

On July 1, 2012, graduate and professional students will notice several changes to the Federal Direct Loan Program as a result of the Budget Control Act of 2011 that was signed into law on August 2, 2011.

Three specific Federal Direct Loan Program changes that will go into effect on July 1, 2012 include the following:

1. Graduate and professional students will no longer be eligible for the in-school interest subsidy on the Federal Direct Subsidized Loan.

Before July 1, 2012	Beginning July 1, 2012
\$8,500 annual Federal Direct Subsidized Loan limit	\$0 Federal Direct Subsidized Loan
\$20,500 combined annual Federal Direct Subsidized and Unsubsidized Loan limit	\$20,500 annual Federal Direct Unsubsidized Loan limit
Example Financial Aid Package (gross loan amount): \$8,500 Federal Direct Subsidized Loan \$12,000 Federal Direct Unsubsidized Loan \$42,800 Federal Direct GRD PLUS Loan \$63,300 Federal Direct Loan Total	Example Financial Aid Package (gross loan amount): (No Federal Direct Subsidized Loan) \$20,500 Federal Direct Unsubsidized Loan \$42,800 Federal Direct GRD PLUS Loan \$63,300 Federal Direct Loan Total
Additional 6.8% interest may accrue and capitalize while the student is in school and during their 6 month grace period ¹	

2. Graduate and professional students will no longer be eligible for the origination fee rebate.

Before July 1, 2012	Beginning July 1, 2012
.5% origination fee rebate for Federal Direct Subsidized and Unsubsidized Loan; 1.5 % origination fee rebate for Federal Direct Graduate PLUS	0% origination fee rebate 1% origination fee for the Federal Direct Unsubsidized Loan; 4% origination fee for the Federal Direct Graduate PLUS Loan.
Example Financial Aid Package (net loan amount): \$8,457.50 Federal Direct Subsidized Loan \$11,940 Federal Direct Unsubsidized Loan \$41,730 Federal Direct GRD PLUS Loan \$62,127.50 Total	Example Financial Aid Package (net loan amount): (No Federal Direct Subsidized Loan) \$20,295 Federal Direct Unsubsidized Loan \$41,088 Federal Direct GRD PLUS Loan \$61,383 Total
Less Federal Direct Loan will disburse to a student to cover educational expenses	

3. Graduate and professional students will no longer be eligible for the .25% interest rebate for payment that is made electronically while they are in loan repayment.

Before July 1, 2012	Beginning July 1, 2012
.25% interest rebate when student makes electronic payment while in repayment	\$0 interest rebate
Additional .25% interest while student is in repayment	

¹Accrued Interest: The amount of interest that accumulates on an unpaid loan over time.

Capitalized Interest: When accrued interest is added to the principal balance of the loan.

These changes will not affect:

- *The amount a student may borrow:*
Graduate students may continue to borrow Federal Direct Loan up to their total cost of attendance for the academic year.
- *The aggregate Federal Direct Loan borrowing limit:*
Graduate students may continue to borrow up to the aggregate Federal Direct Loan limit, \$138,500.
- *The payment or deferment of interest while the student is in school or during their grace period:*
Graduate students will continue to have the option of paying the interest on their Federal Direct Unsubsidized Loan and Federal Direct Graduate PLUS loan while they are in school and during their grace period or they may choose to defer interest payment on their Federal Direct Loan(s). If a student chooses to defer the interest payment, the accrued interest (the amount of interest that accumulates on an unpaid loan over time) will be capitalized (added to the principal balance of the loan).

Students are encouraged to monitor their Federal Loan borrowing history online at www.nsls.ed.gov