

Federal Family Education Loans

2009-2010 Academic Year

Quick Reference Guide

Loan Type		Federal Subsidized Stafford	Federal Unsubsidized Stafford Dependent	Federal Unsubsidized Stafford Independent	Federal Parent PLUS/ Grad PLUS
Eligible Borrowers		<ul style="list-style-type: none"> Dependent undergraduate Independent undergraduate Graduate or professional Based on financial need 	<ul style="list-style-type: none"> Dependent undergraduate Not based on financial need 	<ul style="list-style-type: none"> Independent undergraduate* Graduate or professional Not based on financial need 	<ul style="list-style-type: none"> Creditworthy parent of dependent undergraduate Graduate or professional student Not based on financial need
Annual Borrowing Limits	Year 1	\$3,500	\$5,500 minus subsidized Stafford awarded	\$9,500 minus subsidized Stafford awarded	Eligible loan amount—the cost of education less financial aid the student receives
	Year 2	\$4,500	\$6,500 minus subsidized Stafford awarded	\$10,500 minus subsidized Stafford awarded	
	Year 3- 5	\$5,500	\$7,500 minus subsidized Stafford awarded	\$12,500 minus subsidized Stafford awarded	
	Grad	\$8,500	N/A	\$20,500 minus subsidized Stafford awarded	
Aggregate Limits	Undergraduate	\$23,000	\$31,000 minus subsidized Stafford total previously borrowed	\$57,500 minus subsidized Stafford total previously borrowed	No cap
	Graduate	\$65,500	N/A	\$138,500 minus subsidized Stafford total previously borrowed	
Interest Rate		5.6% Undergraduate Fixed - 6.8% Graduate	Fixed - 6.80%	Fixed - 6.80%	Fixed - 8.50%
Borrower Fees	Default Fee: 1%				Origination Fee: 3% (from loan proceeds)
	Origination Fee: .5% (from loan proceeds)				
Disbursement	Loan proceeds are sent to the school, generally in at least two disbursements.				Loan proceeds are sent to the school, co-payable to the borrower and school, generally in at least two disbursements.
Repayment	Repayment begins six months after the student drops below half-time status or graduates. May prepay any part of loan at any time without penalty. The government pays the interest on the loan while the student is in school and for six months after leaving school (including graduation).		Same as subsidized Stafford. However, interest is payable from the date of disbursement and, if deferred, will be capitalized to the loan balance after the in-school, grace, or deferment period ends. Unsubsidized Stafford borrowers can avoid the extra cost of capitalization altogether by paying the accrued interest monthly or any time before it is capitalized.		First payment is due within 60 days after final disbursement. Any Part of the loan may be prepaid at any time without penalty. For parent PLUS loans made on or after 07/01/08, the borrower has the option to postpone repayment until six months after the student ceases to be enrolled at least halftime. Grad PLUS borrower may receive a deferment while he /she is enrolled on at least a half-time basis.
	Repayment Schedules				
	Standard (regular principal and interest payments over 10 years) Borrower automatically gets this option, unless they specify otherwise. Graduated (2–4 years interest only payments followed by standard payments) Income-Sensitive (based on gross income) Extended (regular principal and interest payments over 25 years)				
Borrower has up to 10 years to repay with a \$50/month minimum payment. Borrower has up to 25 years to repay if their first loan was made on or after 10/7/98 with a balance greater than or equal to \$30,000					

*or a dependent student whose parent applied for but was unable to obtain a Parent PLUS Loan.

Federal consolidation loans allow a borrower to consolidate multiple federal education loans into a single new loan. Ask your credit union if they offer this option.

Federal Family Education Loans Financial Aid Process Guide

- 1. Complete the FAFSA.** Complete the Free Application for Federal Student Aid (FAFSA) for each academic year in which you would like to receive federal aid. The FAFSA can be obtained from the local library, your high school guidance counselor, a college financial aid office, or by calling 1-800-4FEDAID. The FAFSA is also available from the Department of Education's Web site at www.fafsa.ed.gov. To make it easier to complete on-line, print out the Web Pre-Application Worksheet. FAFSAs are accepted and processed after January 1 of the year in which you plan to attend school. Be sure to indicate that you want to be considered for a student loan by answering "yes" to that question on the FAFSA.
- 2. Receive your SAR.** Once your FAFSA is processed, a Student Aid Report (SAR) is created. One copy is sent to you in the mail and electronic copies are sent to all the schools you listed on the FAFSA. If you filed a paper FAFSA, allow 6–8 weeks to receive your SAR. If you filed an electronic FAFSA over the Internet, allow 1–2 weeks to receive your SAR.
- 3. Receive your Award Letter.** The school(s) use data from your SAR to determine your financial aid award for the current academic year and sends you an award letter by email or US Mail. Pay particularly close attention to the type of federal loan(s) noted in your award letter. If there is mention of the *William D. Ford Direct Lending Program*, contact your school for the appropriate promissory note.
- 4. Complete the online Master Promissory Note (MPN) for the requested loan type.** Complete the applicable online Master Promissory Note via your credit union website. If your financial aid award is not sufficient to cover your cost of education, your parents or stepparents can apply for a PLUS loan (if you are a dependent undergraduate student). Or if you are a professional or graduate student, you may be eligible to apply for a Grad/PLUS loan.
- 5. School completes School Certification Form.** Your school must complete a School Certification Form indicating the loan amount and disbursement dates and return to the loan servicer, Great Lakes. It is suggested that you stay in contact with your school to determine their timeline to certify and to expedite the completion of the form.
- 6. Your School will receive the Funds.** Upon receipt of the school certification form, verification of credit union membership, and credit approval for Parent PLUS/Grad PLUS borrowers, the loan will be guaranteed within 24 hours. Funds will be sent to the school on the date the school has indicated. Once the loan is guaranteed, you will receive a disclosure outlining the amount of the loan, disbursement dates, and the interest rate.
- 7. Access Your Loan Account Online.** To check the status of your loan, view your account information, make payments from your bank account 24/7, and find information to help you manage your loan, go to www.mygreatlakes.org. Choose "Borrowers" and then log in to access Application in Progress (AIP) and Internet Borrower Inquiry Service (IBIS).
- 8. Call These Toll-free Numbers for Loan Inquiries**
 - **BEFORE** your loan is disbursed to the school:
Great Lakes at 1-800-247-0462
 - **AFTER** your loan is disbursed to the school:
Great Lakes at 1-800-236-4300