

Federal Stafford Loan – Differences in Subsidized & Unsubsidized

Federal Stafford Loan eligibility is determined by using the information submitted on the Free Application for Federal Student Aid (FAFSA) each academic year. The student must be enrolled in a minimum of six credit hours per semester at Butler University in a degree-seeking program. Loan limits exist based on grade level, dependency status and for cumulative borrowing.

▪ **Subsidized**

- This loan is based on financial need as determined by the cost of education less the expected family contribution (EFC) and eligibility for other aid programs.
- The federal government pays the interest on the loan while the student is enrolled at least half-time (six credit hours at Butler University) and during the six month grace period. Repayment begins six months after the student borrower graduates or is no longer enrolled at least half-time.
- For loans borrowed in the 2008-2009 academic year, the interest rate is fixed at 6.0%.

▪ **Unsubsidized**

- This loan is not need-based.
- The federal government does **not** pay the interest on the loan while the student is enrolled.
- Interest will begin to accrue upon disbursement of the loan each term.
- For loans borrowed in the 2008-2009 academic year, the interest rate is fixed at 6.8%.

Important Notes

- **SimpleTuition**[®] is a tool families may use to assist with their lender and loan program selection. The comparisons using **SimpleTuition**[®] will assist the student and family in better understanding the loan options and long term costs of the loan programs being considered. You may review options at www.simpletuition.com/butler.

Federal PLUS Loan

A low-interest loan available to credit-worthy parents of dependent students enrolled at least half-time at Butler University in a degree seeking program. Through this program families may borrow additional funds needed to meet the educational expenses and maximize family resources. Although not required, families are encouraged to complete the FAFSA each academic year to determine all borrowing options and verify eligibility for this loan.

- Families are strongly encouraged to determine their borrowing needs for the entire academic year before beginning the Federal PLUS Loan process. The entire process must be repeated if additional borrowing is later desired.
- Families should consider exhausting Federal Stafford Loan eligibility before borrowing other loans.

- The interest rate on this loan is fixed at 8.5%.
- Repayment of the loan typically begins 60 days after the loan is fully disbursed. Parents can choose to defer payments until six months after the date the student ceases to be enrolled at least half time or graduates. Interest begins to accumulate after the first disbursement is made. Parents may contact the lender or servicer of the loan for additional information and deferment options.

Processing and Receipt of Federal Stafford and PLUS Loans

Loan Certification and Guarantee

- The Butler University Office of Financial Aid will submit the loan for guarantee after the borrower accepts the Federal Stafford Loan by returning the Financial Aid Notification to our office.
- Federal PLUS Loans are submitted for guarantee after the Office of Financial Aid receives notification of approval from the lender (separate application is required).
- Loans are typically guaranteed within 24-48 hours of certification. Once the loan is approved, the borrower will receive a Notice of Loan Guarantee (NOLG) from the guarantor via U.S. mail.

Complete a Master Promissory Note (MPN) if needed

- First time, transfer, and all new borrowers are required to complete, sign and return a Master Promissory Note (MPN) to their selected lender. The lender or servicer will notify the borrower by U.S. mail when the MPN is available to complete online or a hard copy may be obtained from the lender or servicer per the borrower's request.
- The MPN eliminates the need to complete promissory notes in subsequent years if the borrower remains enrolled at Butler University with the same lender and servicer.
- NOTE: Citibank and Wells Fargo (for PLUS loans) changed servicers beginning January 1, 2009. Previous borrowers will be required to sign a new MPN. Please watch the mail for instructions.

Receipt of Loan Disbursements

- Loan funds will be disbursed to the student account (bill) after the third day of class each summer session provided all required documents have been completed and the student meets all eligibility requirements.
- The student must be enrolled in a minimum of six credit hours at Butler University in a degree seeking program.
- Funds processed through our primary lenders arrive electronically and normally post to the student account within two working days of receipt. Funds processed through a lender not set up electronically arrive via mail (paper checks).
 - Paper checks require the borrower's signature before funds can be credited to the student account. Our office notifies student borrowers via campus e-mail when paper checks are received. Parent borrowers are sent the check via U.S. mail. Depending on mail time and the timeliness of the borrower's response, the loan disbursement could be delayed. The signed check must be received by our office before the loan funds can be credited to the student account.
- Loan funds will be applied to summer session enrollments, with half of the annual value crediting to the student account each session if enrolled in both sessions.

Private Loans

There are a variety of private loan options available for students and parents. Most sources require a good credit history and/or a co-borrower. Private loans are based on the borrower's (and co-borrower's if applicable) credit and financial history. Loan terms vary and usually require the student be enrolled at least half-time (six credit hours) at Butler University in a degree-seeking program. A private loan is not based on financial need, but the combination of all financial aid including the loans may not exceed the cost of attendance for the academic year.

- You are strongly encouraged to determine your borrowing needs for the entire academic year before beginning the private loan process. The entire process must be repeated if additional borrowing is later desired.
- Families should consider exhausting Federal Stafford Loan eligibility before borrowing other loans.
- It is typically to your advantage to use a co-signer.
- Review Butler's primary lenders' private loan options at www.simpletuition.com/butler.
- Select a lender based on the loan terms and benefits you find most appealing. It is good practice to use the same lender and servicer throughout the student's college career. Borrowers who change lenders or servicers could be required to make payments to multiple sources once repayment begins.
- Click **Apply** next to the lender you select on the **SimpleTuition**[®] website or go to www.usafunds.org/butler to complete the application process. Parents and students **MUST** apply each academic year.
- Loan funds will be applied to summer session enrollments, with half of the annual value crediting to the student account each session if enrolled in both sessions.

While we recommend these loan programs, approval of any loan will be based on information each lender has obtained and their specific credit criteria. For further questions regarding private loan options, please contact a member of our counseling staff.

How Butler Selects the Primary Lenders

The Butler University Office of Financial Aid works diligently with students and families to offer the best financial aid experience possible. In its effort to provide the best loans, primary lenders are chosen to streamline the process for the students, families and staff. Primary lenders are chosen based on borrower service, technology and product. A review is conducted each year to ensure they are the best possible resource for loans. For specific information on criteria used, visit www.butler.edu/finaid/handbook.

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