

**2009/2010 FEDERAL DIRECT STAFFORD LOAN FACT SHEET**  
**For**  
**Metropolitan College Graduate Students**

Boston University is a participant in the William D. Ford Federal Direct Loan Program. All university students will receive their Federal Student Loans through this program. Students who have previously signed a promissory note as a Boston University graduate student may not be required to sign a new promissory note under the provisions of the Master Promissory Note (MPN). Instead, these students will receive a Disclosure Statement from the Federal Direct Loan Servicing Center indicating their approved loan amount(s) and interest rate.

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 Stafford Loan for the 2009/2010 academic year. The loan is made to the student who is responsible for the repayment of the loan. The interest rate is fixed, set annually in July and is capped at 8.25%. The rate is 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 the FAFSA, which must be completed, for either loan. Students who do not qualify for the full Subsidized Direct Stafford Loan may be approved for the difference in an Unsubsidized Direct Stafford Loan. The combination of the Subsidized and Unsubsidized Direct Stafford Loans may not exceed the annual and aggregate limits for loans under the Federal Direct Stafford Loan Program. Provisions for the Subsidized Loan and Unsubsidized Stafford Loan are the same with the exception of those noted below.

**Subsidized Direct Stafford 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 Direct Stafford Loan**

The government will not pay interest while you are in school as it does for the Subsidized Direct Stafford Loan. Interest is charged during all periods, including while you are in school and during grace and deferment periods. You have an option of making interest payments while you are in school.

**WHO IS ELIGIBLE TO APPLY?**

Students are eligible to participate in the Federal Direct Stafford Loan Programs if they: (1) are U.S. citizens or permanent residents; (2) are enrolled in a degree program; (3) are registered for a minimum of 6.0 credit hours each semester, which are accepted towards the degree program and are not repeat classes; (4) do not have an outstanding balance from a prior period of enrollment at Boston University; and (5) are making satisfactory academic progress as defined by your program. Academic progress standards require full-time students to have satisfactorily completed a minimum of 12.0 credit hours each semester for a total of 24.0 during the previous academic year. Most programs also require a minimum 3.0 cumulative grade point average to be eligible to graduate.

**HOW MUCH MAY I BORROW?**

The maximum annual loan for graduate and professional students is **\$20,500** of which no more than \$8,500 can be in the Subsidized Direct Stafford Loan. The cumulative maximum for the Federal Direct Stafford Loan Program is **\$138,500** (maximum \$65,500 subsidized) for graduate and professional students, including any amount borrowed for undergraduate study.

**HOW DO I APPLY?**

1. Complete a **FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)**. The FAFSA can be completed on-line at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). Please list "Boston University" using Federal School Code Number 002130 as a recipient of your FAFSA data. Federal Student Aid Programs will process your FAFSA and forward the data to Boston University. After your FAFSA has been processed, you will receive a Student Aid Report (SAR) from the Department of Education. You should review this report for additional information regarding your aid eligibility, and make any corrections if necessary.
2. First time borrowers at Boston University will need to complete a **Direct Loan Master Promissory Note**.

- a. Please visit: <https://dlenote.ed.gov/empn/index.jsp>
- b. Scroll down & click on "Complete New MPN for Student Loans"
- c. Click on "OK"
- d. Select "Subsidized/Unsubsidized"

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](http://www.pin.ed.gov). Boston University will be notified electronically within 3-5 business days that you have completed your promissory note on-line. **Failure to complete the promissory note requirement immediately will result in cancellation of the loan.**

Continuing students who are prior Federal Direct Stafford Loan borrowers will not need to complete a new promissory note.

3. If you are a first time borrower, federal regulations require you to also complete an **ENTRANCE COUNSELING SESSION** prior to the crediting of loan funds to your student account. The entrance counseling session provides information on your rights and responsibilities as a borrower of a Federal Direct Stafford Loan. Boston University will be notified electronically within 3-5 business days that you have completed your Entrance Counseling on-line. You may fulfill this requirement on-line at <https://www.dl.ed.gov/borrower/CounselingSessions.do?cmd=initializeContext>
4. Enroll for a minimum of 6 credit hours (two 4 credit classes) per semester in which you wish you wish to receive funding.

Students must **apply** for the Federal Direct Stafford Loan as well as **complete** the promissory note **at least three weeks before the end of the academic period**. Federal legislation prohibits Boston University from certifying a federal loan after the academic period has ended.

#### **WHEN WILL THE LOAN FUNDS BE AVAILABLE TO ME?**

Once your loan has been approved by the Direct Loan Center, you will receive a disclosure statement detailing the amount of your loan and when your funds will be credited to your account electronically. **A 1.5 percent loan fee will be deducted from the Subsidized and/or Unsubsidized Direct Stafford Loan prior to disbursement.** This loan fee is determined by the Department of Education. In addition, borrowers will be given an up-front rebate that is approximately equal to 1.0 percent of the loan amount approved. A borrower retains the rebate by making the first 12 monthly payments on time. Overall, the amount available will be .05 percent less than the loan amount approved. Funds cannot be disbursed until the entrance counseling requirement and promissory note requirements have been fulfilled. **Student Accounting Services will begin distributing refunds within a week after classes begin**

Federal legislation requires that all Direct Stafford Loans (both subsidized & unsubsidized) be disbursed in two equal installments unless at least one half of the loan period has passed when your loan is processed. The second disbursement cannot be made until halfway through the loan period.

#### **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 two parties: (1) Financial Aid Office at the institution you are attending during the fall and or spring semester (2) your school's academic office at Boston University. The completed Consortium Agreement should be forwarded to the Office of Boston University Metropolitan Graduate Financial Aid Office with your Direct Loan Request Form.*

*If you are enrolled in a degree program at another institution and take classes at Boston University, you may be eligible for a 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 loan. If they are unwilling, you may submit your request for a 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.**

#### **Submit your Application Early**

Loan eligibility can not be determined until you are registered for your fall classes. So that your Direct Loan processes in a timely fashion please submit your 2009-2010 Loan Request Form as soon as possible.

