



Direct Stafford & Perkins Loan Frequently Asked Questions

What is the William D. Ford Federal Direct Loan program?

Commonly referred to as the Direct Loan program, the U.S. Department of Education has created this program for students who are accepted in a degree-granting program, attending at least half-time (as defined by their degree program) and meeting satisfactory academic progress. There is no credit check required to qualify for this program. Providence College is responsible for determining eligibility based on the results of your Free Application for Federal Student Aid (FAFSA) and current federal regulations. In addition, the College also collects and processes all paperwork on the government's behalf for this program.

What is the difference between a subsidized or unsubsidized Direct loan?

All Direct Loans are either **subsidized** (the government pays the interest while you're in school) or **unsubsidized** (you pay all the interest). To receive a subsidized Direct Loan, you must be able to demonstrate financial need as determined by filing the FAFSA each year. You may also receive an unsubsidized Direct loan regardless of need level and as long as you also meet the criteria defined above. You can defer the interest payments on an unsubsidized Direct loan until after graduation by capitalizing the interest. This adds the interest payments to the loan balance, increasing the size and cost of the loan.

How much can I borrow in the Direct Loan program each year?

The maximum loan amount of money you can borrow is tied to how many credits you have satisfactorily completed at Providence College and any accepted transfer credits if you are an undergraduate dependent, undergraduate independent or graduate student. Also, for the 2009-2010 academic year the Direct Loan program has a fixed interest rate of 5.6% **only** on undergraduate subsidized loans. Graduate subsidized and all unsubsidized loans have a fixed 6.8% interest rate. Both loans have an origination fee that reduces the gross amount that appears on your billing statements.

Credits Completed	Undergrad Dependent		Undergrad Independent		Graduate	
	Subsidized	Unsubsidize	Subsidized	Unsubsidize	Subsidized	Unsubsidize
0 – 27	\$3,500	\$2,000	\$3,500	\$6,000	\$8,500	\$12,000
28 – 55	\$4,500	\$2,000	\$4,500	\$6,000	\$8,500	\$12,000
56 – 85	\$5,500	\$2,000	\$5,500	\$7,000	N/A	N/A
86 -116	\$5,500	\$2,000	\$5,500	\$7,000	N/A	N/A
Teaching Certification	\$5,500	N/A	\$5,500	\$7,000	N/A	N/A

To determine how much you are eligible to borrow choose the category that best fits your status (i.e. Undergraduate Dependent or Independent, Graduate). Choose the row that reflects how many credits you have completed. A student can borrow up to the total of the two columns (subsidized + unsubsidized). For example, an Undergraduate Dependent student with 20 credits can borrow a total of \$5,500 no more than \$3,500 of which may be subsidized.

Independent students and students whose parents have been turned down for a parent PLUS loan can borrow a total of \$6,000 in an unsubsidized Direct Loan the first two years and \$7,000 the remaining years. Parents **MUST** apply and get turned down each year the student wishes to take advantage for the additional unsubsidized loan.

Cumulatively, an undergraduate dependent can borrow up to \$31,000 (no more than \$23,000 of which can be subsidized), undergraduate independent or students whose parents have been turned down for a parent PLUS loan can borrow up to \$57,500 (no more than \$23,000 can be subsidized) and a graduate student can borrow up to \$138,500 (no more than \$65,500 can be subsidized) during their pursuits of a postsecondary education.

Aside from filing the FAFSA, is there anything additional I need to do to activate my Direct Loans?

Yes! If you have never borrowed through the Direct Loan Program at Providence College you must complete a Federal Direct Loan Master Promissory Note (MPN) and Entrance Counseling (EC) online. Both the MPN and EC only need to be completed once during your attendance at Providence College. In order to complete both of these requirements you will need your Federal Personal Identification Number (PIN). A PIN is personalized 4 digit number issued only to you by the U.S. Department of Education. If you applied for a PIN when you filed your FAFSA, you can use the same PIN to electronically sign your MPN and EC. If you forgot your pin or would like to apply for one you can visit www.pin.ed.gov.

To complete your Direct Loan MP online
<https://dlenote.ed.gov>

To complete your Direct Loan EC online
<http://www.dl.ed.gov>

What is a Federal Perkins Loan?

The U.S. Department of Education has created the Federal Perkins Loan program for students who are accepted in a degree-granting program, attending at least half-time (as defined by their degree program) and meeting satisfactory academic progress. Perkins Loans are awarded to undergraduate and graduate students with exceptional financial need. This is a campus based loan program, with the school acting as the lender using a limited pool of funds provided by the federal government. Essentially, it is a subsidized loan with the interest being paid by the federal government. There are no origination fees and the interest rate is fixed at 5%.

How much can I borrow in the Perkins Loan program each year?

The amount of Perkins Loan you receive is determined by Providence College Office of Financial Aid. The program limits are \$5,500 per year for undergraduate students and \$8,000 per year for graduate students, with cumulative limits of \$27,500 for undergraduate loans and \$60,000 for undergraduate and graduate loans combined. Not all students will receive this fund or receive the maximum allowed due to the limited amount in this program allocated to Providence College.

Aside from filing the FAFSA, is there anything additional I need to do to activate my Perkins Loans?

Yes! If you have never borrowed through the Perkins Loan Program at Providence College you must complete a Master Promissory Note (MPN) and Entrance Counseling (EC) online.

To complete your Perkins MPN & EC online
<https://www.signmyloan.com>

When do I have to pay my Direct and/or Perkins Loans back?

Repayment for your Direct Loans begins 6 months and for your Perkins Loans begins 9 months after the student graduates or drops below half-time enrollment (i.e. 6 credits). The standard repayment term is 10 years, although one can get access to alternate repayment terms (extended, graduated and income contingent repayment) by consolidating the loans. However, if you consolidate your loans, you could lose your grace period. As your graduation date approaches you will be contacted by the lenders who hold your loan to make payment arrangements.

Where can I check for how much money I have borrowed through the Direct and Perkins Loan Program?

You can access what you have borrowed to date by logging into the following websites using your federal PIN number at www.nsls.ed.gov or www.dl.ed.gov.

Can I consolidate my Perkins loans with Providence College?

No! Providence College does not offer a consolidation program. However, you may consolidate your Perkins loan with the holder of your Direct Loans (i.e. U.S. Department of Education). You can visit www.dl.ed.gov for more information about this process. Please note Perkins Loans have several provisions of forgiveness that you would lose if you chose to add them into your consolidation loan. In some cases consolidation may even increase your interest rate on those loans.

Where can I get more information about Direct and/or Perkins Loans?

We are here to help you! Please come and visit the Office of Financial Aid in Harkins 215, the Student Loan Office in Harkins 400, email us at finaid@providence.edu or call us at 401.865.2286 if you have any additional questions, comments or concerns.