OAKLAND COMMUNITY COLLEGE

Maximum eligibility period to receive Direct Subsidized Loans

Subsidy Eliminated at 150% of Academic Program

Congress has made permanent changes to the Federal Subsidized Direct Loan Program. New borrowers, as of July 1, 2013, receiving a subsidized student loan will be limited to receiving the subsidy to 150% of their academic program. The borrower who reaches the 150% limitation will have their interest subsidy end for all outstanding subsidized loans. Repayment does not begin, but like unsubsidized loans, the student (rather than the government) would become responsible for interest accumulation at this point.

If student is enrolled in a 2-year associate degree program, the maximum period for which he/she can receive Direct Subsidized Loans is 3 years (150% of 2 years = 3 years).

Students are encouraged to complete their academic program within the prescribed time frame. Students who cannot complete the program within the time period can borrow unsubsidized student loans.

Subsidized (Subsidy)

- The Direct Subsidized Loans are available only to undergraduate students with financial need.
- The subsidized loan is considered a need-based loan which means it is only awarded to those students who can demonstrate a financial need on the FAFSA.
- The government pays the interest on the loan while you're in school at least half-time, for the first six months after you leave school, and during certain other periods (postponement of loan payments.)

Unsubsidized (No Subsidy)

- The unsubsidized loan is available to both undergraduates and graduate or professional degree students; there is no requirement to demonstrate financial need.
- Student is responsible for paying the interest on Direct Unsubsidized Loans during all periods.
- If you choose not to pay the interest while you are in school and during grace periods and deferment or forbearance periods, the interest will be capitalized at the end of the grace, deferment, or forbearance period. That is, the unpaid interest will be added to the principal amount of your loan.

OAKLAND COMMUNITY COLLEGE
Community is our middle name.®