

34 CFR § 685.202 - Charges for which Direct Loan Program borrowers are responsible.

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§ 685.202 Charges for which Direct Loan Program borrowers are responsible.

(a) *Interest* -

(1) *Interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed before July 1, 1995.*

During all periods, the interest rate during any twelve-month period beginning on July 1 and ending on June 30 is determined on the June 1 immediately preceding that period. The interest rate is equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to that June 1 plus 3.1 percentage points, but does not exceed 8.25 percent.

(2) *Interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed on or after July 1, 1995, and before July 1, 1998.*

(i) *During the in-school, grace, and deferment periods.* The interest rate during any twelve-month period beginning on July 1 and ending on June 30 is determined on the June 1 immediately preceding that period. The interest rate is equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to that June 1 plus 2.5 percentage points, but does not exceed 8.25 percent.

(ii) *During all other periods.* The interest rate during any twelve-month period beginning on July 1 and ending on June 30 is determined on the June 1 immediately preceding that period. The interest rate is equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to that June 1 plus 3.1 percentage points, but does not exceed 8.25 percent.

(3) *Interest Rate for Direct Subsidized Loans and Direct Subsidized Loans first disbursed on or after July 1, 1998, and before July 1, 2006.*

(i) *During the in-school, grace, and deferment periods.* The interest rate during any twelve-month period beginning on July 1 and ending on June 30 is determined on the June 1 immediately preceding that period. The interest rate is equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to that June 1 plus 1.7 percentage points, but does not exceed 8.25 percent.

(ii) *During all other periods.* The interest rate during any twelve-month period beginning on July 1 and ending on June 30 is determined on the June 1 immediately preceding that period. The interest rate is equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to that June 1 plus 2.3 percentage points, but does not exceed 8.25 percent.

(4) *Interest rate for Direct Subsidized Loans made to undergraduate students for which the first disbursement is made on or after July 1, 2006, and before July 1, 2013.* For a loan for which the first disbursement is made:

(i) On or after July 1, 2006, and before July 1, 2008, the interest rate is 6.8 percent on the unpaid principal balance of the loan.

(ii) On or after July 1, 2008, and before July 1, 2009, the interest rate is 6 percent on the unpaid principal balance of the loan.

(iii) On or after July 1, 2009, and before July 1, 2010, the interest rate is 5.6 percent on the unpaid principal balance of the loan.

(iv) On or after July 1, 2010, and before July 1, 2011, the interest rate is 4.5 percent on the unpaid principal balance of the loan.

(v) On or after July 1, 2011, and before July 1, 2013, the interest rate is 3.4 percent on the unpaid balance of the loan.

(5) Interest rate for Direct Subsidized Loans made to graduate or professional students for which the first disbursement is made on or after July 1, 2006, and before July 1, 2012. The interest rate is 6.8 percent.

(6) Interest rate for Direct Unsubsidized Loans first disbursed on or after July 1, 2006, and before July 1, 2013. The interest rate is 6.8 percent.

(7) Interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans made to undergraduate students for which the first disbursement is made on or after July 1, 2013. The interest rate for loans first disbursed during any 12-month period beginning on July 1 and ending on June 30 is determined on the June 1 preceding that period and is a fixed rate for the life of the loan. The interest rate is the lesser of -

(i) A rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to the June 1 preceding the 12-month period, plus 2.05 percentage points, or

(ii) 8.25 percent.

(8) Interest rate for Direct Unsubsidized Loans made to graduate or professional students for which the first disbursement is made on or after July 1, 2013. The interest rate for loans first disbursed during any 12-month period beginning on July 1 and ending on June 30 is determined on the June 1 preceding that period and is a fixed rate for the life of the loan. The interest rate is the lesser of -

(i) A rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to the June 1 preceding the 12-month period, plus 3.6 percentage points, or

(ii) 9.5 percent.

(9) Interest rate for Direct PLUS Loans. (i) Direct PLUS Loans first disbursed before July 1, 1998.

(A) Interest rates for periods ending before July 1, 2001. During all periods, the interest rate during any twelve-month period beginning on July 1 and ending on June 30 is determined on the June 1 preceding that period. The interest rate is equal to the bond equivalent rate of 52-week Treasury bills auctioned at the final auction held prior to that June 1 plus 3.1 percentage points, but does not exceed 9 percent.

(B) Interest rates for periods beginning on or after July 1, 2001. During all periods, the interest rate during any twelve-month period beginning on July 1 and ending on June 30 is determined on the June 26 preceding that period. The interest rate is equal to the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the last calendar week ending on or before that June 26 plus 3.1 percentage points, but does not exceed 9 percent.

(ii) **Direct PLUS Loans first disbursed on or after July 1, 1998, and before July 1, 2006.** During all periods, the interest rate during any twelve-month period beginning on July 1 and ending on June 30 is determined on the June 1 preceding that period. The interest rate is equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to that June 1 plus 3.1 percentage points, but does not exceed 9 percent.

(iii) **Direct PLUS Loans first disbursed on or after July 1, 2006, and before July 1, 2013.** The interest rate is 7.9 percent.

(iv) **Direct PLUS Loans first disbursed on or after July 1, 2013.** The interest rate for loans first disbursed during any 12-month period beginning on July 1 and ending on June 30 is determined on the June 1 preceding that period and is a fixed rate for the life of the loan. The interest rate is the lesser of -

(A) A rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to the June 1 preceding the 12-month period, plus 4.6 percentage points, or

(B) 10.5 percent.

(10) Interest rate for Direct Consolidation Loans -

(i) Interest rate for Direct Subsidized Consolidation Loans and Direct Unsubsidized Consolidation Loans.

(A) Loans first disbursed before July 1, 1995. The interest rate is the rate established for Direct Subsidized Loans and Direct Unsubsidized Loans in [paragraph \(a\)\(1\)](#) of this section.

(B) Loans first disbursed on or after July 1, 1995, and before July 1, 1998. The interest rate is the rate established for Direct Subsidized Loans and Direct Unsubsidized Loans in [paragraph \(a\)\(2\)](#) of this section.

(C) Loans for which the first disbursement is made on or after July 1, 1998, and prior to October 1, 1998, and loans for which the disbursement is made on or after October 1, 1998, for which the consolidation application was received by the Secretary before October 1, 1998. The interest rate is the rate established for

(D) Loans for which the consolidation application is received by the Secretary on or after October 1, 1998, and before February 1, 1999. During all periods, the interest rate during any twelve-month period beginning on July 1 and ending on June 30 is determined on the June 1 immediately preceding that period. The interest rate is equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to that June 1 plus 2.3 percentage points, but does not exceed 8.25 percent.

(E) Loans for which the consolidation application is received by the Secretary on or after February 1, 1999, and before July 1, 2013. During all periods, the interest rate is based on the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher one-eighth of one percent, but does not exceed 8.25 percent.

(F) Loans for which the consolidation application is received by the Secretary on or after July 1, 2013. During all periods, the interest rate is based on the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher one-eighth of one percent.

(ii) Interest rate for Direct PLUS Consolidation Loans.

(A) Loans first disbursed before July 1, 1998. The interest rate is the rate established for Direct PLUS Loans in [paragraph \(a\)\(9\)\(i\)](#) of this section.

(B) Loans for which the first disbursement is made on or after July 1, 1998, and prior to October 1, 1998, and loans for which the disbursement is made on or after October 1, 1998, for which the consolidation application was received by the Secretary before October 1, 1998. The interest rate is the rate established for Direct PLUS Loans in [paragraph \(a\)\(9\)\(ii\)](#) of this section.

(C) Loans for which the consolidation application is received by the Secretary on or after October 1, 1998, and before February 1, 1999. During all periods, the interest rate during any twelve-month period beginning on July 1 and ending on June 30 is determined on the June 1 immediately preceding that period. The interest rate is equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to that June 1 plus 2.3 percentage points, but does not exceed 8.25 percent.

(D) Loans for which the consolidation application is received by the Secretary on or after February 1, 1999, and before July 1, 2006. During all periods, the interest rate is based on the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher one-eighth of one percent, but does not exceed 8.25 percent.

(11) Applicability of the Servicemembers Civil Relief Act (SCRA) (50 U.S.C. 527 (/uscode/text/50/527), App. sec. 207). Notwithstanding paragraphs (a)(1) through (10) of this section, upon the Secretary's receipt of evidence of the borrower's military service, the maximum interest rate under [50 U.S.C. 527 \(/uscode/text/50/527\)](#), App. section 207(a), on Direct Loan Program loans made prior to the borrower entering military service status is six percent while the borrower is in military service. For purposes of this paragraph, the interest rate includes any other charges or fees applied to the loan. For purposes of this paragraph (a)(11), the term "military service" means -

(i) In the case of a servicemember who is a member of the Army, Navy, Air Force, Marine Corps, or Coast Guard -

(A) Active duty, meaning [full-time \(/definitions/index.php?width=840&height=800&iframe=true&def_id=dd75907f614456421e781762bf8aa3df&term_occur=1&term_src=Title:34:Subti](#) duty in the active military service of the United States. Such term includes [full-time \(/definitions/index.php?width=840&height=800&iframe=true&def_id=dd75907f614456421e781762bf8aa3df&term_occur=2&term_src=Title:34:Subti](#) training duty, annual training duty, and attendance, while in the active military service, at a school designated as a service school by law or by the Secretary of the military department concerned. Such term does not include [full-time \(/definitions/index.php?width=840&height=800&iframe=true&def_id=dd75907f614456421e781762bf8aa3df&term_occur=3&term_src=Title:34:Subti](#) National Guard duty.

(B) In the case of a member of the National Guard, including service under a call to active service, which means service on active duty or [full-time \(/definitions/index.php?width=840&height=800&iframe=true&def_id=dd75907f614456421e781762bf8aa3df&term_occur=4&term_src=Title:34:Subti](#) National Guard duty, authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days for purposes of responding to a national emergency declared by the President and supported by Federal funds;

(ii) In the case of a servicemember who is a commissioned officer of the Public Health Service or the National Oceanic and Atmospheric Administration, active service; and

(iii) Any period during which a servicemember is absent from duty on account of sickness, wounds, leave, or other lawful cause.

(b) Capitalization.

(1) The Secretary may add unpaid accrued interest to the borrower's unpaid principal balance. This increase in the principal balance of a loan is called "capitalization."

(2) For a Direct Unsubsidized Loan, a Direct Unsubsidized Consolidation Loan that qualifies for a grace period under the regulations that were in effect for consolidation applications received before July 1, 2006, a Direct PLUS Loan, or for a Direct Subsidized Loan for which the first disbursement is made on or after July 1, 2012, and before July 1, 2014, the Secretary may capitalize the unpaid interest that accrues on the loan when the borrower enters repayment.

(3) Notwithstanding § 685.208(l)(5) (/cfr/text/34/685.208#l_5) and § 685.209(b)(3)(iv) (/cfr/text/34/685.209#b_3_iv), for a Direct Loan not eligible for interest subsidies during periods of deferment, and for all Direct Loans during periods of forbearance, the Secretary capitalizes the unpaid interest that has accrued on the loan upon the expiration of the deferment or forbearance.

(4) Except as provided in [paragraph \(b\)\(3\)](#) of this section and in §§ 685.208(l)(5) and 685.209(b)(3)(iv), the Secretary annually capitalizes unpaid interest when the borrower is paying under the alternative repayment plan or the income-contingent repayment plan described in § 685.209(b) and the borrower's scheduled payments do not cover the interest that has accrued on the loan.

(5) The Secretary may capitalize unpaid interest when the borrower defaults on the loan.

(c) Loan fee for Direct Subsidized, Direct Unsubsidized, and Direct PLUS Loans. The Secretary -

(1)

(i) For a Direct Subsidized or Direct Unsubsidized loan first disbursed prior to February 8, 2006, charges a borrower a loan fee not to exceed 4 percent of the principal amount of the loan;

(ii) For a Direct Subsidized or Direct Unsubsidized loan first disbursed on or after February 8, 2006, but before July 1, 2007, charges a borrower a loan fee not to exceed 3 percent of the principal amount of the loan;

(iii) For a Direct Subsidized or Direct Unsubsidized loan first disbursed on or after July 1, 2007, but before July 1, 2008, charges a borrower a loan fee not to exceed 2.5 percent of the principal amount of the loan;

(iv) For a Direct Subsidized or Direct Unsubsidized loan first disbursed on or after July 1, 2008, but before July 1, 2009, charges the borrower a loan fee not to exceed 2 percent of the principal amount of the loan;

(v) For a Direct Subsidized or Direct Unsubsidized loan first disbursed on or after July 1, 2009, but before July 1, 2010, charges the borrower a loan fee not to exceed 1.5 percent of the principal amount of the loan;

(vi) For a Direct Subsidized or Direct Unsubsidized loan first disbursed on or after July 1, 2010, charges the borrower a loan fee not to exceed 1 percent of the principal amount of the loan; and

(vii) Charges a borrower a loan fee of four percent of the principal amount of the loan on a Direct PLUS loan.

(2) Deducts the loan fee from the proceeds of the loan;

(3) In the case of a loan disbursed in multiple installments, deducts a pro rated portion of the fee from each disbursement; and

(4) Applies to a borrower's loan balance the portion of the loan fee previously deducted from the loan that is attributable to any portion of the loan that is -

(i) Repaid or returned within 120 days of disbursement, unless -

(A) The borrower has no Direct Loans in repayment status and has requested, in writing, that the repaid or returned funds be used for a different purpose; or

(B) The borrower has a Direct Loan in repayment status, in which case the payment is applied in accordance with § 685.211(a) (</cfr/text/34/685.211#a>) unless the borrower has requested, in writing, that the repaid or returned funds be applied as a cancellation of all or part of the loan; or

(ii) Returned by a school in order to comply with the Act or with applicable regulations.

(d) Late charge.

(1) The Secretary may require the borrower to pay a late charge of up to six cents for each dollar of each installment or portion thereof that is late under the circumstances described in [paragraph \(d\)\(2\)](#) of this section.

(2) The late charge may be assessed if the borrower fails to pay all or a portion of a required installment payment within 30 days after it is due.

(e)

(1) Collection charges before default. Notwithstanding any provision of State law, the Secretary may require that the borrower or any endorser pay costs incurred by the Secretary or the Secretary's agents in collecting installments not paid when due. These charges do not include routine collection costs associated with preparing letters or notices or with making personal contacts with the borrower (e.g., local and long-distance telephone calls).

(2) Collection charges after default. If a borrower defaults on a Direct Loan, the Secretary assesses collection costs on the basis of [34 CFR 30.60 \(/cfr/text/34/30.60\)](#).

(Authority: [20 U.S.C. 1087a \(/uscode/text/20/1087a\)et seq.](#), 1091a)

[[59 FR 61690 \(https://www.law.cornell.edu/rio/citation/59 FR 61690\)](#), Dec. 1, 1994, as amended at [61 FR 29900 \(https://www.law.cornell.edu/rio/citation/61 FR 29900\)](#), June 12, 1996; [62 FR 63434 \(https://www.law.cornell.edu/rio/citation/62 FR 63434\)](#), Nov. 28, 1997; [64 FR 46254 \(https://www.law.cornell.edu/rio/citation/64 FR 46254\)](#), Aug. 24, 1999; [66 FR 34765 \(https://www.law.cornell.edu/rio/citation/66 FR 34765\)](#), June 29, 2001; [71 FR 45711 \(https://www.law.cornell.edu/rio/citation/71 FR 45711\)](#), Aug. 9, 2006; [72 FR 62009 \(https://www.law.cornell.edu/rio/citation/72 FR 62009\)](#), Nov. 1, 2007; [74 FR 56001 \(https://www.law.cornell.edu/rio/citation/74 FR 56001\)](#), Oct. 29, 2009; [77 FR 66135 \(https://www.law.cornell.edu/rio/citation/77 FR 66135\)](#), Nov. 1, 2012; [78 FR 28986 \(https://www.law.cornell.edu/rio/citation/78 FR 28986\)](#), May 16, 2013; [78 FR 65825 \(https://www.law.cornell.edu/rio/citation/78 FR 65825\)](#), Nov. 1, 2013; [80 FR 67238 \(https://www.law.cornell.edu/rio/citation/80 FR 67238\)](#), Oct. 30, 2015]

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Today's Mortgage Rate

3.50% APR 15 Year Fixed

Select Loan Amount

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