

2011-2012 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 loan program that you have been awarded for the 2011-2012 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 borrowed funds through the Federal Direct Loan Program at VSU, is \$22,159.00. 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 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 a financial aid award to be made. Receipt of your Award Notification from the OFA indicating eligibility for a Federal Direct Stafford Loan does NOT mean the loan is approved. To receive a loan you must accept the loan in Banner Self Service or by submitting an online Loan Request Form.

Follow these steps to accept your loan offers in Banner Self Service: 1) Log into Banner Web Self Service/Registration, 2) Select - Student Services and Financial Aid, 3) Select - Financial Aid, 4) Select - My Award Information, 5) Select - Award by Aid Year, 6) Select - 2011-2012, 7) Select - Accept Award Offer tab. You may reduce the amount of loan funds you are offered if desired.

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 only the amount you accept.
4. If you are a new borrower at VSU, you may be required to complete Stafford Loan Entrance Counseling. You may complete loan counseling on the Department of Education's web site at www.studentloans.gov. We will receive acknowledgement of your completion of loan counseling within 24-48 hours.
5. New borrowers may also be required to complete a Master Promissory Note (MPN). If you do not have a MPN on file with the Direct Loan Program, you will need to complete an electronic MPN online at www.studentloans.gov. You will need to use your Federal PIN to electronically sign the MPN. This is the same PIN that you used to complete your FAFSA on the Web.
6. If you are required to complete loan counseling or a MPN, you will receive an e-mail notification with a link(s) to the abovementioned web sites where the requirement can be fulfilled.
7. After all your loan requirements are completed online, your loan funds will be available to cover any charges on your VSU student account. At the beginning of each semester included in the loan period, funds will be disbursed to your student account. Any excess funds available after your account charges are paid, will be mailed to the address on file with the Office of the Registrar, unless you have set up a direct deposit with the Office of Student Accounts.
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 \$7,500 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 \$3,500 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 \$5,500 per year in the freshman year, \$6,500 per year in the sophomore year, \$7,500 per year in the junior and senior years, with a \$31,500 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 Subsidized Stafford Loans originated on/or after July 1, 2011 will have a fixed interest rate of 3.4% for undergraduate students and 6.8% for graduate students. Federal Direct Unsubsidized Stafford Loans for undergraduate and graduate students will have a fixed interest rate of 6.8%. There is also a loan fee of .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:

2011-2012 Dependent Freshman \$5500 12-Months Maximum	
Fall Semester 2011	\$2750
Spring Semester 2012	\$2750
Summer Semester 2012	\$ -0-

OR

2011-2012 Dependent Freshman \$5500 12-Months Maximum	
Fall Semester 2011	\$1832
Spring Semester 2012	\$1832
Summer Semester 2012	\$1833

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 distributed by the Office of Student Accounts after a Master Promissory Note has been completed online.
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 \$20,500 in subsidized and unsubsidized Stafford Loans.

1. Students who wish to apply for a Federal Direct Graduate PLUS loan may accept the loan offer in Banner Self Service or complete the online Loan Request Form. 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 distributed by the Office of Student Accounts after all requirements have been completed.
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).

Privacy Act Notice

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authority for collecting the requested information from and about you is 451 et seq. of the Higher Education Act of 1965, as amended (20 U.S.C. 1087a et seq.). The principal purpose for collecting the information about you on this enrollment form is to allow the electronic servicing of your Direct Loan. Your disclosure of the requested information is voluntary, but you must provide the requested information in order to participate in electronic servicing of your William D. Ford Federal Direct Loan (Direct Loan).

The information in your file may be disclosed to third parties as authorized under routine uses in systems of records notices #18-11-05, called Title IV Program Files, and #18-11-06, called National Student Loan Data System (NSLDS). The published routine uses of this information include its disclosure to federal, state, or local agencies, to other federal agencies under computer matching programs, to private parties such as relatives, present and former employers, business and personal associates, to credit bureau organizations, to educational institutions, and to contractors in order to verify your identity, to determine your Program eligibility and benefits, to permit the servicing or collection of your loan(s), to counsel you in repayment efforts, to enforce the terms of the loan, to investigate possible fraud and to verify compliance with Program regulations, or to locate you if you become delinquent in your loan(s) payments or you default. In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may also be made to qualified researchers under Privacy Act safeguards. To review these published System of Records Notices you may visit the web site <http://www.ed.gov/legislation/FedRegister/other/2006-1/012306f.pdf>.