

# About Loans

Loans are a major source of financial aid for many students. All loans, including student loans, represent debts that must be repaid; however, most student loans do not go in to repayment until after you graduate or cease at least half-time enrollment. In addition to deferred repayment, most student loans have relatively low interest rates, several repayment options from which to choose, circumstances under which you can postpone repayment, and other favorable terms and conditions. Failure to repay your student loans will have serious adverse consequences.

For more detailed information about the different types of loans and their terms of service please see the following:

## Federal Student Loans

All students who complete the FAFSA and are eligible to be considered for financial aid may receive a *Federal Direct Student Loan*. This loan may be Subsidized or Unsubsidized (or a combination of both) and is often referred to as the *Stafford Loan*. This loan is borrowed and repaid by the student. A student's eligibility is determined by the total cost of attendance, results of the FAFSA, and other financial aid resources.

**Subsidized Loan:** The federal government pays the interest on this loan while you are in school at least half time. Interest begins to accrue upon graduation or non-enrollment. Graduate students are not eligible for subsidized loan funds. You must have financial need to qualify for this type of loan.

**Unsubsidized Loan:** You will be charged interest on this loan from the time the loan is disbursed until it is paid in full. You may allow interest to accumulate until repayment, at which time it will be capitalized. We encourage you to make quarterly interest payments, if possible. Financial need is not required to receive this loan.

## Interest Rates

The interest rate for each school year is fixed for the life of the loan.

### 2022-23 Interest Rates

	Subsidized	Unsubsidized
Undergraduate	4.99%	4.99%
Graduate	N/A	6.54%

## Loan Fees

The U.S. Department of Education will charge a 1.057% loan origination fee for processing your loan. The amount disbursed to your student account will be the amount borrowed per semester, minus the fees.

## Maximum Annual Loan Amounts

Borrower's Academic Level	Total Amount of Subsidized and Unsubsidized Loans		
	Dependent Students	Independent Students	Subsidized Loan Limits
Freshman (0-29 Hrs)	\$5,500	\$9,500	No more than \$3,500

<b>Sophomore (30-59 Hrs)</b>		\$6,500	\$10,500	No more than \$4,500
<b>Junior &amp; Senior (60+ Hrs)</b>		\$7,500	\$12,500	No more than \$5,500
<b>Graduate</b>	N/A	\$20,500	N/A	

## Federal PLUS Loans

The *Federal Direct Parent Loan for Undergraduate Student (PLUS)* is a loan for the student’s biological or adoptive mother or father (regardless whether they are the “custodial” parent or provided financial information on the FAFDSA) of a dependent student. A stepparent is eligible to borrow on the Direct PLUS Loan, if they are considered, to be a parent in accordance with instructions on the FAFSA for purposes of reporting financial information (income and assets) on the FAFSA. The first step in applying is to complete the FAFSA for the appropriate year. A parent can borrow the total estimated cost of attendance less the student’s total financial aid (see student’s award letter). If more than one parent wants to borrow a parent loan for the same student, each parent must complete a separate PLUS Loan Application and EMPN.

## Interest Rates

The interest rate for the 2022-2023 year is 7.54%.

## Loan Fees

The U.S. Department of Education charges a 4.228% loan origination fee for processing your loan.

## Credit Checks

To borrow a PLUS Loan, the parent must pass a credit check.

If you do not pass the credit check, there are three options available to you.

1. You can work with Federal Student Aid if you believe there was an error made on your credit check. For additional information on how to appeal a credit decision you can visit the following website: <https://studentaid.gov/appeal-credit/demo>.
2. You can obtain a creditworthy endorser. The endorser would need to pass the credit check, agree to endorse the promissory note, and agree to repay the loan if you would fail to do so.
3. You can decline the PLUS Loan and allow the student to borrow an unsubsidized loan in the student's own name. Freshmen and sophomores (0 to 59 hours) can borrow up to \$4,000 and juniors and seniors (60 or more hours) can borrow up to \$5,000 for the school year.

## Federal Grad PLUS Loan

The Federal Direct Grad PLUS Loan is for graduate students enrolled in at least half-time hours. To apply for a Grad PLUS loan, you must file the Free Application for Federal Student Aid (FAFSA). A graduate student can borrow the total estimated cost of attendance less the financial aid the student receives for the academic year. The Grad PLUS Application and Master Promissory Note are available online at <https://studentaid.gov/plus-app/grad/landing>.

## Interest Rates

The interest rate for the 2022-2023 year is 7.54%. Interest will accrue at the time of the first disbursement on the loan.

## Loan Fees

The U.S. Department of Education charges a 4.228% loan origination fee for processing your loan.

## Credit Checks

To borrow a Grad PLUS Loan, the student must pass a credit check. If you do not pass the credit check, there are two options available to you.

1. You can work with Federal Student Aid if you believe there was an error made on your credit check. For additional information on how to appeal a credit decision you can visit the following website: <https://studentaid.gov/appeal-credit/demo>.
2. You can obtain a creditworthy endorser. The endorser would need to pass the credit check, agree to endorse the promissory note, and agree to repay the loan if you would fail to do so.

It is true that most students would prefer not to borrow; but, because student loans represent the largest source of financial aid, many students will choose to borrow. When borrowing, it is important to carefully plan your budget so that you only borrow what you need, keep track of how much you are borrowing each year, and have some idea as to how you will pay your loans back when the time comes. The student loans web site <https://studentaid.gov/understand-aid/types/loans> provides information to students and parents who have Direct Loans already or who are thinking about borrowing. In addition to the federal loan programs and alternative loans offered by private lenders, some states and schools have their own loan programs.