



# OCCIDENTAL COLLEGE

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<http://www.oxy.edu/x5035.xml>

## Federal Direct Loan Program

### About Federal Direct Loans

#### Introduction

The Federal Subsidized Direct Student Loan Program offers low-cost loans to students pursuing their educational goals. The program offers both Subsidized and Unsubsidized Direct Loans. If you are eligible for a Subsidized loan, the federal government will pay the interest on your loan while you are enrolled in school at least half time, during the grace period and any other periods of deferment. If you borrow an Unsubsidized loan, you will be responsible for paying the interest. Students borrowing Unsubsidized loans have the option to pay the interest-only while they are in school or request their lender to accrue the interest until repayment begins.

#### Interest Rate & Fees

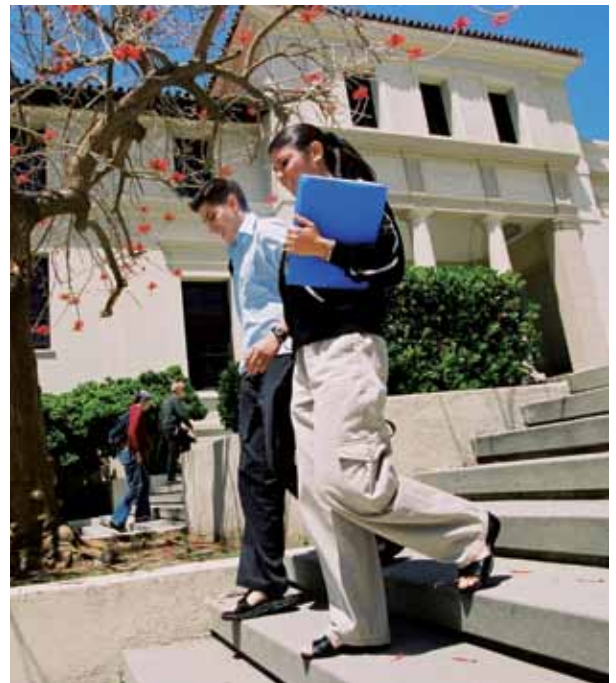
Beginning July 1, 2011, the interest rate on a Subsidized Direct Student Loan for loans disbursed between July 1, 2011 and June 30, 2012 will be of 3.4%. The interest rate for an Unsubsidized Direct Student Loan is a fixed 6.8%. The federal government charges an origination fee of 1% which is deducted when the loan funds are issued. When planning your budget, remember that your loan proceeds will be 1% less than the amount you borrowed.

#### Disbursement

You will receive two disbursements, one at the start of each semester. Loan funds will first be applied to your student account to offset any charges you may have incurred for the academic term. You may request that any remaining amount be mailed to you in the form of a check after completing a "Student Account Refund Request Form" available on the Student Business Services website.

#### Entrance Loan Counseling

If you are a first-time borrower (or a first-time student at Occidental College), federal regulations require you to complete a Loan Entrance Counseling. Information on how to complete the Entrance Exam will be provided to you at a later date by the Financial Aid Office. Once your Entrance Counseling is completed successfully, Occidental will be notified electronically. NOTE: Your loan funds cannot be released until you complete this requirement.



#### SUBSIDIZED VS. UNSUBSIDIZED

The main difference between the *Subsidized* Direct Loan and the *Unsubsidized* Direct Loan is that the federal government pays for the interest on the *Subsidized* Direct Loan while a student is enrolled at least half-time and interest accrues on the *Unsubsidized* Direct Loan from the time the money disburses to the student's account until the loan is repaid.

The interest rates also differ between the *Subsidized* and *Unsubsidized* Direct Loan. The *Subsidized* Direct Loan has a fixed 3.4% interest rate and the *Unsubsidized* Direct Loan has a fixed 6.8% interest rate. In order to qualify for a Subsidized Direct Loan, you must demonstrate financial need as determined by the US Department of Education and Occidental College.

## Annual Loan Amounts

The chart below indicates the maximum loan amounts you may borrow. The amounts are based on your year in school and whether you're a dependent or independent student. Please review these amounts carefully. This chart will also assist you in determining the amounts you may borrow in future years.

| MAXIMUM ANNUAL LOAN LIMITS<br>(of which no more than \$65,500 can be subsidized) |                         |            |              |             |              |
|--|-------------------------|------------|--------------|-------------|--------------|
|  |                         | Dependent  |              | Independent |              |
|  |                         | Subsidized | Unsubsidized | Subsidized  | Unsubsidized |
| Freshman   | (0-31 units completed)  | \$3,500    | \$2,000      | \$3,500     | \$6,000      |
| Sophomore  | (32-63 units completed) | \$4,500    | \$2,000      | \$4,500     | \$6,000      |
| Junior   | (64-95 units completed) | \$5,500    | \$2,000      | \$5,500     | \$7,000      |
| Senior   | (96 + units completed)  | \$5,500    | \$2,000      | \$5,500     | \$7,000      |
| Graduate   |                         |            |              | \$8,500     | \$12,000     |

| MAXIMUM AGGREGATE LOAN AMOUNTS           |   |
|--|---|
| <b>Dependent</b> Undergraduate Student   | \$31,000 (of which no more than \$23,000 can be subsidized) |
| <b>Independent</b> Undergraduate Student | \$57,500 (of which no more than \$23,000 can be subsidized) |
| Graduate Student                         | \$138,500   |

## Repayment Terms

Repayment of your Subsidized Direct Loan begins six months after you graduate, leave school or drop below half time attendance. Repayment of your Unsubsidized Direct Loan interest begins immediately. You have the option of deferring payment of interest while in school at least half-time, but interest will continue to accrue. However, we recommend that you make interest-only payments. The chart to the right shows estimated monthly Federal Direct Subsidized Loan payments at a fixed interest rate of 3.4% for loans disbursed between July 1, 2011 and June 30, 2012. Unsubsidized Direct Loans have a fixed interest rate of 6.8%.



| 3.4% STAFFORD Fixed Rate* |               |                  |
|---------------------------|---------------|------------------|
| Principle                 | # of Payments | Monthly Payments |
| \$1,000                   | 21            | \$50.00          |
| \$2,000                   | 43            | \$50.00          |
| \$2,625                   | 57            | \$50.00          |
| \$3,000                   | 66            | \$50.00          |
| \$3,500                   | 79            | \$50.00          |
| \$4,000                   | 91            | \$50.00          |
| \$5,000                   | 118           | \$50.00          |
| \$5,500                   | 120           | \$54.13          |
| \$6,125                   | 120           | \$60.28          |
| \$7,000                   | 120           | \$68.89          |
| \$10,000                  | 120           | \$98.42          |
| \$11,625                  | 120           | \$114.41         |
| \$15,000                  | 120           | \$147.63         |
| \$17,125                  | 120           | \$168.54         |
| \$20,000                  | 120           | \$196.84         |
| \$25,000                  | 120           | \$246.05         |

\*For all loans first disbursed on or after July 1, 2011