

**SUMMER 2007
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 2007. 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 2006/2007 or 2007/2008 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, (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. Academic progress standards require full-time students to have satisfactorily completed at least 12 credits per semester during the previous academic year.

HOW MUCH MAY I BORROW?

The maximum annual loan amount for graduate and professional students is \$18,500, 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) 2007 will affect the amount you are able to borrow for the 2007/2008 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.

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HOW DO I APPLY?

1. **For NEW students, students who received a loan during Summer Term 2006 or students who are enrolled in classes that begin on or after 7/1/07:** Submit a **2007/2008 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 2006/2007 academic year and wish to apply for summer loan(s), your 2006/2007 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 2006/2007 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 "Loans and Work" and then "Stafford On-line 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 "Loans and Work" and then "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 3% will be deducted from the Subsidized and Unsubsidized Direct Loan prior to disbursement. In addition, borrowers will be given an up-front rebate that is approximately equal 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 1.5% 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 the Financial Aid Office at the institution you are attending during the summer and 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.**

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Restrictions on Summer & Academic Year Direct Stafford Loan Borrowing:

Federal legislation limits the amount of loans that a student may borrow in the Federal Direct Stafford Program if the student has borrowed the maximum annual loan limit for an academic period. Therefore, students who borrow their maximum loan limit for Summer Term 2007 would not be able to borrow another Direct Loan for the Fall 2007 semester. In order to enable students to borrow a Direct Loan to cover charges incurred for both periods of enrollment and to avoid potential problems in obtaining sufficient funds for the Fall semester, Boston University strongly recommends that students borrow only half of their annual loan limit for Summer Term 2007. They will then be eligible for the remainder of their annual maximum loan for the Fall 2007 semester. Limiting the amount borrowed will allow students to borrow half of their annual loan limit for each of the three periods of enrollment over the next twelve months (Summer 2007, Fall 2007 and Spring 2008).

Suggested Maximum Direct Stafford Loan eligibility for Summer Term 2007

Subsidized Direct Stafford Loan	\$4,250
Unsubsidized Direct Stafford Loan	\$5,000

Students who provide written documentation that they will complete their degree at the end of the Summer Term will be permitted to borrow the full amount if they meet other eligibility requirements (e.g. calculated financial need). Exceptions may also be made to the policy outlined above if a student submits a written request and adequately documents that alternative sources of funding are available for the Fall 2007 semester and their Direct Loan will not be required to pay for educational expenses.

Please complete the Loan Request form below and submit it to your Graduate Financial Aid Office.

SUMMER 2007 DIRECT LOAN REQUEST (PLEASE PRINT)

Student Name: Last _____ First _____ Summer Phone Number _____

BU Identification Number _____ Expected Graduation Date _____ E-mail Address _____

I wish to apply for a TOTAL Direct Loan in the amount of \$_____.
If you do not qualify for the total maximum in a SUBSIDIZED loan, you may be eligible to borrow the remaining amount in an UNSUBSIDIZED loan.

I understand my responsibility to provide the Office of Financial Assistance with the following:

- Number of credits: Summer Session 1 _____ Summer Session 2 _____
- Any funds anticipated for Summer 2007 from a source other than this loan:

Source _____	Amount \$ _____
Source _____	Amount \$ _____

By my signature below I acknowledge that the above information is true and correct. I understand that I must notify the Office of Financial Assistance regarding any and all changes to the above information. I understand that changing my enrollment may reduce or eliminate my eligibility for a Direct Loan.

Signature _____ Date _____