

2008-2009 DIRECT STAFFORD LOAN FACT SHEET FOR GRADUATE STUDENTS

The Federal Direct Stafford Loan is a low-interest loan available to students for post secondary educational expenses. Most matriculated students are eligible for a Subsidized and/or Unsubsidized Direct Loan for 2008-2009. The interest rate is set annually in July and is capped at 8.25%. The current rate is a fixed rate of 6.80% during in-school, grace or deferment and 6.88% during repayment.

Students must demonstrate financial need to qualify for subsidized loans. Financial need is determined by a federally legislated analysis of family financial information provided on a 2008-2009 Free Application for Federal Student Aid (FAFSA). Students who do not qualify for the maximum Subsidized Direct Loan may be approved for the difference in an Unsubsidized Direct Loan. The combination of Subsidized and Unsubsidized Direct Loans may not exceed the annual and aggregate limits for loans under the Direct Loan Program. Provisions of the Subsidized and Unsubsidized Loans are the same with the exception of those noted below.

Subsidized Federal Direct Loan

You will not be charged interest until you begin repayment. Repayment begins after you cease to be enrolled at least half-time (6 credit hours).

Unsubsidized Federal Direct Loan

The government will not pay interest while you are in school as it does for the Subsidized Direct Loan. Interest accrues and must be paid by the borrower or capitalized during periods of in-school enrollment and/or deferment.

WHO IS ELIGIBLE TO APPLY?

A Student is eligible to participate in the Direct Loan Program if he/she:

- Has a valid Social Security number
- Is a U.S. Citizen or eligible non-citizen (permanent resident)
- If male, is registered with Selective Service System
- Is a regular student (seeking a degree)
- Is enrolled in an eligible degree program
- Is not enrolled solely in remedial coursework
- Has a high school diploma or equivalent
- Does not have a conviction for any offense under federal or state law involving the possession or sale of a controlled substance
- Does not owe loan or grant overpayment
- Does not have a Title IV student loan in default
- Has not borrowed in excess of loan limits
- Is maintaining satisfactory academic progress
- Is registered for a minimum of 6 credit hours which are accepted towards the degree program
- Does not have an outstanding balance from a prior period of enrollment at Boston University

HOW MUCH MAY I BORROW?

The maximum annual loan amount for graduate and professional students is \$20,500, of which no more than \$8,500 may be in subsidized loans. The maximum cumulative Federal Direct Stafford Loan amount is \$138,500. No more than \$65,500 of this may be in Subsidized Loans. Graduate aggregate limits include amounts received for undergraduate study.

SUBMIT YOUR APPLICATION EARLY

Loan eligibility cannot be determined until you are registered for Spring '09. It is important that your request be submitted as soon as possible after registering for your Spring classes. Your application will take approximately seven to ten business days to review.

HOW DO I APPLY?

- 1.** You will need to submit a 2008-2009 FREE APPLICATION FOR FEDERAL STUDENT AID#(FAFSA). The FAFSA can be completed online at <http://www.fafsa.ed.gov/>. The Boston University code is 002130.
- 2.** First time borrowers will need to complete a DIRECT LOAN MASTER PROMISSORY NOTE. You can complete the promissory note online at <http://www.bu.edu/finaid/> and click on "Online Promissory Note". You will need your federal Personal Identification Number (PIN). If you do not have a PIN or cannot recall it, you can request a duplicate PIN at <http://www.pin.ed.gov/PINWebApp/pinindex.jsp>. Boston University will be notified within 3-5 business days that you have completed your promissory note online.

If you fail to complete your promissory note online, a paper promissory note will be mailed to your home address. Complete all required items and sign the promissory note. Return the promissory note according to the instructions.

Failure to complete the promissory note requirement before the end of the loan period will result in cancellation of the loan. Please make sure that you have provided the Office of the Registrar with your home address so you can receive your promissory note.

- 3.** If you are a first time borrower, you must fulfill an entrance counseling session, which is required by the federal government prior to the crediting of your loan funds. You may complete this requirement on-line at <http://www.bu.edu/finaid/>. Click on "Entrance Counseling".

WHEN WILL THE LOAN FUNDS BE AVAILABLE?

Once your loan has been approved by the Direct Loan Center, funds will be credited to your account electronically within three to five business days. A 2.5% loan fee will be deducted from the Subsidized and Unsubsidized Direct Loan prior to disbursement. In addition, borrowers will be given an up-front rebate that is approximately equal to 1.5% of the loan amount approved. The borrower retains the rebate by making the first 12 monthly payments on time. Overall, the amount available will be 1.0% less than the loan amount approved. Your loan will be disbursed midway through the loan period (December) for Spring semester.

For first time borrowers, funds cannot be disbursed until the Entrance Counseling requirement has been fulfilled. You must also be registered for the appropriate number of credits for disbursement to take place.

