

2016-2017 INFORMATION ABOUT STUDENT LOAN PROGRAMS

WHAT DOES THE FEDERAL DIRECT LOAN ENTAIL?

The Direct Loan (formerly called 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 1.068% origination fee is deducted from the total loan amount borrowed. The normal repayment period is ten years beginning six months after graduation. For loans disbursed between July 1, 2016 and June 30, 2017 the interest rate is *fixed* at 3.76% for both the *subsidized* and the *unsubsidized* loan. 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.

There is additional unsubsidized Federal Direct Loan for students. The maximum amount that can be borrowed is \$2,000 for dependent students and interest must be paid quarterly or it will be added to the principal of the loan.

Combined with the base Federal Direct 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 LOAN?

Need for federal funds is based on the Federal Methodology (FM) as set forth by the U.S. Congress; this is the EFC that is displayed after you submit the FAFSA. Need for Williams grant assistance is based on the Institutional Methodology (IM) – the calculation the college makes from the information provided on the CSS Profile and income documentation. If the IM calculation of your expected resources is less than the FM calculation, you are not eligible for a subsidized (need-based) loan; basically, the college has met your federal need. We will, therefore, offer you an Unsubsidized Federal Direct Loan.

WHAT DOES THE FEDERAL PERKINS LOAN ENTAIL?

The Federal Perkins Loan Program is ending September 30, 2017; no additional loans will be available after that date and eligibility for loans awarded before that date has been adjusted so fewer students are likely to be eligible during the 2016-2017 academic year. Each year the Department of Education allocates the college a limited amount of Federal Perkins Loan to lend. Our funding for the 2016-2017 academic year was again decreased due to the shutdown of the program. 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 interest is paid while you are a student and will not begin to accrue until your repayment period begins. The normal repayment period is 10 years beginning nine months after graduation. 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. 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 as part of their need-based financial aid package, to purchase a computer (maximum of \$2,500), 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