

## INFORMATION ABOUT STUDENT LOAN PROGRAMS

### **WHAT DOES THE WILLIAM D. FORD FEDERAL DIRECT STAFFORD LOAN ENTAIL?**

The Stafford Loan, a federal loan program, consists of two parts: the *subsidized* (need-based) loan and the *unsubsidized* (non-need-based) loan. For the *subsidized* loan, the loan principal is deferred and the government pays the interest on the loan while you are a student. For the *unsubsidized* loan, the principal is deferred but interest must be paid quarterly or can be added to the principal of the loan. Combined subsidized and unsubsidized maximum yearly base loan limits are: \$3,500 for first-year students; \$4,500 for sophomores; \$5,500 for juniors and seniors. A 1.0% origination fee is deducted from the total loan amount borrowed. The normal repayment period is ten years beginning six months after graduation. The interest rate on undergraduate Federal Direct *Subsidized* Stafford Loans disbursed after July 1, 2010 is fixed at 3.4%. The interest rate on undergraduate Federal Direct *Unsubsidized* Stafford Loans disbursed after July 1, 2006 is fixed at 6.8%. Deferments are granted while you are in college and for graduate/professional study or for any reason that will cause the borrower economic hardship as defined by the Department of Education.

On May 7, 2008, President Bush signed into law the Ensuring Continued Access to Student Loans Act of 2008. This bill expanded eligibility for the Additional Unsubsidized Federal Direct Stafford Loan to dependent students. The maximum amount that can be borrowed is \$2,000 and interest must be paid quarterly or it will be added to the principal of the loan.

Combined with the base Federal Direct Stafford Loan amounts noted above, first-year students may be eligible for a total loan of \$5,500, sophomores \$6,500, and juniors and seniors \$7,500. However, individual eligibility may be less if the cost (Total Budget) less financial aid (Total Financial Aid) is less than the maximums.

### **WHY WOULD I BE AWARDED AN UNSUBSIDIZED FEDERAL DIRECT STAFFORD LOAN?**

Need for federal funds is based on the Federal Methodology (FM) as set forth by the U.S. Congress. Need for Williams scholarship assistance is based on the Institutional Methodology (IM). If the IM calculation of your expected resources is less than the FM calculation, you are not eligible for a subsidized (need-based) loan. We will, therefore, offer you an Unsubsidized Federal Direct Stafford Loan.

### **WHAT DOES THE FEDERAL PERKINS LOAN ENTAIL?**

Each year the Department of Education allocates the college a limited amount of Federal Perkins Loan money. These loans are designated for students with the highest need who have remaining federal need. The interest rate on the Federal Perkins Loan is 5%. The normal repayment period is 10 years beginning nine months after graduation. Deferments of the interest and principal are granted while you are in college and for graduate/professional study or for any reason that will cause the borrower economic hardship as defined by the Department of Education. There are also cancellation provisions for designated areas of primary and secondary school teaching, Peace Corps and domestic service volunteers as well as careers in law enforcement.

### **WHAT DOES THE WILLIAMS LOAN ENTAIL?**

The Williams Loan is made available to students who are not US citizens or US permanent residents to purchase a computer (maximum of \$2,000), or to replace the campus job opportunity for students who are studying abroad. It is not available to replace the Parent Contribution. The interest rate is 5%. The normal repayment period is 10 years beginning nine months after graduation. Deferments of the interest and principal of the loan are granted while you are in college and for graduate/professional study or for any reason that will cause the borrower economic hardship.

If you would like to discuss your student loan options, please do not hesitate to contact the Office of Financial Aid.