



Direct Loan Acceptance FAQ

What are Federal Direct Student Loans?

Federal Direct Student Loans are borrowed from the federal government. They are intended to be used only for education-related expenses and they must be repaid. There are two types of Federal Direct Loans:

Subsidized loans are only offered to undergraduate students. The interest on a subsidized loan is paid by the federal government while you are enrolled in school at least half-time, or while you are in a deferment status. Interest will begin to accrue when you graduate, leave school, or drop below half-time enrollment. Although you may not have to begin repayment during your six-month grace period; any interest accrued during that time will be capitalized (added to the principal amount that you borrowed).

Unsubsidized loans are offered to both undergraduate and graduate students. Unlike a subsidized loan, the interest on an unsubsidized loan accrues while you are in school and during deferment. When you enter repayment, that accrued interest is added to the amount you borrowed (capitalized), increasing the amount you owe. To reduce your total debt, you have the option of paying the interest on the loan while you are in school, although you are **not required** to do so.

How is my subsidized and unsubsidized loan amount determined?

Your financial aid offer represents the maximum amount allowed under the federal student aid regulations (see grid below for annual limits). You can find more information at the [Federal Student Aid website](#).

Year	Dependent Students (except students whose parents are unable to obtain PLUS Loans)	Independent Students (and dependent undergraduate students whose parents are unable to obtain PLUS Loans)
First-Year Undergraduate Annual Loan Limit	\$5,500—No more than \$3,500 of this amount may be in subsidized loans.	\$9,500—No more than \$3,500 of this amount may be in subsidized loans.
Second-Year Undergraduate Annual Loan Limit	\$6,500—No more than \$4,500 of this amount may be in subsidized loans.	\$10,500—No more than \$4,500 of this amount may be in subsidized loans.
Third-Year and Beyond Undergraduate Annual Loan Limit	\$7,500—No more than \$5,500 of this amount may be in subsidized loans.	\$12,500—No more than \$5,500 of this amount may be in subsidized loans.
Graduate or Professional Students Annual Loan Limit	Not Applicable (all graduate and professional students are considered independent)	\$20,500 (unsubsidized only)

Do I have to accept the entire loan amount I was offered?

No, you do not need to accept the entire amount offered. In fact, you are strongly encouraged to carefully review your financial aid award and borrow only what you need. If you wish to borrow less than the full amount offered, you can reduce the amount before you accept your loan in Campus Connect. If you are an undergraduate student, be sure you reduce any unsubsidized loan before reducing the subsidized loan. If you reduce the amount and determine later that you need the additional funds, you may request to have the additional amount reinstated.

What is the interest rate?

Federal student loan interest rates are tied to the financial markets. Interest rates will be determined each spring for new loans being made for the upcoming **award year**, which runs from July 1 to the following June 30. Each loan will have a fixed **interest rate** for the life of the loan.

Please see the [Federal Student Aid website](#) for information on federal student loan interest rates.

What are the enrollment requirements for a loan?

You must be enrolled at least half-time in courses that apply to your degree program and you must actively begin and attend your courses each quarter in order to maintain eligibility for your financial aid. The required minimum credit hours are as follows:

- 6 hours for undergraduate and law students
- 4 hours for graduate students

After I accept my loans, will I need to do anything else?

Yes. If this is your first time receiving a Federal Direct Student Loan, you will need to log-in to [Federal Student Aid](#) using your Federal Student Aid ID to:

- Complete **Entrance Counseling**, ensures you understand the terms and conditions of your loan and your rights and responsibilities. You'll learn what a loan is, how interest works, your options for repayment, and how to avoid delinquency and default; and
- Sign a **Master Promissory Note (MPN)**, is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the U.S. Department of Education. It also explains the terms and conditions of your loan(s).
- We suggest you complete the [Annual Student Loan Acknowledgment](#) to acknowledge what you have borrowed and you understand it is your responsibility to repay your loan.

(Use of another person's FSA ID constitutes fraud. Use only your own ID information)

How will DePaul know that I have completed the Annual Student Loan Acknowledgment, Entrance Counseling and MPN?

DePaul will be notified electronically, usually within three business days that you have completed these requirements.