

# Direct Loan Program Student Loan Terms and Conditions:

 **BY THE NUMBERS**

The William D. Ford Federal Direct Loan (Direct Loan) program is the single largest source of federal financial assistance to support students' postsecondary educational pursuits. **As of September 30, 2024, \$1.7 trillion owed by 40.5 million borrowers was outstanding.** The terms and conditions of loans made under the program are voluminous and complex. The tabulations in this infographic are intended to illustrate, in a generalized manner, the numerous terms and conditions available on a Direct Loan. Availability and utilization of a specific loan term or condition may depend on individual loan types and borrower circumstances.

 Types    Variable/case-by-case    # Number of options or varieties



4 LOAN TYPES

- Subsidized Loans
- Unsubsidized Loans
- PLUS Loans
- Consolidation Loans

2 LOAN ORIGATION FEES

- 1% of loan principal for Subsidized and Unsubsidized Loans
- 4% of loan principal for PLUS Loans
- None for Consolidation Loans

4 INTEREST RATES

Fixed Rates for the life of the loan. Interest rates vary year-to-year for new loans made during each year.


Award year 2024-2025 rates:


- Subsidized & Unsubsidized Loans to undergraduate students: 6.53%
- Unsubsidized Loans to graduate/professional students: 8.08%
- PLUS Loans: 9.08%
- Consolidation Loans: Weighted average of interest rates in effect on loans being consolidated

2 LOAN LIMIT TYPES

- Annual:** Vary based on factors such as loan type, program level, and student dependency status
- Aggregate:**

Undergraduate Students

 Dependent: \$31,000

 Independent: \$57,500

Graduate/Professional Student

- Unsubsidized Loans: \$138,500, generally
- PLUS Loans: Unlimited


Parents of Dependent Undergraduate Students

- PLUS Loans: Unlimited


4 EVENTS RESULTING IN INTEREST CAPITALIZATION\*

- Exit from or failure to recertify income and family size in the income-based repayment (IBR) plan
- End of partial financial hardship in the IBR plan
- End of deferment
- Upon loan consolidation


3 LOAN REPAYMENT PLAN TYPES



- Fixed Repayment Plans
- 1 Standard repayment plan
- 1 Extended repayment plan
- 2 Graduated repayment plans



- Income-Driven Repayment (IDR) Plans
- 1 Income-based repayment plan
- 3 Income-driven repayment plans



- Alternative Repayment Plans
- Available on a case-by-case basis
- 1 Saving on a Valuable Education (SAVE) Alternative repayment plan

2 TYPES OF TEMPORARY BORROWER RELIEF

- 11 Deferment options
- 32 Forbearance options

3 TYPES OF PERMANENT BORROWER RELIEF

- 8 Loan discharge options for borrower adversity
- 4 Loan forgiveness under IDR plan options
- 2 Loan forgiveness for service options

3 LOAN DEFAULT RESOLUTION OPTIONS

- Rehabilitation
- Calculated \$0 monthly payment under an IDR plan
- Loan consolidation

*\*Capitalization:* Unpaid accrued interest is added to the outstanding principal balance of a borrower's loan. When interest is capitalized, it becomes part of a loan's principal balance and interest begins to accrue on that new, larger loan amount.

**Notes:** This infographic depicts the count of terms and conditions for a Direct Loan program loan made in award year 2024-2025 to a borrower who has no outstanding federal student loan debt, as specified in relevant statutes, regulations, and Department of Education guidance. Different terms and conditions may apply to Direct Loan borrowers not meeting these criteria.

For additional information on Direct Loan program terms and conditions, see CRS Report R45931, *Federal Student Loans Made Through the William D. Ford Federal Direct Loan Program: Terms and Conditions for Borrowers*.

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## **Author Information**

Alexandra Hegji  
Specialist in Social Policy

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