



The U.S. Department of Education has two federal student loan programs:

- The *William D. Ford Federal Direct Loan (Direct Loan) Program* is the largest federal student loan program. Under this program, the U.S. Department of Education is your *lender*. There are four types of Direct Loans available:
  - Direct Subsidized Loans are loans made to eligible undergraduate students who demonstrate *financial need* to help cover the costs of higher education at a college or career school.
  - Direct Unsubsidized Loans are loans made to eligible undergraduate students, but in this case, the student does not have to demonstrate financial need to be eligible for the loan.
  - Direct PLUS Loans are loans made to parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid.
  - Federal Pell Grant A federal grant for undergraduate students with financial need. A Federal Pell Grant, unlike a loan, does not have to be repaid

### Entrance Counseling

A mandatory information session which takes place before you receive your first federal student loan that explains your responsibilities and rights as a student borrower.

### Exit Counseling

A mandatory information session which takes place when you graduate or attend school less than half-time that explains your loan repayment responsibilities and when repayment begins.

### Make Satisfactory Academic Progress

You need to make satisfactory academic progress in order to continue receiving federal student aid. In other words, you have to make good enough grades, and complete enough classes (credits, hours, etc.), to keep moving toward successfully completing your certificate in a time period that's acceptable to your school.

Failure to repay a loan according to the terms agreed to in the promissory note. For most federal student loans, you will default if you have not made a payment in more than 270 days. You may experience serious legal consequences if you default.

A tool that allows the federal government or your guaranty agency to have your employer withhold a portion of your earnings to collect unpaid non-tax debts that you owe to the federal government. If you have a federal student loan in default, up to 15% of your disposable pay could be taken by the federal government or your guaranty agency to repay your debt.