

WAUKESHA COUNTY TECHNICAL COLLEGE

Financial Aid Department

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Federal Direct Loan Information

A Federal Direct Loan is a low-interest, fixed-rate loan made to students. Generally, every student who files a Free Application for Federal Student Aid (FAFSA) will be eligible to borrow a Federal Direct Loan. Students may qualify to have a portion of their federal loan eligibility subsidized, based on their financial need as determined by their FAFSA results. A student must be enrolled at least half-time to be eligible to receive a Federal Direct Loan.

Direct Subsidized Loans

The Federal Direct Subsidized Loan is awarded to students who demonstrate financial need as determined by the FAFSA. Interest on a Federal Direct Subsidized Loan is paid by the federal government while a student is enrolled at least half-time, as well as during deferment periods. Repayment begins six months after a student graduates or ceases to be enrolled at least half-time. The interest rate for a Federal Direct Subsidized Loan issued between July 1, 2013 and June 30, 2014 is 3.86%. This interest rate could change for Federal Direct Subsidized Loans issued during the 2014-2015 award year.

Direct Unsubsidized Loans

Federal Direct Unsubsidized Loans are non-need-based loans. Interest begins accruing on the loan at the time of disbursement. The student has the option to make interest payments during the in-school period, or to allow the accrued interest to be capitalized (added on) to the principal balance. Repayment begins six months after a student graduates or ceases to be enrolled at least half-time. The interest rate for a Federal Direct Unsubsidized Loan issued between July 1, 2013 and June 30, 2014 is 3.86%. This interest rate could change for Federal Direct Unsubsidized Loans issued during the 2014-2015 award year.

How Do I Apply for a Federal Direct Loan?

1. Complete the FAFSA online at www.fafsa.gov
2. Complete the Direct Loan Entrance Counseling
 - a. Go to www.studentloans.gov
 - b. Click *Sign In*, enter your information, and click *Sign In* again
 - c. Click *Complete Counseling*
 - d. Click *Start* in the Entrance Counseling column and follow instructions as directed
3. Complete the Direct Loan Master Promissory Note
 - a. Go to www.studentloans.gov
 - b. Click *Sign In*, enter your information, and click *Sign In* again
 - c. Click *Complete Master Promissory Note*
 - d. Click *Subsidized/Unsubsidized* and follow instructions as directed
4. Review your award notification and accept your Federal Direct Loan

Note: An award notification will typically be sent to a student three to six weeks after completion of steps 1-3. This notification is sent to a student's email address and will contain instructions to review and accept any Federal Direct Loan eligibility. An award notification will also include any grant and work-study eligibility that a student may qualify for through completion of the FAFSA.

How Much Can I Borrow?

Dependent Student	Direct Subsidized Loan	Direct Unsubsidized Loan
First-Year Student (<35 earned credits)	\$3,500	\$2,000
Second-Year Student (35+ earned credits)	\$4,500	\$2,000

Independent Student	Direct Subsidized Loan	Direct Unsubsidized Loan
First-Year Student (<35 earned credits)	\$3,500	\$6,000
Second-Year Student (35+ earned credits)	\$4,500	\$6,000

These are general loan limits for an award year. Your loan eligibility may vary from these amounts. Federal Direct Lending currently charges a 1.051% origination fee on Federal Direct Loans. As Federal Direct Loans are indeed loans and will need to be repaid, we recommend borrowing only what you need for educational expenses.



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