ST. THOMAS UNIVERSITY
*Developing Leaders for Life*

Students who need loans in order to meet the costs of their education should first consider loans in the Federal Direct Loan Program which consists of the Direct Stafford Loan (subsidized and unsubsidized), the Direct PLUS Loan (for Parents and the Graduate/ Professional Students.)

# DIRECT STAFFORD LOAN

Direct Stafford Loans are for students who quality for federal financial aid.

### *Eligibility*

- Students must complete the FAFSA.
- The subsidized Stafford Loan is awarded based on financial need.
- The borrower/student must be a U.S. citizen, U.S. national, or permanent resident.
- Student must be enrolled at least half-time and meet satisfactory academic progress. Please go to **www.stu.edu/financialaid** and select "General Information" to obtain a complete handout on the Standards of Satisfactory Academic Progress.
- Students who do not qualify for the subsidized Stafford Loan (need-based) may apply for the unsubsidized Stafford Loan.
- Some students may receive a combination of subsidized and unsubsidized loans up to the maximum for their grade level.

### *Interest Rate*

For loans disbursed on or after July 1, 2006, the interest rate is fixed at 6.8% for graduate and professional students. Interest rate for subsidized Stafford Loan for undergraduate students disbursed on or after July 1, 2010 will be fixed at 4.5%.

### *Fees*

- 1% federal default fee

### *Annual Loan Amounts*

**Undergraduate Dependent Students**

- Freshman $5,500 (no more than $3,500 subsidized)
- Sophomore $6,500 (no more than $4,500 subsidized)
- Junior & Senior $7,500 (no more than $5,500 subsidized)

**Undergraduate Independent Students**

- Freshman $9,500 (no more than $3,500 subsidized)
- Sophomore $10,500 (no more than $4,500 subsidized)
- Junior & Senior $12,500 (no more than $5,500 subsidized)

**Graduate/Professional Students**

- $20,500 (no more than $8,500 subsidized)

### *Aggregate Loan Limit*

- Undergraduate dependent students: $31,000 (no more than $23,000 in subsidized).
- Undergraduate independent students: $57,500 (no more than $23,000 in subsidized)
- Graduate students: $138,500 (no more than $65,500 in subsidized)

### *Grace Period and Repayment*

- Subsidized Stafford Loan: No payments are due while the student is enrolled in school at least half-time and during the six-month grace period. The federal government pays (subsidizes) the interest for the students during these times.
- Unsubsidized Stafford Loan: The loan terms are the same terms as the subsidized Stafford Loan with one exception: The borrower is responsible for the interest that accrues while the student is in school. Students may choose to capitalize the interest (add the accrued interest to the principal loan amount) and make payments on a larger amount when repayment begins. If at all possible, borrowers should make the interest payments during enrollment and the grace period.
- The standard repayment term is 10 years with a $50 minimum monthly payment.
- Borrowers may choose from several payment plans including Standard, Graduated, Income-Sensitive, and Extended. The U.S. Department of Education can provide details for each repayment option.

### *Checklist for Applying for a Federal Stafford Loan*

- Complete the FAFSA (Free Application for Federal Student Aid).
- First-time borrowers at STU must complete the Loan Entrance Counseling at **www.stu.edu/faforms**.
- Complete the Direct Stafford Master Promissory Note (MPN) at **www.stu.edu/faforms.**
- Enroll for minimum of six credits (undergraduate and law) or three credits (graduate and doctoral students).