

2008-2009 FEDERAL DIRECT LOAN INFORMATION SHEET

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 loan program that you have been awarded for the 2008-2009 academic year.

VSU is a participant in the U.S. Department of Education's **WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM**. The federal government is the lender for the students' Stafford Loans and for the parents' and graduates' 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. **If you have previously borrowed under the FFELP program**, you will now borrow from the federal government and when you leave school you will be able to consolidate your previous loans directly with the U.S. Department of Education's Direct Loan Repayment Center and make one payment each month. Once you leave school, the point of contact for information about your loan(s) will be 1-800-4FED-AID. The average indebtedness for those students graduating in the most recent year, who borrow funds through the Federal Direct Loan Program at VSU, is \$17,230.00. 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 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 4%, 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 completed on-line or 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.

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).

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Please Return completed loan application to:

**Office of Financial Aid
Valdosta State University
Valdosta, GA 31698**

FAX: 229-245-2481

