

2007-2008 FEDERAL DIRECT LOAN INFORMATION SHEET

Federal Direct Stafford (Subsidized and Unsubsidized) and Federal PLUS Loans

The following information on the Federal Direct Loan programs is being provided to you along with your award letter to explain the loans programs that you have been awarded for the 2007-2008 academic year.

VSU participates in the U.S. Department of Education's **WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM** and **THE FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP)**. Since you previously borrowed under the Federal Direct Loan Program through VSU, we have awarded you additional federal direct loans for 2007-2008. In the Federal Direct Loan program, the Federal Government is the lender for the students' Stafford Loans and for the parents' (PLUS) loans. The U.S. Department of Education's Direct Loan Repayment Center will handle repayment of your loan(s) and you will be able to choose a repayment plan that fits your needs. Once you leave school, the point of contact for information about your loan(s) will be 1-800-848-0979. The average indebtedness for those students graduating in the most recent year, who borrow funds through the Federal Direct Loan Program at VSU, is \$16,584.00. The following table shows an estimate of monthly repayment amounts, total interest charges, and the total amount repaid for a Federal Direct Stafford/Ford Loan with an 8% interest rate.

Estimated Loan Repayment Amounts				
Total Loan Amount	Number of Payments	Monthly Payment	Interest Charges	Total Repaid
\$ 2,625	66	\$ 49.29	\$ 628.14	\$ 3,253.14
\$ 4,000	120	\$ 48.53	\$1,823.60	\$ 5,823.60
\$ 7,500	120	\$ 91.00	\$3,420.00	\$10,920.00
\$10,000	120	\$121.33	\$4,559.00	\$14,559.00
\$17,000	120	\$208.00	\$8,021.00	\$25,021.00

THE FEDERAL DIRECT STAFFORD FORD LOAN allows students enrolled at least half time to borrow money at low interest for educational expenses. There are two types of Federal Direct Stafford/Ford Loans: 1) **Federal Direct Subsidized Stafford Loans**, and 2) **Federal Direct Unsubsidized Stafford Loans**. The Federal Subsidized Direct Stafford Loan is need-based and the interest is subsidized (paid) by the federal government while the student is in school and during the six-month grace period. The unsubsidized loan is not need-based and the interest is not paid by the government. This loan was created for borrowers who do not qualify for federal interest subsidies. The student either pays the interest while in school and during the six-month grace period or it is added to the balance of the loan.

1. Your eligibility for Federal Direct Stafford and Federal Direct PLUS loans is based on the financial and family information that you submitted to our office, your academic status, and the other aid (if any) that you have received. **YOUR AWARD IS SUBJECT TO CHANGE IF ANY OF THE LISTED INFORMATION IS REVISED.** Changes may be made to reflect your official grade level in the Office of the Registrar at the time the Loan Request Form is processed or a prorated one-semester amount.
2. By completing a FAFSA and providing all requested documentation, you will provide enough information for an Award Letter. Receipt of your Award Letter from the OFA indicating eligibility for a Federal Direct Stafford Loan does NOT mean the loan is approved. You must complete the Loan Request Form that is enclosed in the award letter and return it to the OFA. Once your Loan Request Form is processed, a Master Promissory Note will be mailed to you if you are a first-time borrower.

3. Having your eligibility determined for a Federal Direct Stafford Loan does not commit you to accepting the loan or the amount (you may borrow less than your full eligibility). You are obligated to repay the amount you borrow.
4. Once we have received and processed your Federal Direct Loan Request Form, the Office of Financial Aid will generate a set of Master Promissory Notes for all students who do not have one on file. Complete the Master Promissory Notes and return one copy to the Office of Financial Aid. Keep the other copy for your records as the Office of Financial Aid does not keep a copy in your file. Please **DO NOT** submit a photocopy or a fax of the Master Promissory Note! We cannot accept a Master Promissory Note unless it has an original signature.
5. Once the loan is processed, the funds will be disbursed at the beginning of each semester that is included in the loan period.
6. If you are a new borrower at, or transferring to, VSU, you **MUST** attend a loan counseling session. These sessions are conducted in the Office of Financial Aid, University Center, Room 4121: M-Th 8:00 AM- 5:00 PM; Friday 8:00 AM - 2:30 PM. You may also complete loan counseling on the Department of Education's website at www.ed.gov/directloan. If you do loan counseling on the website you must print the results and mail them to the Office of Financial Aid. We will not process your Promissory Note unless you have completed the loan counseling process.
7. After your Master Promissory Note has been signed and returned to the Office of Financial Aid, your loan funds will be credited to your student account. Any excess funds will be mailed to the address on file with the Office of the Registrar or you may complete a form for direct deposit.
8. If you withdraw from school or drop below half-time enrollment (6 hours undergraduate, 5 hours graduate), transfer to another institution, or graduate, the remaining disbursements of your Federal Direct Loan (if any) will be canceled and exit counseling information will be sent to you. If you plan to return to VSU, you must re-apply to have your Federal Direct Loans re-instated. Contact the Office of Financial Aid for assistance when your loans have been canceled.
9. Student loans for those undergraduate students who graduate during the Fall term will be prorated if the student is not enrolled full-time (12hours). Your loans will be prorated to 25% of the annual limit for 6 hours and 37.5% for 9 hours.
10. Students working on a second undergraduate degree or teacher certification may only receive aid for courses required for completion of their program of study. Students are required to have their advisor complete and return the 2nd Degree/Teacher Certification Program Requirements form, outlining the required courses to complete their program of study, to the Office of Financial Aid prior to the processing of their loan request form.
11. All **Second Undergraduate Degree or Teacher Certification** students can receive \$5,500 in Subsidized and/or Unsubsidized Stafford loans. Independent students seeking a Second Degree can receive an additional \$5,000 in Unsubsidized Stafford loans and Independent students seeking Teacher Certification can receive an additional \$7,000 in Unsubsidized Stafford loans.
12. Students completing **Preparatory Coursework for a Second Undergraduate Degree or Teacher Certification** can only receive \$2,625 in Subsidized and/or Unsubsidized Stafford loans. Independent students seeking a Second Degree or Teacher Certification can receive an additional \$4,000 in Unsubsidized Stafford loans. Students can receive aid for preparatory work for no more than 12 consecutive months.

13. Students completing **Preparatory Coursework for a Graduate Degree Program** can only receive \$5,500 in Subsidized and/or Unsubsidized Stafford loans and an additional \$7,000 in Unsubsidized Stafford loans. Students can receive aid for preparatory work for no more than 12 consecutive months.
14. Federal Direct Stafford Loan maximums are \$3,500 per year in the freshman year, \$4,500 per year in the sophomore year, \$5,500 per year in the junior and senior years, with a \$23,000 cumulative total of Subsidized and Unsubsidized loans for all undergraduate study. Graduate students may borrow \$8,500 per year not to exceed the COA. The cumulative total Federal Direct Subsidized Stafford/Ford Loan amount for undergraduate and graduate study is \$65,500.
15. Independent students and dependent students, whose parents are denied a PLUS Loan, can borrow an additional Federal Direct Unsubsidized Stafford Loan. The maximums for these students are \$4,000 per year in the freshmen and sophomore years, \$5,000 per year in the junior and senior years and \$12,000 per year for graduate students, not to exceed the COA. NOTE: dependent students whose parents are denied a Federal Direct Parent (PLUS) Loan must submit a signed letter stating that the parent will not pursue the PLUS Loan any further.
16. Federal Direct Stafford Loans originated on/or after July 1, 2006 will have a fixed interest rate of 6.8% for the life of the loan. There is also a loan fee of 1.5% that is deducted from each delivery of loan proceeds. This money is passed on to the federal government to help reduce the government's cost of supporting these low-interest loans. Repayment must begin no later than six months following graduation or termination of at least half- time enrollment.
17. **The yearly maximum for the Federal Direct Stafford Loan will cover Fall and Spring, and Summer Semesters.** If the maximum has been received over Fall, and Spring Semesters, students will not be eligible to borrow additional funds for the Summer. The following Fall Semester would be the next term loan funds would be available. Students can request less on the Federal Direct Stafford Loan application for Fall and Spring and then request the remaining eligibility on the Summer application.

FOR EXAMPLE:

2007-2008 Dependent Freshman \$3500 12-Month Maximum	
Fall Semester 2007	\$1750
Spring Semester 2008	\$1750
Summer Semester 2008	\$ -0-

OR

2007-2008 Dependent Freshman \$3500 12-Month Maximum	
Fall Semester 2007	\$1166
Spring Semester 2008	\$1166
Summer Semester 2008	\$1167

The **FEDERAL DIRECT PARENT (PLUS) LOAN** is an educational loan for parents of dependent undergraduate students enrolled at least halftime. Financial need is not an eligibility requirement, but good credit is required. Loan eligibility is based on the Cost of Attendance minus other aid received.

1. Parents of dependent students who wish to apply for a Federal Direct PLUS loan may complete the reverse side of the Federal Direct Loan Request Form and return it to the Office of Financial Aid, along with a copy of their Driver's License or some other identification with a signature. Once the Parent Loan is originated, the Common Origination and Disbursement Center will conduct a credit check on the Parent Borrower. If a Parent Borrower is denied a PLUS loan due to the credit check,

the student may borrow under the Federal Direct Unsubsidized Loan Program in its place. Contact the Office of Financial Aid for additional information. Parents must reapply for a PLUS loan each year even if they have previously been denied the loan.

2. Federal Direct Parent (PLUS) Loans originated on/or after July 1, 2006, will have a fixed interest rate of 7.9% for the life of the loan. There are loan fees, up to 2.5%, that is deducted from each delivery of loan proceeds. This money is passed on to the federal government to help reduce the government's cost of supporting these low-interest loans.
3. The first payment is due within 60 days of the last disbursement for the loan.
4. Federal Direct Parent (PLUS) Loans will be disbursed by the Office of Student Accounts after a Master Promissory Note has been returned to the Office of Financial Aid.
5. The student financial aid application process must be completed by **ALL** students, even if the only aid being requested is the Federal Direct Parent (PLUS) Loan.

FEDERAL DIRECT GRADUATE (PLUS) LOANS are available to graduate level students who have already borrowed up to their annual loan limit of \$18,500 in subsidized and unsubsidized Stafford Loans.

1. Students who wish to apply for a Federal Direct Graduate PLUS loan may complete the Federal Direct Loan Request Form and return it to the Office of Financial Aid. Once the Federal Direct Graduate PLUS Loan is originated the COD will conduct a credit check on the Student Borrower.
2. Federal Direct Graduate (PLUS) Loans originated on/or after July 1, 2006, will have a fixed interest rate of 7.9% for the life of the loan. A loan fee, up to 4.0%, may apply and reduce the net amount disbursed to the student. This money is passed on to the federal government to help reduce the government's cost of supporting these low-interest loans.
3. The first payment is due 45 days after a student is no longer enrolled at least half-time. There is no grace period for a Graduate PLUS Loan.
4. Federal Direct Graduate (PLUS) Loans will be disbursed by the Office of Student Accounts after a Master Promissory Note has been completed and returned to the Office of Financial Aid.
5. The student financial aid application process must be completed by **ALL** students, even if the only aid being requested is the Federal Direct Graduate (PLUS) Loan.

Loan Reminders

- If you withdraw from a class or classes, before the class starts, or are reported on the proof roll as never attending, these hours will not count toward your eligibility for financial aid and could result in your having to repay any funds that you have received.
- Undergraduate students must maintain at least 6 hours to qualify for student or parent loans.
- Graduate students must maintain at least 5 hours to qualify for student loans.
- VSU is not your lender. Your lender is the Federal Direct Loan Program. Please contact them with any repayment or deferment questions, etc., at 1-800-848-0979.
- Your student or parent loan funds cannot be used toward fee validation until our office has received correct and completed master promissory notes on each loan applied for and a loan counseling session has been completed (if applicable).

