Direct Unsubsidized Student Loans
Center for Veterinary Health Sciences Students
Frequently Asked Questions for 2016-2017

What’s an “Unsubsidized” Loan?
Eligibility in the unsubsidized loan program isn’t contingent upon financial need; however, you must file the FAFSA to be considered for an Unsubsidized Loan. As the borrower, you’re responsible for the interest on an unsubsidized loan while in school, but payment can be deferred.

These loans must be repaid.

Do I need to go to a bank to get the loan?
No. OSU works through the “Federal Direct Loan Program.” You work only with OSU and a U.S. Department of Education loan servicer instead of commercial lenders.

Continuing OSU borrowers:
Once you have accepted your loan(s) at my.okstate.edu, you don’t have anything else. The Master Promissory Note (MPN) you completed in a prior year/semester, will be updated when OSU sends your loan eligibility to the U.S. Dept. of Education.

New OSU borrowers:
Master Promissory Note
If you’re a first-time borrower, or if you haven’t borrowed in the past 12 months, you’ll complete a Master Promissory Note (MPN), which is retained and updated by the loan servicer throughout your education at OSU. You can complete the MPN at www.studentloans.gov (you’ll need your Federal Student Aid ID (FSAID) that you used to complete the FAFSA).

Entrance Counseling:
Any new Unsubsidized Direct Student Loan borrower at OSU (even if you borrowed at another school) must complete a one-time Loan Entrance Counseling Session, which includes borrower rights and responsibilities, prior to the first loan disbursement. You can complete this requirement at www.studentloans.gov. The U.S. Dept. of Education will automatically notify OSU a few days after you complete the session.

What’s the interest rate?
Congress sets rates for new loans each year, on or after June 1st; rates cannot exceed 9.25%. The interest rate is 5.31% for loans first disbursed after July 1, 2016.

The interest accrues while you are in school. If you have previous Unsubsidized Loans, they will continue to accrue interest at the rate for each loan until you consolidate your loans when you graduate.

What’s an “Origination Fee”?
The federal government charges Unsubsidized Loan borrowers an origination fee of 1.068% on loans first disbursed between October 1, 2015 and September 30, 2016 and 1.069% on loans first disbursed on or after October 1, 2016.

Will OSU ever change my loan amount?
Your loan eligibility is based in part on your cost of education, Expected Family Contribution (EFC) and other sources of financial assistance you'll receive. Any change to these factors after your original award has been made may cause an adjustment to your loan eligibility.

If your loan eligibility is decreased, we’ll notify you of the adjustment. If this change occurs after you’ve completed your promissory note(s), OSU will also notify the U.S. Dept. of Education of the change.

Specific reasons your loan might be adjusted include: additional awards not reflected in your original award, such as OSU cash or tuition scholarships, awards from community organizations or employers, Vocational Rehabilitation, Workforce Investment Act benefits, tribal grants, or any other grants, etc., a change in Expected Family Contribution; or a change to less-than-half-time enrollment.

Continued on the Next Page
Federal Direct Unsubsidized Loans
Center for Veterinary Health Sciences Students
at Oklahoma State University (2016-2017)

How much can I borrow?
Federal regulations place annual and aggregate (lifetime) limits on the amount a student can borrow. These limits include Federal Stafford Loans borrowed at other schools you’ve attended, as well as Direct Loans.

The total amount borrowed in all programs combined (including Graduate PLUS Loans) can’t exceed your annual costs as determined by OSU, minus any other aid you’ll receive.

<table>
<thead>
<tr>
<th>Class Level</th>
<th>Loan</th>
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<tr>
<td>1st Year</td>
<td>$40,500</td>
</tr>
<tr>
<td>2nd Year</td>
<td>$40,500</td>
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<tr>
<td>3rd Year</td>
<td>$47,167</td>
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<tr>
<td>4th Year</td>
<td>$40,500</td>
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Aggregate (Lifetime) Loan Limits for Students in the Center for Veterinary Health Sciences

<table>
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<th>Overall Limit*</th>
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<td>$224,000</td>
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*The aggregate limit includes loans borrowed during undergraduate and/or graduate/professional studies.

What’s a “Grace Period”?
After you graduate, leave school, or drop below half-time enrollment, you have a six-month period, called the grace period, before you begin repayment. If you return to school at least half-time before your grace period ends, repayment of your loan will again be delayed until six months after you leave school. Interest on your loan accrues during the grace period.

Can I postpone the repayment of my loan?
Under certain conditions, you can receive a “deferment” or “forbearance” on your loan, as long as the loan isn’t in default. A deferment allows you to temporarily postpone payments on your loan.

You’ll be responsible for the interest during the deferment. If you don’t pay the interest as it accrues (accumulates), it will be capitalized (added to the principal loan amount and additional interest will be calculated on that higher amount) and the amount you’ll have to pay will increase.

A forbearance is a temporary delay or reduction of payments when the borrower is willing, but unable, to pay the full payment. Interest continues to accrue during forbearance.

How will I repay my loan?
Repayment on a Direct Unsubsidized Loan starts six (6) months after you graduate or cease to be enrolled at least half-time. You’ll make your payments to your Federal Direct Loan servicer. All Direct Student Loans can be consolidated into one student loan when you graduate.

When you leave school, you’ll select the repayment plan that fits your financial circumstances. You may switch repayment plans at any time without penalty by contacting your Federal Direct Loan servicer.

The following descriptions are general in nature. You can find detailed repayment information and a loan repayment calculator link at studentloans.gov.

The Standard Repayment Plan requires fixed monthly payments (at least $50) for up to 10 years.

The Extended Repayment Plan allows loan repayment to be extended up to a total of 25 years, depending on the total amount you owe when your loans enter repayment.

The Graduated Repayment Plan allows payments to start at one level and increase every two years, with full repayment within 10 years.

The Income Contingent Repayment Plan bases monthly payments on your yearly income, family size, and loan amount. As your income rises or falls each year, so do your payments. After 25 years, any remaining balance on the loan will be forgiven, but you may have to pay taxes on the amount forgiven.

The Income Based Repayment Plan allows for adjustments, based on your income, to your monthly payment amount during any period when you have a partial financial hardship. The maximum repayment period may exceed 10 years.

Are there any tax credits available for paying back these loans?
Yes. IRS Publication 970, Tax Benefits for Higher Education, explains these credits and other tax benefits. You can find this publication at www.irs.gov.

Satisfactory Academic Progress-
You must maintain satisfactory academic progress as outlined in the OSU Financial Aid Policy on Satisfactory Academic Progress to remain eligible for aid, including Federal Direct Unsubsidized Loans. Even though this loan requires repayment, you must meet the academic standards to receive this loan. The Policy is available at financialaid.okstate.edu under “Policies.”

Continued on the Next Page
Federal Direct Unsubsidized Loans
Center for Veterinary Health Sciences Students at Oklahoma State University (2016-2017)

What's a “Direct Loan Servicer” and how do I contact mine?
A Direct Loan servicer is the U.S. Dept. of Education's agent contracted to collect Direct Loans and handle deferments, repayment options, and consolidation.
With Direct Loans, you:
- Borrow directly from the federal government and have a single contact—your “loan servicer”—for everything related to repayment, even if you receive Direct Loans at different schools.
- Have online access to your Direct Loan account information via your servicer’s website.
- Can choose from several repayment plans, and you can switch repayment plans if your needs change.

Once the first portion of your Direct Loan has been disbursed (credited to your OSU Bursar account), you’ll receive correspondence from your assigned servicer. You can also find contact information and web links to your servicer by logging into the National Student Loan Data System (NSLDS).

National Student Loan Data System (NSLDS)
You can find information about all of your Direct Loans, Federal Family Education Loans, Federal Perkins Loans and federal grants at the National Student Loan Data System (NSLDS). You’ll also find contact information for the federal loan servicer holding your loans, once the first disbursement of the loan has occurred.

You can access NSLDS at www.nslds.ed.gov. You’ll need your Federal Student Aid ID (FSAID) (the one you used to sign the FAFSA) to log into the system.

Information relating to your federal student loans at OSU will be submitted to NSLDS and will be accessible by guaranty agencies, lenders, and institutions authorized to use the system.

Questions?
OSU Office of Scholarships and Financial Aid
119 Student Union
Stillwater, OK  74078
Email: finaid@okstate.edu
Phone: 405-744-6604
Web: http://financialaid.okstate.edu

This information sheet was prepared on the basis of the best information available at the time it was printed (June 2016). However, all information is subject to change without notice or obligation.

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