



Loans and Limits



- Subsidized and unsubsidized loans are federal student loans for eligible students to help cover the cost of higher education at a four-year college or university, community college, or trade, career, or technical school. The U.S. Department of Education offers eligible students at participating schools Direct Subsidized Loans and Direct Unsubsidized Loans.
- Some people refer to these loans as Stafford Loans or Direct Stafford Loans.



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TYPES OF LOANS



Direct Subsidized Loans

- Direct Subsidized Loans are available to undergraduate students with financial need.
- Your school determines the amount you can borrow, and the amount may not exceed your financial need.
- The U.S. Department of Education pays the interest on a Direct Subsidized Loan
 - while you're in school at least half-time,
 - for the first six months after you leave school (referred to as a grace period*), and
 - during a period of deferment (a postponement of loan payments).



Direct Unsubsidized Loans

- Direct Unsubsidized Loans are available to undergraduate and graduate students; there is no requirement to demonstrate financial need.
- Your school determines the amount you can borrow based on your cost of attendance and other financial aid you receive.
- You are responsible for paying the interest on a Direct Unsubsidized Loan 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, your interest will accrue (accumulate) and be capitalized (that is, your interest will be added to the principal amount of your loan).



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HOW MUCH CAN I BORROW?



How Much Can I Borrow?

- Your school determines the loan type(s), if any, and the actual loan amount you are eligible to receive each academic year. However, there are limits on the amount in subsidized and unsubsidized loans that you may be eligible to receive each academic year (annual loan limits) and the total amounts that you may borrow for undergraduate and graduate study (aggregate loan limits).
- The actual loan amount you are eligible to receive each academic year may be less than the annual loan limit. These limits vary depending on
 - what year you are in school; and
 - your classification as a dependent or independent student.



- If you are a dependent student whose parents are ineligible for a Direct PLUS Loan, you may be able to receive additional Direct Unsubsidized Loan funds.
 - The aggregate loan limits include any Subsidized Federal Stafford Loans or Unsubsidized Federal Stafford Loans you may have previously received under the Federal Family Education Loan (FFEL) Program. As a result of legislation that took effect July 1, 2010, no further loans are being made under the FFEL Program.
 - Effective for periods of enrollment beginning on or after July 1, 2012, graduate and professional students are no longer eligible to receive Direct Subsidized Loans. The \$65,500 subsidized aggregate loan limit for graduate or professional students includes subsidized loans that a graduate or professional student may have received for periods of enrollment that began before July 1, 2012, or for prior undergraduate study.



- If the total loan amount you receive over the course of your education reaches the aggregate loan limit, you are not eligible to receive additional loans. However, if you repay some of your loans to bring your outstanding loan debt below the aggregate loan limit, you could then borrow again, up to the amount of your remaining eligibility under the aggregate loan limit.
- Graduate and professional students enrolled in certain health profession programs may receive additional Direct Unsubsidized Loan amounts each academic year beyond those shown above. For these students, there is also a higher aggregate limit on Direct Unsubsidized Loans. If you are enrolled in a health profession program, talk to the financial aid office at your school for information about annual and aggregate limits.



This chart shows the annual and aggregate limits for subsidized and unsubsidized loans.

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 \$4,500 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)
Professional Students - Pharmacy students Annual Loan Limit	Not Applicable (all graduate and professional students are considered independent)	\$33,000 (unsubsidized only)
Subsidized and Unsubsidized Aggregate Loan Limit	\$31,000—No more than \$23,000 of this amount may be in subsidized loans.	<p>\$57,500 for undergraduates—No more than \$23,000 of this amount may be in subsidized loans.</p> <p>\$138,500 for graduate or professional students—No more than \$65,500 of this amount may be in subsidized loans. The graduate aggregate limit includes all federal loans received for undergraduate study.</p>



Direct PLUS Loans

- These are federal loans that graduate or professional students and parents of dependent undergraduate students can use to help pay for college or career school.
- PLUS loans can help pay for education expenses not covered by other financial aid.
- The U.S. Department of Education makes Direct PLUS Loans to eligible parents and graduate or professional students through schools participating in the Direct Loan Program.
- A Direct PLUS Loan is commonly referred to as a parent PLUS loan when made to a parent, and as a GRAD PLUS loan when made to a graduate or professional student.
 - The U.S. Department of Education is your lender.
 - You must not have an adverse credit history. A credit check will be conducted. If you have an adverse credit history, you may still be able to receive a PLUS loan if you meet additional requirements.
 - The maximum PLUS loan amount you can receive is the cost of attendance (determined by the school) minus any other financial aid received.



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FREQUENTLY ASKED QUESTIONS



Can I cancel the loan if I decide that I don't need it or if I need less than the amount offered?

- Yes.
- Before your loan money is disbursed, you may cancel all or part of your loan at any time by notifying the school. After your loan is disbursed, you may cancel all or part of the loan within certain time frames. Your promissory note and additional information you'll receive from the school will explain the procedures and time frames for canceling your loan.



Is there a time limit on how long I can receive loans?

- If you are a first-time borrower on or after July 1, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans. This time limit does not apply to Direct Unsubsidized Loans or Direct PLUS Loans. If this limit applies to you, you may not receive Direct Subsidized Loans for more than 150 percent of the published length of your program. This is called your “maximum eligibility period.” Your maximum eligibility period is generally based on the published length of your current program. You can usually find the published length of any program of study in your school’s catalog.
- For example, if you are enrolled in a four-year bachelor’s degree program, the maximum period for which you can receive Direct Subsidized Loans is six years (150 percent of 4 years = 6 years). If you are enrolled in a two-year associate degree program, the maximum period for which you can receive Direct Subsidized Loans is three years (150 percent of 2 years = 3 years).
- Because your maximum eligibility period is based on the length of your current program of study, your maximum eligibility period can change if you change to a program that has a different length. Also, if you receive Direct Subsidized Loans for one program and then change to another program, the Direct Subsidized Loans you received for the earlier program will generally count toward your new maximum eligibility period.



How will I receive my loan?

- The school will first apply your loan funds to your school account to pay for tuition, fees, room and board, and other school charges. If any additional loan funds remain, they will be returned to you. All loan funds must be used for your education expenses.



Who will contact me after I receive my loan?

- When you receive your Direct Loan, you will be contacted by your loan servicer (you repay your loan to the loan servicer). Your loan servicer will provide regular updates on the status of your Direct Loan, and any additional Direct Loans that you receive.



What are the current interest rates?

Loan Type	Borrower Type	Interest rates for loans first disbursed on or after 7/1/20 and before 6/30/21
Direct Subsidized Loans and Direct Unsubsidized Loans	Undergraduate	2.75%
Direct Unsubsidized Loans	Graduate or Professional	4.3%

- The interest rates shown above are fixed rates for the life of the loan.
- For Direct PLUS Loans first disbursed on or after July 1, 2020, and before June 30, 2021, the interest rate is 5.3%. This is a fixed interest rate for the life of the loan.



Are there additional charges besides interest for this loan?

- Yes, there is a loan fee on all Direct Subsidized Loans and Direct Unsubsidized Loans. The loan fee is a percentage of the loan amount and is proportionately deducted from each loan disbursement. The percentage varies depending on when the loan is first disbursed, as shown in the chart below.

Loan Fees for Direct Subsidized Loans and Direct Unsubsidized Loans

First Disbursement Date	Loan Fee
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On or after 10/1/20 and before 10/1/21	1.057%
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On or after 10/1/19 and before 10/1/20	1.059%
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Loan Fees for Direct PLUS Loans

First Disbursement Date	Loan Fee
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On or after 10/1/20 and before 10/1/21	4.228%
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On or after 10/1/19 and before 10/1/20	4.236%
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LOAN LIMITS



Annual Maximum Loan Limits

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)
Freshman (0-29 credits)	\$5500 (no more than \$3500 Sub and \$2000 UnSub)	\$9500 (no more than \$3500 Sub and \$6000 UnSub)
Sophomore (30-59 credits)	\$6500 (no more than \$4500 Sub and \$2000 UnSub)	\$10,500 (no more than \$4500 Sub and \$6000 UnSub)
Junior / Senior (60+ credits)	\$7500 (no more than \$5500 Sub and \$2000 UnSub)	\$12,500 (no more than \$5500 Sub and \$7000 UnSub)
Graduate / Professional	NA	\$20,500 (not eligible for Sub loans)
Professional / Pharmacy	NA	\$33,000 (not eligible for Sub loans)



Aggregate Maximum Loan Limits

Dependent Students (except students whose parents are unable to obtain PLUS Loans)	\$31,000 (no more than \$23,000 Sub Loans)
Independent Students (and dependent undergraduate students whose parents are unable to obtain PLUS Loans)	\$57,500 (no more than \$23,000 Sub Loans)
Graduate or Professional Students	\$138,500 (no more than \$65,500 Sub Loans)
Professional Students - Pharmacy students	\$224,000 (no more than \$65,500 Sub Loans)



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Questions?

Contact the Financial Aid Office

Capin Hall

165 South Franklin Street (Third Floor)

Wilkes-Barre, PA 18766

Phone: 570-408-4512

Email: financialaid@wilkes.edu



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Graduate Financial Services

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