

Loans

Direct Subsidized Loans

A Federal Direct Subsidized Stafford Loan is awarded on the basis of the student's financial need and other specific **eligibility requirements**. The federal government does not charge interest on these loans while borrowers are enrolled at least half-time.

Direct Unsubsidized Loans

A Federal Direct Unsubsidized Stafford Loan is not based on the student's financial need, but students must also meet specific **eligibility requirements**. Interest is charged throughout the life of the loan. The borrower may choose to pay the interest charged on the loan or allow the interest to be capitalized (added to the loan principal).

Direct Grad Plus Loans

The Federal Grad PLUS Loan is not based on financial need and is limited to graduate and professional level students attending at least half-time. The annual limit is equal to the student's cost of attendance. Applicants are required to pass a credit check. PLUS loans carry a fixed interest rate and an origination fee. We must receive the results of your completed FAFSA before we can process your Federal PLUS Application. Certain borrowers may also be required to complete federal PLUS loan counseling. Direct Loans will notify you if you need to complete the counseling requirement.

Direct Parent Plus Loan

The PLUS is not based on financial need and is limited to a parent borrower for a dependent student attending at least half-time. A parent is currently defined as a person's natural or adoptive mother or father, or the step-parent married to the custodial parent. The annual limit is equal to the student's cost of attendance, as defined by The University of Alabama, minus any other financial aid the student is receiving. Parents are required to pass a credit check. PLUS loans carry a fixed interest rate and an origination fee. We must receive the results of your completed FAFSA before we can process your Federal PLUS Application. Certain borrowers may also be required to complete federal PLUS loan counseling. Direct Loans will notify you if you need to complete the counseling requirement.

Alternative loans

Alternative loans are private (non-federal) loans. Unlike the previously mentioned loans, you are not considered for these loans when you complete the FAFSA. The terms vary widely as do the eligibility criteria.

You (and your co-borrower, if applicable) should carefully research the options and apply for the alternative loan that best suits your needs. Keep in mind that usually your best option is to pursue federal loans. Be sure you have applied for all of the federal loans you are eligible

for before you consider private loans. If you do wish to take out a private educational loan, you need to provide any documentation requested by the sponsor of the loan and follow the application procedure that is specific to that loan.

***If a parent borrower is unable to obtain a PLUS loan, the undergraduate dependent student may be eligible for additional unsubsidized loans. The student should contact the school's financial aid office for more information.**