



# Direct Unsubsidized Student Loans

## College of Veterinary Medicine Students

### Frequently Asked Questions for 2021-2022

#### 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.

#### 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 <https://studentaid.gov> (you'll need your Federal Student Aid ID (FSAID) that you used to complete the FAFSA).

#### Continuing OSU borrowers:

Once you have accepted your loan(s) at my.okstate.edu, you don't have anything else to do. 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.

#### 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 <https://studentaid.gov/>. The U.S. Department 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 1<sup>st</sup>; rates cannot exceed 9.25%.

**Unsubsidized Loan** Carries a fixed **4.30%** (graduate) interest rate for loans first disbursed between July 1, 2020 and June 30, 2021. Interest accrues while you're in school. If you have previous Unsubsidized Loans, they'll continue to accrue interest at the rate for each loan.

#### What's an "Origination Fee"?

The federal government charges Unsubsidized Loan borrowers an origination fee of 1.057% for loans disbursed between October 1, 2020 and September 30, 2021.

#### 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. Department 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.

#### 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.

#### Annual Unsubsidized Loan Limits for Students in the Center for Veterinary Health Sciences

Class Level	Loan
1 <sup>st</sup> Year	\$40,500
2 <sup>nd</sup> Year	\$40,500
3 <sup>rd</sup> Year	\$47,167
4 <sup>th</sup> Year	\$40,500

#### Aggregate (Lifetime) Loan Limits for Students in the Center for Veterinary Health Sciences

Overall Limit*
\$224,000

\*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 one-time 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. 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.

You would make these arrangements through your loan servicer.

### 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 but your interest rates will be affected.

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.

You can find detailed repayment information and a loan repayment calculator link at <https://studentaid.gov/>.

### 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](http://www.irs.gov).

### 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 [studentaid.gov](http://studentaid.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 Satisfactory Academic Progress Policy is available at [financialaid.okstate.edu](http://financialaid.okstate.edu) under All Topics A-Z.

### Questions?

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This information sheet was prepared on the basis of the best information available at the time it was published (March 2021); however, all information is subject to change without notice or obligation.