

# CheapScholar's Guide To Federal Education Loans

**StudentLoans.gov** is the new portal that was introduced by the Department of Education to process federal education loans for students (and parents) from beginning to end.

Through **StudentLoans.gov**, you have access to the following types of education loans:

**Direct Subsidized Loans:** These loans are for students that have demonstrated financial need via the FAFSA. No interest is charged while the student is in school at least half-time, during the grace period, and also at anytime the loan is in deferment. Interest starts accruing at the time of repayment and the interest rate is calculated to be the 10-year Treasury Bill rate plus 2.05 percent

**Direct Unsubsidized Loans:** These loans are for students and are not based upon financial need (however a FAFSA is still required). Interest accrues while you are in school, in a grace period, and in deferment. The interest rate is calculated to be the 10-year Treasury Bill rate plus 2.05 percent

**Direct Plus Loans:** These loans are eligible for parents of dependent students and the current interest rate is calculated to be the 10-year Treasury Bill rate plus 4.6 percent.. Parent's can borrow up to the amount left over after all financial aid is applied toward educational expenses (otherwise known as Cost of Attendance).

**Direct Consolidation Loans:** This is for borrowers that want to combine (consolidate) their federal student loans into one loan program. The interest rate is typically a blended rate of all the loans being consolidated.



## How Do You Apply For These Loan Funds?

The steps for a student are fairly simple:

1. Complete the *FAFSA* (Free Application for Federal Student Aid)
2. Sign into your account at *StudentLoans.gov* using the same PIN number that you utilized on the FAFSA
3. Complete the MPN (Master Promissory Note)
4. As long as you are a registered student at your college, they will certify the loan and schedule a date for the funds to be disbursed against your tuition account.

The steps for a Direct Parent Loan is a little more involved but still done with ease:

1. Complete the *FAFSA* (Free Application for Federal Student Aid)
2. Sign into your account at *StudentLoans.gov* using the same PIN number that you utilized on the FAFSA
3. Complete the Loan Application (Unlike the student loan, this loan is subject to a credit review before being approved)
4. Complete the MPN (Master Promissory Note)
5. As long as you have no adverse credit and the student is a registered student at the college you are requesting the funds to be sent, a financial aid administrator will certify the loan for the dollar amount requested (or the dollar amount eligible if you request more than what you are allowed) and schedule the disbursement of the funds to the school.



**Still Have Questions?**  
Scan the QR code with your Smart  
Phone to visit CheapScholar's  
College Resource Center

