



What You Need to Know About Federal Stafford and Federal PLUS Loans

Federal Stafford Loan Program Application Process

The enclosed financial aid package indicates that you are eligible for a Federal Stafford Loan. To receive a Stafford Loan, students must be registered for at least six credit hours per semester. You have been packaged with the maximum amount available to you at your grade level. Eligibility for a **Subsidized Stafford Loan (Sub)** is based on the federal need analysis formula. The government pays the interest while you are enrolled for at least six hours per semester. The **Unsubsidized Stafford Loan (Unsub)** is not based on need and the student is responsible for the interest that accrues while attending school. Interest can be deferred while in school, but it will be capitalized (added on to the principal balance of the loan) at repayment, which occurs six months after leaving school.

Federal Stafford Loan Limits		
Dependent Students (Except Students Whose Parents Cannot Borrow a PLUS Loan)	Base Amount Sub. or Unsub.	Additional Unsubsidized Loan Amount after July 1
Freshman	\$3,500	\$2,000
Sophomore	4,500	2,000
Junior or Senior	5,500	2,000
Independent Undergraduate Students and Dependent Students Whose Parents Cannot Borrow a PLUS Loan		
Base Amount Sub. or Unsub.	Additional Unsubsidized Loan Amount after July 1	
Freshman	\$3,500	\$2,000 + \$4,000
Sophomore	4,500	2,000 + \$4,000
Junior or Senior	5,500	2,000 + \$5,000
Graduate and Professional Students		
Base Amount Sub. or Unsub.	Additional Unsubsidized Loan Amount	
	\$8,500	\$12,000

Aggregate Loan Limits (Effective July 1, 2008)

Undergraduate Dependent Students: \$31,000 (no more than \$23,000 can be subsidized).

Undergraduate Independent Students: \$57,500 (no more than \$23,000 can be subsidized).

Graduate and Professional Students: Currently \$138,500 (no more than \$65,500 can be subsidized).

The Office of Financial Aid will electronically transmit your loan eligibility for your Federal Stafford Loan to the New York State Higher Education Services Corporation around Aug. 1, if you are attending fall and spring. Summer loans will be processed starting in June.

- You may reduce or reject your Stafford Loan at any time in writing.
- *After June 1, if you do not return your award letter within 20 days, we will assume you have accepted the loan and it will be processed.*
- First-time borrowers are required to complete a Master Promissory Note **(SEE TOP OF NEXT PAGE)**.
- First-time borrowers are required to compete an entrance interview: go to www.MappingYourFuture.org after AUG. 1.
- If you are a freshman, your first disbursement will be credited to your account after OCT. 1.
- You may be required to complete a new MPN if you have loans through another school.

SIGN YOUR STAFFORD LOAN MASTER PROMISSORY NOTE

If this is your first Stafford Loan, you will be required to sign your Master Promissory Note and choose a lender; **you have the right and ability to select the education loan provider of your choice**. You can go to www.hesc.org and complete the MPN electronically or call NYHESC at 888-697-4372 to request a paper application. At the HESC website click on “**Students, Families & Counselors**”, and choose what applies to you. Click on “**Complete the e-MPN**”, electronic Master Promissory Note, and select the Stafford Loan under “**Students Only**”. When you reach the borrower authorization section, if you do not have a HESC pin, click on “**First time user’s click here to register with HESC**”. If you already have a pin number but cannot remember it, click on “**I forgot my user ID and pin**”. This process will allow you to access your user ID and make up a new pin number immediately. This Master Promissory Note is good for 10 years unless your lender stops participating in the program or you transfer and your new school requires a new MPN. If you have loans from prior years you may have a fixed interest rate of 6.8 percent for loans processed in 07/08, or a variable rate that cannot exceed 8.25 percent.

Sample Repayment Schedule for Subsidized and Unsubsidized Stafford Loans

Processed after July 1, 2008

Subsidized fixed at 6 percent interest (For Undergraduates only)			
Loan Amount	No. of Payments	Monthly Payment	Total Repaid
\$ 3,500	87	\$ 50	\$ 4,350
\$ 8,000	120	\$ 83	\$10,658
\$13,500	120	\$150	\$18,000
\$19,000	120	\$211	\$ 25,320

Fixed 6.8 percent interest rate for Graduate subsidized and unsubsidized and Undergraduate Unsubsidized only			
Loan Amount	No. of Payments	Monthly Payment	Total Repaid
\$ 3,500	90	\$ 50	\$ 4,500
\$ 8,000	120	\$ 92	\$11,040
\$13,500	120	\$155	\$18,643
\$19,000	120	\$219	\$26,280

NIAGARA’S SELECTION OF PREFERRED LENDERS

Niagara University is committed to offering students and their families the best possible assistance to meet their college expenses. As a service, Niagara has done the research necessary to identify several reputable lenders that provide the best rates, service and convenience for our students. **Borrowers have the right and ability to select the education loan provider of their choice, are not required to use any of the lenders on our preferred lender list, and will suffer no penalty for choosing a lender that is not on our preferred lender list. Niagara receives no incentive or benefit from any lender whether or not they are designated as a preferred lender.**

Annually lenders are evaluated on the criteria listed below. Product, services and processes play an equal role in our evaluation. Niagara requests extensive and detailed information from lenders to assess lender performance. To be selected as a preferred lender, the financial institution must be reputable and provided the following to Niagara students:

- ❖ A competitive set of products and rates with no hidden fees.
- ❖ Unsubsidized interest is added to the principal of the loan only once at repayment.
- ❖ Excellent service and toll free customer service numbers.
- ❖ Quick response to the needs of Niagara students and families.
- ❖ Direct contact representatives that Niagara staff can contact directly to resolve any issues quickly.
- ❖ Full electronic processing of loans including electronic transfer of funds.
- ❖ Lenders have informed us that they reserve the right to discontinue or modify benefit programs at any time.

About Federal Stafford Loan Interest Rates and Fees

The interest rate for the **Undergraduate** Federal Stafford Subsidized Loan is fixed at 6 percent, and the **Graduate** Federal Subsidized, Unsubsidized, and **Undergraduate** Federal Stafford Unsubsidized Loan has a fixed interest rate of 6.8 percent. These interest rates are set by the federal government regardless of which lender you choose. Some lenders deduct a 1 percent loan origination fee and your guarantor may deduct a 1 percent default fee.

Niagara University Preferred Lender List For Federal Stafford and Plus Loans

Borrowers have the right and ability to select the education loan provider of their choice, are not required to use any of the lenders on our preferred lender list, and will suffer no penalty for choosing a lender that is not on our preferred lender list. Niagara will certify a loan with ANY lender you choose. *Lender order is alphabetical.*

Go to www.niagara.edu/financialaid/preferred_lenders.htm for specific borrower benefits from a preferred lender.

Lender	Address	Lender Code	Phone and Fax numbers
Bank of America www.bankofamerica.com/studentloans Service their own loans	Student Banking Group Ph: 800-344-8382 CA9-169-04-01 P.O. Box 182174 Columbus, OH 43218	824421	Fax: 651-290-8799
Chase Bank www.chasestudentloans.com Service their own loans	1 E. Ohio St. IN1-0100 Indianapolis, IN 46277	803000	Ph: 800-487-4404 Fax: 317-684-3389
CITIBANK www.studentloan.com Service their own loans	P.O. Box 6128 Sioux Falls, SD 57117	826878	Ph: 800-394-7035 Fax: 800-967-8800
Edamerica www.edamerica.net Loans sold to its own secondary market (Edsouth) and serviced by Edfinancial Services for life	Edfinancial Services P.O. Box 36014 Knoxville, TN 37922	831453	Ph: 800-337-1009 Fax: 877-533-7587
Nellie Mae/Sallie Mae www.nelliemae.com/plus Loans owned and serviced by Sallie Mae	C/O Sallie Mae P.O. Box 147020 Gainesville, FL 32614-7020	829076	Ph: 800-806-3672 Fax: 800-251-4124
RBS Citizen's Bank, NA www.citizensbank.com Life of loan servicing by Sallie Mae	C/O Sallie Mae P.O. Box 147020 Gainesville, FL 32614-7020	810240	Ph: 800-708-6684 Fax: 800-251-4124

By signing your award letter, you have agreed to use New York State Higher Education Services Corp. HESC as your guarantor. **If you decide to use another guarantor**, such as Pennsylvania Higher Education (AES/PHEAA) or Great Lakes Higher Education (many credit unions go through Great Lakes), you need to **let the Financial Aid Office know**.

Be aware that when a lender refers to rates 'as low as X.X%', they are referring to the lowest rate you might receive if you attain all borrower benefits. Only a small number of borrowers actually receive this reduced rate.

We provide our students a choice of lenders that offer different ways for you to save money. Some of our preferred lenders waive the borrower's 1 percent origination fee and offer some repayment benefits. Others charge an origination fee and offer extensive opportunities that result in comparable savings.

Federal PLUS Loans for Parents and Graduate Students

Federal PLUS Loans are an option to bridge the gap between the cost of attendance and your financial aid package. PLUS Loans are for either parents or stepparents of undergrad students, and graduate students borrowing on their own. Borrowers must be U.S. citizens or eligible non-citizen, by federal definition. Loan approval is subject to credit criteria established by the U.S. Department of Education and your lender. A credit report will be obtained from a national credit bureau once you submit a request for preapproval.

The following conditions are considered adverse credit history and may cause the application to be initially denied.

- Any debts more than 90 days past due
- Unsatisfied judgments
- Evidence within the last five years of bankruptcy, default, foreclosure, repossession, tax lien, wage garnishment or write-off of Title IV student loan debt
- Any unpaid collection amount

Most lenders have a second look program where you may challenge the initial denial. Call your lender if you wish to appeal the denial.

PLUS Loan Features

- | | |
|---------------------------------|---|
| Borrowing Limits: | Eligibility is determined by the cost of attendance less financial aid. |
| Interest Rates: | The interest rate is fixed at 8.5 percent for loans disbursed after July 1, 2006. |
| Fees: | PLUS Loans have a 3-4 percent loan origination/guarantee fee deducted by the lender before funds are sent to the school. |
| Disbursement: | PLUS Loan proceeds are sent directly to the university and are generally disbursed in two equal amounts at the beginning of each school term. The funds are sent by Electronic Fund Transfer, or in some cases by check made co-payable to the school and the parent or graduate student. If a check is sent, it will be forwarded to the borrower for endorsement. The borrower then returns the check to the university. |
| Repayment: | You are required to apply for a PLUS Loan each time you need a new one. Repayment of your PLUS Loan may be deferred until six months after the student ceases to be enrolled at least six hours per semester. Check with your lender for more information. The maximum repayment period is 10 years. The minimum payment of principal and interest is \$50. |
| PLUS Loan Features and Benefits | <ul style="list-style-type: none"> • Can be used to supplement the student's Federal Stafford Loan funding and even cover up to the full cost of attendance (less financial aid). • Not dependent on your family's income or assets; a credit check is required. • Does not require collateral or cosigners. • Payments can be postponed up to three years in cases of economic hardship. • Prepayment can be made at any time without penalty. • The loan will be forgiven in full in the event of permanent disability of the borrower or death of the borrower or student. |

PLUS Loan Sample Repayment Schedule at 8.5 Percent Fixed Interest Rate

Loan Amounts	Number of Payments	Payment Amounts	Total Repaid
\$4,000	107	\$ 50	\$ 5,350
\$6,000	120	\$74	\$8,927
\$10,000	120	\$124	\$14,878
\$15,000	120	\$186	\$22,317
\$20,000	120	\$248	\$29,757
\$25,000	120	\$310	\$37,196
\$30,000	120	\$372	\$44,635
\$35,000	120	\$434	\$52,074
\$40,000	120	\$496	\$59,513
\$50,000	120	\$620	\$74,319

If your Federal Plus Loan is not listed as pending aid on the second bill, you need to contact the Financial Aid Office.