

# 2011-2012 FEDERAL STUDENT AND PARENT LOANS

## INTEREST RATES AND REPAYMENT TERMS

The basis of a financing plan is often one or more of the federally guaranteed loans. Programs include the Federal Subsidized Stafford Loan, Federal Unsubsidized Stafford Loan, and the Federal Parent Loan for Undergraduate Students (PLUS) and Grad PLUS Loans. The amount indicated on your award letter is the maximum amount you may borrow. You may borrow any amount up to this maximum. If you would like to borrow less than the amount awarded to you, clearly indicate the amount you wish to borrow on the award notice and initial the change. Your loan will be processed in that amount.

### **FEDERAL SUBSIDIZED STAFFORD LOAN**

Federal Subsidized Stafford Loans are federally subsidized, need-based, deferred interest loans. Full-time, first year students may borrow up to \$3,500, Sophomores up to \$4,500, Juniors/Seniors up to \$5,500, and graduate students up to \$8,500 per year. The total undergraduate maximum is \$31,000 and graduate maximum (includes all undergraduate amounts) is \$65,500. Interest rates are currently fixed at 3.4% for undergraduate and 6.8% for graduates. There is a 1% origination and default fee. Interest does not accrue and repayment does not begin until 6 months after you are no longer enrolled or drop below half-time. This program is need-based and requires filing the Free Application for Federal Student Aid (FAFSA), supporting documents as requested, the Federal Stafford Loan Application and an Entrance Interview.

### **FEDERAL UNSUBSIDIZED STAFFORD LOAN FOR DEPENDENT UNDERGRADUATES**

The Federal Unsubsidized Stafford Loans are not based on need. A borrower may have a Subsidized and an Unsubsidized Stafford Loan, although the combined total cannot exceed the maximum Federal Stafford Loan limits (see above). Undergraduate students are eligible to borrow a total of \$2000 Unsubsidized Stafford loan. Interest rates are currently fixed at 6.8% and origination and default fees are 1%. Interest on this loan accrues from the date of disbursement. The student has the option to pay interest accrued during in-school and deferment periods. Interest payment can be made monthly, quarterly, or capitalized and added to the loan principal. Repayment of the principal commences 6 months after the student is no longer enrolled or drops below half-time. This program requires filing the Free Application for Federal Student Aid (FAFSA), supporting documents as requested, the Federal Stafford Loan Application and an Entrance Interview.

### **FEDERAL UNSUBSIDIZED STAFFORD LOANS FOR INDEPENDENT AND GRAD STUDENTS**

The Federal Unsubsidized Stafford Loans for Independent Undergraduate or Graduate Students are federally insured student loans not based on need. Freshmen and Sophomores may borrow a maximum of \$6,000 per year; Juniors and Seniors may borrow a maximum of \$7,000 per year. Graduate students may borrow a maximum of \$12,000 per year. Independent students may borrow under both the Federal Subsidized Stafford program and the Federal Unsubsidized Stafford Loan program. The undergraduate maximum is \$57,500 (subsidized and unsubsidized with subsidized limited to \$31,000). The graduate maximum is \$138,500 (subsidized and unsubsidized, with subsidized limited to \$65,500 which includes any loans outstanding from undergraduate study). Interest rates are currently fixed at 6.8%. Repayment terms and fees are the same as those listed above. This program requires filing the Free Application for Federal Student Aid (FAFSA), supporting documents as requested, the Federal Stafford Loan Application and an Entrance Interview.

### **FEDERAL PARENT LOANS FOR UNDERGRADUATE STUDENTS (PLUS) & GRADUATE PLUS LOANS**

Federal PLUS Loans allow parents or graduate students to borrow long-term, low-interest funds to meet college costs. **Parents or Graduate Students must be credit worthy to receive this loan.** PLUS maximums are set at Cost of Education minus Aid received. The current interest rate is fixed at 7.9%. There is a 4% origination and default fee. Repayment begins 60 days after receipt of the loan disbursement with up to ten years to repay. Interest and principal may be deferred in some circumstances. **A credit analysis is required. Approval is based solely on good credit – income and personal debt are not factors in determining loan approval.** If a parent of an undergraduate student is denied a PLUS loan, the student may be eligible for an Unsubsidized Stafford Loan. Graduate students may apply on their own credit history, or may require a credit worthy co-signer.

### **FEDERAL PERKINS LOAN**

The Federal Perkins Loan is a federally sponsored campus-based program. The Student Accounts Office at MICA administers this loan. The interest rate is fixed at 5% and there are no fees. Interest does not accrue until repayment begins 9 months after you are no longer enrolled or drop below half-time. No special application is required. The promissory note and required documents for the Federal Perkins Loan will be mailed to you for completion once you have returned your signed award letter accepting the loan.