

FEDERAL DIRECT LOAN ORIGATION FEES

Most federal student loans have fees that are a percentage of the total loan amount. These fees are referred to as **loan origination fees**. Loan origination fees are imposed by the lender on all Federal Direct Subsidized, Unsubsidized and PLUS loans to process the loan and will be proportionately deducted from each loan disbursement. Federal Direct Loan origination fees change annually on October 1st.

Federal Direct Loan Fees are as follows:

Loan Program	Fees for loans first disbursed on or after October 1, 2015 and before October 1, 2016	Fees for loans first disbursed on or after October 1, 2016 and before October 1, 2017
Direct Stafford Loan (Subsidized & Unsubsidized)	1.068%	1.069%
Direct PLUS Loan (Parent & Grad/Prof Student)	4.272%	4.276%

FEDERAL DIRECT LOAN INTEREST RATES & FORMULA

Federal student loans carry an **interest rate**. Interest is money paid to the lender in exchange for borrowing money. Interest rates for Federal Direct Loans are set by Congress and are based upon formulas that use the equivalent rates of the 91-day Treasury bill plus a statutory add-on percentage. The calculated rate is capped by a maximum interest rate. Federal student loan interest rates change annually on July 1st.

The chart below provides the interest rates for Direct Subsidized, Unsubsidized and PLUS loans:

Fixed Rate Direct Loans			
Borrower	Loan Program	Loans first disbursed on or after 7/1/15 and before 7/1/16	Loans first disbursed on or after 7/1/16 and before 7/1/17
Undergraduate Students	Subsidized & Unsubsidized	4.29%	3.76%
Graduate or Professional Students*	Unsubsidized	5.84%	5.31%
Parents and Graduate or Professional Students	PLUS Loan	6.84%	6.31%

*Pursuant to the Budget Control Act of 2011: Graduate and professional students are not eligible to receive Direct Subsidized Loans for loan periods beginning on or after July 1, 2012

The amount of interest that accumulates on your loan from month to month is determined by a simple daily interest formula. This formula consists of multiplying your loan balance by the number of days since the last payment times the interest rate factor.

Please refer to the [Student Financial Services](#) website for more information regarding current federal loan origination fees and interest rates.