

Terms and Conditions of Federal Student Loans

Federal Direct Subsidized and Unsubsidized Loans: The Federal Direct Loan program is available to undergraduate and graduate students. To qualify for Federal Direct Subsidized and Unsubsidized Loans the student must file a FAFSA, be admitted into a degree program and be enrolled at least half-time. Dependent undergraduate students may be eligible to borrow up to:

- \$5,500 as a first-year student (less than 29.01 credits)
- \$6,500 as a second-year student (29.01 to 61.0 credits)
- \$7,500 as a third through fifth year student (61.01 credits or more).

Independent undergraduate students may be eligible to borrow up to \$4,000 more during the first and second years and \$5,000 more during the third through fifth years. Graduate and professional students may borrow up to \$20,500 per year, if the student cost of attendance allows.

The Federal Direct Loan program includes Subsidized (need based) and Unsubsidized (non-need based) loans. The financial aid notification will indicate eligibility for either loan type or a combination of the two loan types depending on the results of the FAFSA. Federal Direct Loans begin repayment of principal and interest at the end of the six month grace period. The interest rate* is fixed at 4.53% for undergraduate Federal Loans and 6.08% for graduate students. Interest accrual begins at graduation or less than half-time enrollment for Subsidized Federal Loans and interest accrual begins at disbursement for Unsubsidized Federal Loans. The U.S. Department of Education charges a 1.059% loan origination fee* which will be subtracted from the loan proceeds at disbursement.

If a Federal Direct Loan has been included in the financial aid notification, the following items must be completed before the funds will be credited to the student account:

- Federal Direct Loan Request Form (form 4)
- Federal Direct Entrance Counseling online at studentloans.gov
- Federal Direct Master Promissory Note online at studentloans.gov

Returning Simpson College students who previously borrowed under the Federal Direct Loan program will have their loans processed automatically for the amount indicated on the financial aid notification. Continuing and Graduate Program students must complete a loan request form each year.

Federal Direct Graduate PLUS Loan (for graduate students): The Federal Direct Grad PLUS Loan is available to graduate students who file a FAFSA. Graduate students may borrow up to the cost of attendance minus other financial aid received. Approval of a Graduate PLUS Loan is contingent upon credit approval by U.S. Department of Education. Graduate students are encouraged to utilize their Federal Direct Loan eligibility prior to borrowing Federal Direct Grad PLUS Loans. The interest rate* is fixed at 7.08% with interest accrual beginning at disbursement. Repayment of principal and interest begins after the six month grace period. The U.S. Department of Education charges a 4.236% loan origination fee* which will be subtracted from the loan proceeds at disbursement.

If a Federal Direct Graduate PLUS Loan has been included in the financial aid notification, the following items must be completed before the funds will be credited to the student account:

- Federal Direct Graduate PLUS Loan Request Form online at studentloans.gov
- Federal Direct Graduate PLUS entrance counseling online at studentloans.gov
- Federal Direct Graduate PLUS Master Promissory Note online at studentloans.gov

Federal Direct Parent Loan for Undergraduate Students (PLUS): The Federal Direct Parent PLUS Loan is available to parents of dependent undergraduate students. The student must file a FAFSA. Approval of a PLUS Loan is contingent upon credit approval by the U.S. Department of Education. The parent may borrow up to the cost of attendance minus other aid received. The interest rate* is fixed at 7.08% with interest accrual beginning at disbursement. Repayment of principal and interest begins within 60 days of full disbursement or a deferment may be available to postpone repayment until 6 months after the student graduates or drops below part-time enrollment. The U.S. Department of Education charges a 4.236% loan origination fee* which will be subtracted from the loan proceeds at disbursement.

To apply for the Federal Direct Parent PLUS Loan, the parent borrower must complete:

- Federal Direct Parent PLUS Loan Request online at studentloans.gov
- Federal Direct Parent PLUS Master Promissory Note online at studentloans.gov

*Interest rates are set annually by the federal government on July 1. Origination fees are set annually by the federal government on October 1.

Estimated Repayment Information for Federal Student Loans: On average, undergraduate students at Simpson College borrowed \$24,027 in Federal Direct Subsidized and Unsubsidized Loans with an estimated \$249 monthly payment. The chart below provides estimated monthly payment amounts based on levels of Federal Direct Loan indebtedness at a 4.53% fixed interest rate. The minimum monthly payment amount is \$50 under the 10-year Standard Repayment Plan, but may be more depending on how much you borrow.

Estimated Repayment Information for Federal Direct Loans:

	4.53% Fixed Interest Rate	
Balance at Repayment	Number of Payments	Estimated Payment Amount
\$1,000	21	\$50
\$5,500	120	\$57
\$10,000	120	\$104
\$15,000	120	\$155
\$20,000	120	\$207
\$25,000	120	\$259
\$30,000	120	\$311