

Federal Stafford Loan Program

Legislation passed by the U.S. House of Representatives and the U.S. Senate eliminated the FFEL program. Since the Fall 2010 semester, Harris-Stowe State University has participated exclusively with the William D. Ford Federal Direct Lending Program (DL).

The major difference between the DL and FFEL programs is the source of the loan funds students borrow. The U.S. Department of Education funds the DL program, and private lenders funded the FFEL program. Annual loan limits, maximum loan eligibility and interest rates are the same in both programs for students. However, parent borrowers will have a lower interest rate in the Federal Direct Parent program. There are two types of Federal Direct Loans for students. Direct-subsidized loans are offered to students on the basis of financial need as determined by the Free Application for Federal Student Aid (FAFSA). The federal government does not charge interest on these loans while borrowers are enrolled at least half-time (six credit hours), during a six-month grace period following graduation, and during periods of deferment.

The direct-unsubsidized loans are not need-based loans and interest is charged throughout the life of the loan. Students can choose to make monthly interest payments or allow interest to capitalize. If interest is capitalized, it is added to the principal balance of the loan and the Department of Education charges interest on the new principal amount. This option increases the total amount repaid over the life of the loan.

This loan program enables dependent students to borrow up to \$3,500 during their freshman year, up to \$4,500 during their sophomore year, and up to \$5,500 during their junior and senior years. There is an additional \$2,000 unsubsidized loan available if the student is eligible.

An independent student can borrow a maximum of \$7,500 during his or her first year of study, \$8,500 after his or her first year, and \$10,500 after two years of study. There is an additional \$2,000 unsubsidized loan available if the student is eligible. The total outstanding debt for a dependent undergraduate is \$31,000 and \$57,500 for an independent undergraduate with a maximum of \$23,000 being subsidized by Stafford.

Loans disbursed after July 1, 1994, carry a variable rate. The U.S. Department of Education holds out an origination fee for every direct-subsidized, direct-unsubsidized, and parent-plus loans. This fee helps offset the cost of funding these low interest loans. Stafford loans are one percent, and four percent for parent-plus loans. Students should allow seven weeks for the application and processing time of loan requests.

Students who have a four-year degree and are attending Harris-Stowe State University for the purpose of obtaining initial certification may be eligible for the Direct Federal Loan.

Direct Federal Plus Loan for Undergraduate Students (PLUS)

Under this program, parents can borrow for each dependent child in order to pursue his or her undergraduate studies. Students must be enrolled in at least six hours and be maintaining satisfactory academic progress. The repayment period on the PLUS loan begins on the day the loan is fully disbursed. The first payment of principle and interest is to be made within 60 days of the loan disbursement. The fixed interest rate for this loan is 7.9 percent. Parents must apply online and complete a master promissory note at <https://StudentLoans.gov>.

All borrowers from Harris-Stowe State University, regardless of previous borrowing through FFEL, must complete a new master promissory note with the Department of Education at <https://StudentLoans.gov>. New student borrowers must complete entrance counseling.

Review Your Federal Loan Records Online

We encourage students to review their loan records with the federal government. Students can use their Federal PIN number to logon to http://www.nslds.ed.gov/nslds_SA/ and view the total student loans they have received from all schools attended.

For more detailed information about the William D. Ford Federal Direct Loan program, please visit www.direct.ed.gov.