

Federal Direct Stafford Loans

Direct Loans are low-interest loans for students and parents to help pay for the costs of student's education after high school. The lender is the US Department of Education rather than a bank or other financial institution. Eligibility for this loan program will be determined upon completion of the Free Application for Federal Student Aid (FAFSA). Detailed information can be found at [Student Aid on the Web](#). Students may also visit [Know More. Borrow Less](#). to learn more about the USG Chancellor's initiative to reduce student loan debt.

Federal Direct Stafford Loans are made in the student's name and can be either subsidized or unsubsidized.

A **subsidized** loan is awarded on the basis of financial need. Students will not be charged any interest before they begin repayment or during authorized periods of deferment. The federal government "subsidizes" the interest during these periods. This loan must be repaid. Graduate Students are not eligible for subsidized loans.

An **unsubsidized** loan is not awarded on the basis of need. Students will be charged interest from the time the loan is disbursed until it is paid in full. Any interest that accumulates will be capitalized - that is, the interest will be added to the principal amount of the loan and additional interest will be based upon the higher amount. This will increase the amount that will have to be repaid. Both undergraduate and graduate students are eligible for unsubsidized loans.

Under federal law, students must complete a [Loan Entrance Counseling](#) session before funds may be disbursed. It is important that they know and understand their rights and responsibilities as student borrowers. Please contact our office if you have any questions.

Further, you must complete a **Master Promissory Note (MPN)**. In most cases, students will sign only one promissory note that will be used for all loans at Georgia College. Students may complete the MPN electronically at the [Direct Loans website](#). By signing the MPN, students are confirming their understanding that Georgia College may make new loans for the duration of their education (up to 10 years), without having to sign another MPN. Each academic year, GC will disburse loan proceeds to student's accounts as indicated on the on-line Award Letter viewed from the GC Web Student Information System.

A student is awarded their maximum annual loan eligibility when the Financial Aid Office determines financial aid eligibility. Students can then cancel or lower the amount of Stafford loan funds offered. Students who have not borrowed their annual loan limits, may apply for additional Stafford loans funds. A student may also be eligible for additional loan funds once they change class levels during the academic year. Students can request Stafford loan funds by completing the Stafford Loan Application. If a student is graduating from their degree-seeking program at the end of Fall term, their loans will be prorated based on the number of hours the student is enrolled in for that semester. In one academic year, a student cannot receive annual

loan funds from one or more schools that exceed the loan limit determined by the Department of Education for that academic year.

The deadline to apply for a Direct Loan is three weeks prior to the last day of class.

Disbursement of Loan Funds

For all loan funds, students must be enrolled at least half-time (6 or more hours for undergraduate students and 5 or more hours for graduate students) in appropriate degree program courses.

When a Student will Complete their Degree Requirements Fall Semester

Students who will complete their degree requirements Fall Semester, must have their Direct Loan eligibility prorated based off the number of hours they are enrolled. This proration must be done using the following formulas.

Undergraduate Students:

$\# \text{ hours enrolled} / 24 \text{ credit hours} = \% \text{ of annual loan eligibility}$

Graduate Students:

$\# \text{ hours enrolled} / 18 \text{ credit hours} = \% \text{ of annual loan eligibility}$

E.g. for an Undergraduate student:

$9 \text{ hours enrolled Fall term} / 24 \text{ credit hours} = .375$

$\$7500 \text{ Unsub annual loan limit} \times .375 = \$2812.50 \text{ rounded to } \2813

$\$2813 \text{ would be the student's Unsubsidized Loan eligibility for Fall term}$