pay interest on your Federal Direct Unsubsidized while you are in school. If you choose not to pay the interest while you're in school, the Department of Education will add any accrued interest to the unpaid principal amount of your loan. This is called "capitalization," and it can substantially increase the amount you are required to repay, especially if you are receiving multiple loans for a multi-year program. Capitalization increases the unpaid principal balance of your loan, and the Department of Education will then charge interest on the increased principal amount.

It will save you some money in the long run if you pay the interest as it accrues on your loan while you're in school or during the [grace period](#). This is also true if you pay any interest that accrues during periods of [deferment](#) or [forbearance](#) after you leave school.

If you've already taken out at least one Federal Direct Loan, you can check your interest statements and use this [online calculator](#) to find out how much you'll pay over the life of the loan if the in-school interest is added to your loan balance.