

## Understanding Subsidized and Unsubsidized Loans

The U.S. Department of Education offers two types of **Direct Loans** to help students pay for college: **Subsidized** and **Unsubsidized** loans. You will accept or decline these in your student portal under “Admissions/Payment” and click on the “My financial aid” tab.

### Clarendon College Financial Aid Office

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#### Subsidized vs. Unsubsidized Loans

##### Subsidized Loans

- For undergraduate students with **financial need**
- **Government pays the interest** while you're in school (half-time or more), during the grace period, and deferments
- Less expensive over time

##### Unsubsidized Loans

- Available to undergraduate and graduate students, regardless of need
  - **You are responsible for all interest**, even while in school
  - Interest can be paid or allowed to capitalize (added to the loan balance)
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#### Parent PLUS Loans

- For **parents of dependent undergraduate students**
  - Based on **credit approval**
  - Parents borrow **on the student's behalf**
  - The **parent is responsible** for repayment—not the student
  - Application: [studentaid.gov](https://studentaid.gov)
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#### Loan Limits

##### Dependent Students

- 1st Year: \$5,500 (up to \$3,500 subsidized)
- 2nd Year: \$6,500 (up to \$4,500 subsidized)

##### Independent Students

- 1st Year: \$9,500 (up to \$3,500 subsidized)
  - 2nd Year: \$10,500 (up to \$4,500 subsidized)
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## Student Responsibility Reminder

- **You—not Clarendon College—are responsible for repaying your loans**
  - Loans must be repaid even if you don't complete your degree, leave school, or don't find a job
  - **Defaulting** on your loans can result in:
    - Credit damage
    - Wage garnishment
    - Loss of future aid eligibility
    - Additional fees and legal action
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## Loan Process at a Glance

1. Submit the **FAFSA** at [studentaid.gov](https://studentaid.gov)
2. Accept loans in your Clarendon College portal
3. Complete:
  - **Entrance Counseling**
  - **Master Promissory Note (MPN)**
  - Both required before funds are disbursed

 Complete both at <https://studentaid.gov> under "Complete Aid Process"

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## Loan Repayment Timeline

- No payments while enrolled **at least half-time**
  - After graduation or dropping below half-time, a **6-month grace period** begins
  - Then, **repayment begins**
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## Exit Counseling (When You Leave School)

- Required when you **graduate, withdraw, or drop below half-time**
- Explains your **repayment responsibilities, loan terms, and default prevention**
- Complete at: <https://studentaid.gov>

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## **Deferment and Forbearance**

If you're having trouble making payments, you may **temporarily delay** repayment through:

### **Deferment**

- No payments required
- **No interest accrues on subsidized loans**
- Available for school enrollment, unemployment, or hardship

### **Forbearance**

- Temporary pause or reduction in payments
- **Interest accrues** on all loans during this time
- Used during financial hardship or medical issues

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## **Repayment Plan Options**

Choose a plan that fits your financial situation:

- **Standard Plan** – Fixed payments over 10 years
- **Income-Driven Plans** – Payments based on your income and family size (e.g., REPAYE, PAYE, IBR, ICR)

Apply for repayment plans at [studentaid.gov](https://studentaid.gov)