FEDERAL DIRECT UNSUBSIDIZED LOAN FACT SHEET 2019-2020

Boston University has been chosen by the U.S. Department of Education to participate in the Federal Direct Loan Program. All University students will receive their federal student loans through this program, which has the same loan limits, interest rates, and fees as the former Federal Stafford Loan Program (FFEL Program). Instead of receiving a promissory note from a bank or a guaranty agency, you complete a Master Promissory Note (MPN). Please note that if you have an active MPN at another direct loan school, you may not need to complete another MPN. To begin the loan process, complete the Free Application for Federal Student Aid (www.fafsa.ed.gov) and the enclosed Loan Request Form.

The Federal Direct Unsubsidized Loan is a low-interest loan available to students for post secondary educational expenses. In accordance with the Federal Budget Control Act of 2011, as of July 1, 2012, graduate students are no longer eligible for Subsidized loans. Most matriculated students are eligible for an Unsubsidized Loan for the academic year. The loan is made to the student who is responsible for repayment. The interest rate for all Unsubsidized Loans disbursed on or after July 1, 2019 and before July 1, 2020 is 6.08%.

The Unsubsidized Loan may not exceed the annual and aggregate limits for loans under the Federal Direct Subsidized/Unsubsidized Loan Program. Provisions for the Unsubsidized Loan are the same, with the exception noted below.

Direct Unsubsidized Loan
The government will not pay interest while a student is in school as it does for the Subsidized Loan. Interest accrues, and must be paid or capitalized, during periods of in-school enrollment and/or deferment.

WHO IS ELIGIBLE TO APPLY?
Students are eligible to participate in the Federal Direct Loan Program if they: (1) are U.S. citizens or permanent residents; (2) are enrolled in a degree program on at least a half-time basis; and (3) are making satisfactory academic progress. This requires graduate students to have a cumulative GPA of at least 2.7 (grades of I and C+ or lower are interpreted as failures).

HOW MUCH MAY I BORROW?
Graduate and professional students are eligible to borrow up to $20,500 in a Direct Unsubsidized Loan. The cumulative maximum for the Federal Direct Subsidized/Unsubsidized Loan Program (formerly the Stafford Loan Program) is $31,000 for undergraduates, and $138,500 for graduate and professional students, including any amount borrowed for undergraduate study.
HOW DO I APPLY FOR A FEDERAL DIRECT UNSUBSIDIZED LOAN?

1. Complete a **FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)**. The form is available online at [http://www.fafsa.ed.gov](http://www.fafsa.ed.gov).


3. Complete a **DIRECT LOAN MASTER PROMISSORY NOTE (MPN)** if this is your first year to borrow a Federal Direct Unsubsidized loan. Go to [www.bu.edu/finaid](http://www.bu.edu/finaid) and select from the sidebar menu on the right side of the page.

4. The Master Promissory Note does not list loan amounts; therefore, the Graduate School will send all students a **NOTIFICATION LETTER**, which will list their approved loan amounts. This notification will be mailed to students once the FAFSA and Loan Request Form are complete. Students can also check on the status of loan funds by accessing the Student Link online at [www.bu.edu/studentlink](http://www.bu.edu/studentlink).

5. If you are a first time borrower, federal regulations require you to complete **ENTRANCE COUNSELING** prior to crediting your loan funds to your student account. You must fulfill this requirement on-line by accessing [www.bu.edu/finaid](http://www.bu.edu/finaid). Students who have borrowed a Federal Subsidized and/or Unsubsidized Loan previously at another institution can have this requirement waived by submitting documentation of previous Federal Loan borrowing. Note that federal loan funds will not be disbursed until this requirement is completed; therefore it is advised that entrance counseling be completed as early as possible.

WHEN WILL THE LOAN FUNDS BE AVAILABLE TO ME?

Once the loan servicer has approved your loan, the loan amount minus the origination fee will be electronically credited to your student account within five to ten business days. For loans whose first disbursement will occur on or after 10/1/18 and before 10/1/19, the **origination fee will be 1.062%**. For loans who first disbursement occurs on or after 10/1/19, the origination fee will be 1.059%.


This fee is determined by the U.S. Department of Education. Funds cannot be disbursed until the **Entrance Counseling** requirement has been fulfilled, until you have signed a **Master Promissory Note**, and until you are registered for the semester.

If there is a credit on your student account after all other charges are paid, then you may request an **electronic refund** by logging into the [www.bu.edu/studentlink](http://www.bu.edu/studentlink), select the Money Matters tab, then Student Account Inquiry. Click ‘Request a Refund’ in the upper right hand corner. **The earliest that the University can release refunds is on the first day of classes for the semester/term.**

Federal legislation requires that **all Federal Direct Loans be disbursed in two equal installments**. The second disbursement cannot be made available until halfway through the loan period. This means that **for students who are attending both semesters of the academic year, half the loan amount is available in the fall and the other half is available in the spring**. For students borrowing for one semester only (January graduates or students beginning their studies in January), the loan is disbursed in one lump sum.
2019/2020 Federal Direct Unsubsidized Loan Request Form

If you wish to apply for a Federal Direct Unsubsidized Loan, complete this form and return to the Graduate School of Arts and Sciences, 705 Commonwealth Ave., Boston, MA 02215. If you have any questions about the Direct Loan Program or this form, contact the Graduate School at 617-353-2696 or at grsaid@bu.edu.

A. I WISH TO APPLY FOR AN UNSUBSIDIZED LOAN OF $ ____________________________

Maximum Unsubsidized Loan is $20,500 per academic year. As of July 1, 2012 the Subsidized Loan is no longer available. Eligibility may be less than $20,500 depending your total cost of attendance minus any financial aid received (including all University aid and outside funding).

B. I have filed a FAFSA. Approximate date completed ________________________________

C. STATEMENT OF EDUCATIONAL PURPOSE & CERTIFICATION

I will use all Title IV money received only for expenses related to my study at Boston University.

Certification Statement on Refunds and Default
I certify that I do not owe a refund on any grant or loan, am not in default on any loan or have made satisfactory arrangements to repay any defaulted loan, and have not borrowed in excess of the loan limits, under Title IV programs, at any institution.

WARNING: To receive any Title IV financial aid, you must complete the Statement of Educational Purpose and Certification, Statement on Refunds and Default, and you must be registered with the Selective Service, if you are required to register. If you purposely give false or misleading information, you may be subject to a fine up to $10,000, imprisonment for up to 5 years, or both.

D. Statement of My Responsibilities

I understand my responsibility to promptly provide to the GRS Financial Aid Office the following, which may reduce my eligibility for a Direct Stafford Loan: all financial aid I receive from any source, any change in my full-time/part-time status, any change in my degree candidate status.

E. Number of credits: Fall 2019: ________ Spring 2020: ________ Anticipated Graduation Date: __________

F. Please check one of the boxes below to indicate whether or not you plan to enroll in the Boston University student medical insurance plan. Visit www.aetnastudenthealth.com for a complete description of the student medical insurance plans. If you waive the medical insurance plan, please be aware that it may affect your loan eligibility.

Basic ☐ Plus ☐ Will not enroll ☐

G. List any funds anticipated for 2019/2020 from a source other than Boston University Graduate School of Arts and Sciences. Include ROTC, Resident Assistant compensation, tuition remission, private scholarships, etc.

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Last name _______________ First name _______________ Social Security Number _______________

Email address _______________ BU ID _______________

Signature* _______________ Today’s Date _______________

*By signing this form I acknowledge that I have read and agree to the above terms and to the terms discussed in the Federal Direct Unsubsidized Loan Fact Sheet.