

## Loan Types

### Student Loans

- Federal Stafford Loan (subsidized and unsubsidized) – Federal student loan program requiring the Free Application for Federal Student Aid (FAFSA) to be filed each academic year to determine eligibility.
- Federal Perkins Loan – Low interest federal student loan requiring the FAFSA to be filed each academic year to determine eligibility.
- Private Loans – Based on the borrower's (and co-borrower's, if applicable) credit and financial history. Terms and interest rates vary with each lender. Filing the FAFSA is not required.

### Parent Loans

- Federal PLUS Loan – Federal loan for parents of undergraduate students.

## 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 2009-2010 academic year, the interest rate is fixed at 5.6%.
- 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 2009-2010 academic year, the interest rate is fixed at 6.8%.

## Important Notes

- Students and parents who wish to borrow from any of the loan programs must apply for the loan each academic year.
- If your Federal Stafford or PLUS loan eligibility changes during the academic year, your financial aid will be revised and you will receive an e-mail notification to view the change(s) on [my.butler.edu](http://my.butler.edu).
- **SimpleTuition**<sup>®</sup> is a tool families may use to assist with their lender and loan program selection. The comparisons using **SimpleTuition**<sup>®</sup> will assist the student and family in better understanding the loan options and long term costs of the loan programs being considered.

## Federal Stafford Loan Process

- To compare Butler's primary lenders, use the loan comparison tool at [www.simpletuition.com/butler](http://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 your college career.** Borrowers who change lenders or servicers may be required to sign a new Master Promissory Note (MPN) and could be required to make payments to multiple sources once repayment begins.
- Navigate to [my.butler.edu](http://my.butler.edu).  
(self service – student center – finances – review/accept/decline financial aid)
- Accept the Federal Stafford Loans offered.
- Click on [Select Stafford Lender](#) and provide the lender you have chosen. If you are a returning borrower your previous lender will display. You are not required to continue using this lender.
  - Primary lenders are Chase, Citibank, Sallie Mae Education Trust, and Wells Fargo.
  - Other lenders who are set up electronically will appear on the drop down list.
  - To use a lender not set up for electronic processing, select lender code 998 (FFELP Placeholder). Students selecting this option are required to submit the **School Certification Form** (available from the lender).
- Click on the [Click to Confirm](#) checkbox and click [OK](#).
- Click on the checkbox to [Accept Financial Aid Terms/Conditions](#).
- Click [Submit](#) to confirm acceptance of the loans and lender choice.

## 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.

## Federal PLUS Loan Process

- Use the loan comparison tool at [www.simpletuition.com/butler](http://www.simpletuition.com/butler) to compare Butler's primary lenders.
- 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 may be required to sign a new Master Promissory Note (MPN) and could be required to make payments to multiple sources once repayment begins.
- Click [Apply](#) next to the lender you select on the **SimpleTuition**<sup>®</sup> website or go to [www.usafunds.org/butler](http://www.usafunds.org/butler) to complete the application process. Parents and students **MUST** apply each year.
- If you wish to use a lender not on the primary lender list, you must submit to the Office of Financial Aid a **Federal PLUS Loan Request Form** (available at [www.butler.edu/financial-aid](http://www.butler.edu/financial-aid)) and the **School Certification Form** (available from the lender).

\*Non-FAFSA Filers:

- In addition to the above process, you must submit the **Federal PLUS Loan Request Form** (available at [www.butler.edu/financial-aid](http://www.butler.edu/financial-aid)) to the Office of Financial Aid.
- Families will receive a follow-up phone call from a member of our counseling staff to verify the decision to not file the FAFSA and explain the potential financial savings and benefits for completing the entire process.

## 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 through self-service on [my.butler.edu](http://my.butler.edu).
- Federal PLUS Loans are submitted for guarantee after the Office of Financial Aid receives notification of approval from the lender.
- The Office of Financial Aid will begin processing loans in July each academic year.
- 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 fifth day of class each semester 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 fall and spring semester enrollments, with half of the annual value crediting to the student account each semester.

## 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/financial-aid](http://www.butler.edu/financial-aid) - Financing Options - Education Loans.

## 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](http://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**<sup>®</sup> website or go to [www.usafunds.org/butler](http://www.usafunds.org/butler) to complete the application process. Parents and students **MUST** apply each academic year.
- Once loans are approved, funds will disburse to the student's account after the fifth day of class each semester as long as the required documents have been completed and submitted to the appropriate office. Loan funds will be applied to fall and spring semester enrollments, with half of the annual value crediting to the student account each semester.

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.

## Federal Perkins Loan

This loan is a need-based federally funded student loan awarded based on information students submitted on the Free Application for Federal Student Aid (FAFSA). Eligible undergraduate students must be degree-seeking and enrolled full-time (minimum 12 credit hours).

- The interest rate is fixed at 5%.
- Interest is paid by the federal government while the student is enrolled at least half-time (six credit hours) and during the nine month grace period. Repayment begins nine months after the student borrower graduates or is no longer enrolled at least half-time.
- The maximum repayment term is 10 years based on the amount borrowed, with a \$40-per month minimum payment required.
- New Perkins borrowers must sign a master promissory note (MPN). After accepting the Federal Perkins Loan online at [my.butler.edu](http://my.butler.edu) you will be prompted to electronically sign the MPN.
- Federal Perkins Loans are offered for fall and spring semester enrollments only, with half of the annual value crediting to the student account each semester.