



Undergraduate Loans Options



<p>1. Subsidized Direct Loan (Formerly Stafford Loan)</p>	<ul style="list-style-type: none"> • Federal student loans awarded on the basis of financial need that is not met by Pell Grants, Federal Supplemental Educational Opportunity Grants or other financial aid. Financial need is determined by completion of the Free Application for Federal Student Aid (FAFSA). • Students have six months after graduating, leaving school or dropping below half-time status before beginning repayment. (This is called the grace period.) • The student does not have to pay any principal while in school and the government pays the interest during this time. The same rules also apply during the grace period and during an authorized period of deferment. • Interest rate: Fixed at 4.5% for subsidized loans first disbursed between 7/1/2010 and 6/30/2011. • Current loan limits: \$3,500 (first year), \$4,500 (second year), \$5,500 (third and fourth years) + \$2,000 of additional unsubsidized Stafford each year; maximum amount for dependent undergraduate students (total) = \$23,000 (subsidized) + \$8,000 of total additional unsubsidized Stafford. Independent undergraduates and dependent students whose parents cannot get PLUS loans may be eligible to borrow additional funds.
<p>2. Unsubsidized Direct Loan (Formerly Stafford Loan)</p>	<ul style="list-style-type: none"> • NOT awarded on the basis of financial need but the FAFSA must be filed in order to obtain this loan; there is no qualifying income for parents or students; the student must be enrolled at least half-time. • Unlike a subsidized Stafford, the student is charged interest from the time the loan is disbursed until it is paid in full, including in-school, grace and deferment periods. However, students typically have the option of compounding interest during these periods and adding that amount to the loan principal. • Interest rate: Fixed at 6.8% for all loans first disbursed on or after 7/1/2006. • Current loan limits: \$3,500 (first year), \$4,500 (second year), \$5,500 (third and fourth years) + \$2,000 of additional unsubsidized Stafford each year; maximum amount for dependent undergraduate students (total) = \$31,000 (minus any subsidized amounts). Independent undergraduates and dependent students whose parents cannot get PLUS loans may be eligible to borrow additional funds.
<p>3. Perkins Student Loan</p>	<ul style="list-style-type: none"> • Low interest rate loans available through colleges and universities for students with exceptional financial need, as determined by completion of the FAFSA. Loan availability is dependent upon colleges' Perkins resources, the timing of students' FAFSA filings (the earlier the better) and students' levels of financial need. • Students have nine months after graduating, leaving school or dropping below half-time status before beginning repayment. (This is called the grace period.) • Perkins Loans are considered subsidized federal loans. The student will not have to pay any principal while in school and the government pays the interest during this time. The same rules also apply during the grace period and during an authorized period of deferment. • Interest rate: Fixed at 5.0%. • Current loan limits: \$5,500 per year of undergraduate study; maximum amount for undergraduate students (total) = \$27,500.
<p>4. Parent PLUS Loan</p>	<ul style="list-style-type: none"> • Loans available to parents who are credit worthy. (Student must be a dependent undergraduate student enrolled at least half-time for parent PLUS borrowing.) Students whose parents cannot obtain a PLUS loan may be eligible to take out additional funds through the Stafford loan program. • Annual borrowing limit = student's cost of attendance minus any other financial aid received. • Interest rate: Fixed at 7.9% for all direct PLUS loans and 8.5% for FFEL PLUS loans first disbursed on or after 7/1/2006. • Historically, there have been no grace periods for PLUS loans and repayment usually begins 60 days following the first disbursement. However, the Ensuring Continued Access to Student Loans Act of 2008 added the option for parents to defer PLUS loans payments while the student on whose behalf they borrowed money is in-school and for six months after the student graduates; can also be deferred if the parents themselves are enrolled in college.

⇒ For more information, call the U.S. Department of Education at 1-800-433-3243 (or the college you plan to attend). Also, the U.S. Department of Education's resource guide is available in English & Spanish at http://studentaid.ed.gov/students/publications/student_guide/index.html

⇒ Private loans through third-party lenders (e.g., loan agencies, banks and credit unions) also are available. Additionally, some colleges have private loan funds available for students who attend their institutions.