

Student Loan Frequently Asked Questions

Subsidized and unsubsidized loans, what's the difference?

With a subsidized loan, the interest that accrues is paid by the Federal Government while the borrower is in school at least half-time or during grace and deferment periods. With an unsubsidized loan, the interest is paid by the borrower, rather than the government. If the student does not pay the interest it will capitalize. How is a loan capitalized? If a borrower elects to defer payments while in school or studying, the interest accrued while in deferment is added to the loan balance. This is known as interest capitalization. It increases both the principal balance and the monthly payment amounts.

Do I need to be enrolled in a specific number of credit hours to qualify for a loan?

Yes, undergraduate students must be enrolled in at least 6 or more credit hours to qualify for a student loan.

How long does it take to process my request?

It can take **2-3 weeks** for Financial Aid to process your loan application and transmit the information to the Department of Education. **Please allow additional time for loan requests to be processed during peak times.**

Why didn't I receive the full loan amount I requested?

Your cost of attendance cannot be exceeded by your financial aid. If you have HOPE, Pell, Work Study, SEOG, Scholarships, etc., these count as financial aid. Once these costs are subtracted from the cost of attending college, the loan cannot exceed the remaining need which may be less than requested.

What is the interest rate?

Effective July 1, 2016 the interest rates are:

Subsidized Stafford Loan – 3.76% undergraduate Unsubsidized Stafford Loan – 3.76% undergraduate

What if I transfer schools? Will my student loans be transferred automatically?

No, your present school won't transfer your student loans automatically. So if you're thinking about transferring, talk with your lender and the financial aid officer at both your current school and your new school right away. It's also a good idea to check with your new school to find out what additional student aid programs are available and how you can qualify for them.

Can I consolidate my student loans?

Yes. A Consolidation Loan lets you combine several student loans into one. Depending on the term you choose, when you consolidate and what type of payment method you set up, you could reduce your monthly payments and also get an interest rate discount. However you choose to do it, a Consolidation Loan will save you time and effort by turning several loans into one. Wait until you finish school as this can only be done once. Some lenders may not participate in this program.

When do I have to pay back my loan?

Repayment will start six months after you graduate, leave school or drop below half time enrollment.

What should I know to help me repay my student loans?

First, borrow sensibly and conservatively. Second, remain credit worthy. If at some point you exhaust your federal student loans, you may need to use private supplemental loans to meet your cost of attending college. Many of those loans are credit-based. A good student loan repayment record can help you.

Can I get a refund if I don't complete the school term?

Whether or not you complete your term, your student loan is still due. However, the Federal Government requires every school to have a refund policy. Before you enroll, you should know your school's criteria for a refund and if the refund covers $\frac{3}{4}$ tuition, fees and room and board. If you're eligible for a refund, your school sends your refund to the holder of your loan, who applies it to reduce your outstanding loan balance. Based on the amount of the refund back to the holder of the loan this may create an unpaid balance for the remaining tuition and fees.

What can I do if I encounter an economic hardship that interferes with my ability to repay my loan?

When faced with problems repaying your loan, it's your responsibility to contact the holder or servicer of your loan immediately. There are several options available to help you. Two of the most common ones are a deferment and forbearance. Please note that you must contact your lender to request both deferments and forbearances.

☐ **Deferment** is your legal right to suspend loan payments without cost or penalty, if you meet certain criteria. The interest on an unsubsidized loan will accrue unless you pay it when billed.

☐ **Forbearance** may let you postpone or reduce your payments for a specific length of time, if you are willing, but temporarily unable to meet your repayment obligation. You are still responsible for any unpaid interest that accrues during the forbearance period.

What is the best way to avoid problems in repayment phase?

You should know the name and contact information of your servicer so that you will be able to stay in touch should you have a problem. Know your rights and responsibilities as a borrower. When you take out a loan you also take out an obligation to repay the debt. If you have a problem repaying your loan, you have the right to discuss options such as deferment or forbearance to help you meet your obligation. The FSA Ombudsman Group is there to help you settle disputes with your lender at:

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FSA Ombudsman Group
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