



Federal Direct Subsidized/Unsubsidized Student Loans

2022-2023 Frequently Asked Questions

What is the difference between “Subsidized” and “Unsubsidized?”

Subsidized loan eligibility is always based on demonstrated financial need (file the FAFSA) and the interest is paid (or subsidized) by the federal government until you are no longer enrolled at least half-time.

Eligibility in the **unsubsidized** loan program is not contingent upon financial need; however, you must file a FAFSA for the award year. As the borrower, you (the student) are responsible for the interest on an unsubsidized loan while in school.

Typically, the Unsubsidized Loan meets any remaining need after the awarding of the Subsidized Loan.

How much can you 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 have attended, as well as Direct Loans. The following chart outlines the current limits effective for disbursements that occur after July 1, 2013.

Annual Subsidized/Unsubsidized Loan Limits

	Total Hours Completed	Dependent Student	Independent Student
Freshman	0-29	\$5,500	\$9,500
Sophomore	30+	\$6,500	\$10,500
Junior/Senior	Beyond Associates	\$7,500	\$12,500

Special note for fall graduates: If you plan to graduate in the fall semester AND enroll in less than twelve credits, federal regulations require OSU-OKC to prorate your loan eligibility. It is important that you inform the Financial Aid Office upon accepting your loan awards or as soon as you are aware that you plan to graduate so that we can review your award and make any necessary award changes.

The total amount borrowed in all programs combined (including Parent Loans) cannot exceed your annual costs as determined by OSU-OKC, minus any other aid you will receive.

There are also lifetime (aggregate) loan limits. The aggregate amount for undergraduate dependent students is \$31,000 (of which, no more than \$23,000 can be subsidized). The aggregate amount for undergraduate independent students is \$57,500 (of which, no more than \$23,000 can be subsidized).

What is the interest rate?

Interest rates would be adjusted every July 1, based on the 10-year Treasury Note rate, with a cap to protect borrowers from rising interest rates. The interest rate for loans disbursed on or after July 1, 2022 through June 30, 2023 is as follows:

Federal Direct Stafford loans

Subsidized Undergraduate Student – 4.99%
 Unsubsidized Undergraduate Student – 4.99%
 Undergraduate Stafford Loans (subsidized and unsubsidized) will be based on the 10-year Treasury Note plus 2.05%, with a cap of 8.25%

What is the “Origination Fee”?

The federal government charges Subsidized/Unsubsidized loan borrowers origination fees of 1.057% for loans first disbursed on or after October 1, 2022 through September 30, 2023.

I am a first-time borrower; what do I need to do?

Entrance Counseling

ALL first-time loan borrowers must complete Loan Entrance Counseling **before** disbursement of loans can occur. The purpose of borrower counseling is to educate you of your rights and responsibilities regarding your loan. You are encouraged to complete entrance counseling, on the web at <https://studentaid.gov>. The OSU-OKC Financial Aid Office will receive notification, from the Direct Loan Servicer, within a few days after you complete this requirement.

First-Year - First-Time Borrowers

Any loan applicant who is a first year-first time borrower will receive their first loan disbursement no earlier than **thirty-days** (30) after the beginning of the semester.

Master Promissory Note

ALL loan borrowers will need to complete a Master Promissory Note (MPN). Your note is retained and updated by the loan servicer throughout your education at OSU-OKC. You will electronically ‘sign’ your MPN on the web at using the PIN you received from the U.S. Department of Education when you completed the FAFSA. You may sign your MPN online at <https://studentaid.gov>.

When will I get my loan funds?

Refunds for student loans **begins** the first week of classes each semester. Federal regulations require you to be enrolled and attending classes as a **half- time student** (6 credits) and making reasonable satisfactory academic progress. Generally, OSU-OKC Business Services issues refunds for students who have signed up for Direct Deposit within 48 hours after loan funds credits your student account. Students who have not signed up for Direct Deposit will be mailed a refund check within five to seven business days after your student account has been credited with your loan proceeds.

Student loan proceeds disburse to borrowers in TWO (2) Installments EACH LOAN PERIOD. The chart below describes estimated disbursement dates:

2022 -23 Loan Disbursements Dates

Award Period	Anticipated First Disbursement	Anticipated Second Disbursement
Fall-Spring Loan Period	First day of fall or a later date of the semester as set by the school	First day of spring or a later date of the semester as set by the school
Fall Only Loan Period	First day of fall or a later date of the semester as set by the school	After the mid-point of the semester, typically after fall break
Spring Only Loan Period	First day of spring or a later date of the semester as set by the school	After the mid-point of the semester, typically around spring break
Summer Loan Period	First day of summer or a later date of the semester as set by the school	After the mid-point of the semester, typically around July 4th

Changes to loan eligibility

Your loan eligibility is based in part on your cost of education, Expected Family Contribution (EFC) and other sources of financial assistance you will receive. Any change to these factors after your original award has been determined may cause an adjustment to your loan eligibility. We will notify you of the adjustment.

Specific reasons adjustments to your loan include: Additional awards not reflected in your original award letter, a change in your grade level, or a change in your enrollment status.

What is 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 on your loans. If you return to school at least half time before your grace period ends, repayment of your loan will again be deferred until after you leave school.

Borrower Exit Counseling:

As part of OSU-Oklahoma City's Default Reduction Plan and according to Federal Regulations, ALL BORROWERS must participate in Exit Counseling upon graduating, transferring or dropping to below half-time enrollment status. Failure to participate in Exit Counseling will result in a hold being placed on your academic transcript. Exit Counseling may be completed on the web at www.studentloans.gov or by visiting the Office of Financial Aid and Scholarship.

How will I repay my loan?

Repayment of Federal Family Educational Loans starts six (6) months after you graduate or cease to be enrolled at least half-time. All payments will be made to your federal loan servicer. Repayment amounts and period are determined by your loan amount. Loan holders offer four repayment schedules to accommodate your needs:

Standard Repayment Schedule

This plan is the most financially effective way to pay off your student loan while minimizing interest cost. Monthly payments are due over a 10-year repayment term.

Graduated Repayment Schedule

Allows for initial lower payments that will increase over time, with full repayment within 10 years.

Income-Sensitive Repayment Schedule

Bases monthly payments on your yearly income, family size, and loan amount. As your income rises or falls each year, so do your payments. This plan must be renewed annually.

Extended Repayment Schedule

This plan is available to borrowers who have loans totaling more than \$30,000. Borrowers may choose either the standard or graduated payment plans; however, repayment extends up to 25 years.

Questions?

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