

SUMMER 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 Summer 2009. The interest rate is fixed at 6.8%.

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 or 2009/2010 Free Application for Federal Student Aid (FAFSA). Refer to #1 on the back of this form to determine which federal form applies to you. 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 the Subsidized and Unsubsidized Direct Loans may not exceed the annual and aggregate limits for loans under the Direct Loan Program.

Subsidized Federal Direct Loan

You will not be charged interest until you begin repayment. Repayment begins six months 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?

Students are eligible to participate in the Direct Loan Program if they: (1) are U.S. citizens or permanent residents, (2) are enrolled in a degree program, (3) are registered for at least 6 credit hours which are accepted towards the degree program and are not repeat classes, (4) demonstrate need as determined by federal regulations, (5) do not have an outstanding balance from a prior period of enrollment at Boston University, and (6) are making satisfactory academic progress.

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, including any amount borrowed for undergraduate study. **However, the amount you borrow for Summer Session(s) 2009 will affect the amount you are able to borrow for the 2009/2010 academic year. Please refer to attached Summer Loan Request Form for suggested restrictions on Direct Loan borrowing.**

SUBMIT YOUR APPLICATION EARLY

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

HOW DO I APPLY?

- 1. For NEW students, students who received a loan during Summer Term 2008 or students who are enrolled in classes that begin on or after 7/1/09:** Submit a **2009/2010 FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)** if you are applying **solely** for federal loan(s). The FAFSA can be completed on-line at www.fafsa.ed.gov. For **current students**, if you received aid for the 2008/2009 academic year and wish to apply for summer loan(s), your 2008/2009 information may be utilized. If you wish to be considered for non-federal summer financial aid, additional forms may be required. For information on requirements, graduate students should contact their individual school for information on specific school funds and application process.
- 2. You will be notified by mail if you need to sign a promissory note.** If you have already signed a Master Promissory Note during the 2008/2009 academic year, you will not need to sign another promissory note for the summer term. First time borrowers will need to complete a **DIRECT LOAN MASTER PROMISSORY NOTE**. You can complete the promissory note on-line at www.bu.edu/finaid. Click on "Stafford 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 www.pin.ed.gov. Boston University will be notified within 3-5 business days that you have completed your promissory note on-line.

If you fail to complete your promissory note on-line, you will be mailed a paper promissory note 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 Registrar's Office with your home address so that you will get 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 www.bu.edu/finaid. Click on "Entrance Counseling". Entrance Counseling must be completed before your loan eligibility can be finalized and be used to settle the outstanding balance on your student account.

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 loan fee up to 2.0% will be deducted from the Subsidized and Unsubsidized Direct Loan prior to disbursement. In addition, borrowers will be given an up-front rebate up 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 can be no more than 0.5% minus the loan amount approved. Your loan can be disbursed up to 2 installments. The first installment will occur no earlier than 10 days before the start of your loan period. The second installment will occur midway through the loan period. *For first time borrowers, funds cannot be disbursed until the Entrance Counseling and Promissory Note requirements have been fulfilled. You must also be registered for the appropriate number of credits for disbursement to take place.*

CONSORTIUM AGREEMENTS:

*If you are enrolled in a degree program at Boston University and take classes at a different institution, you must have a **Consortium Agreement** completed by two parties: (1) Financial Aid Office at the institution you are attending during the summer and (2) your school's academic office at Boston University. The completed Consortium Agreement should be forwarded to the Boston University Office of Financial Assistance with your Direct Loan Request Form. The consortium agreement must be submitted **at least 3 weeks** before the end of your summer classes in order for Boston University to review your summer loan request.*

*If you are enrolled in a degree program at another institution and take classes at Boston University, you may be eligible for a summer Direct Loan. You should first check with your home institution (where you are matriculated as a degree candidate) to see if your home institution will process the summer loan. If they are unwilling, you may submit your request for a summer loan to Boston University along with a Consortium Agreement completed by your home institution. **Please be aware that Boston University will process your loan through the Direct Loan Program. Repayment may be more complicated if you also have Federal Stafford Loans from a bank or other lender.***

