

# Loans

A loan is money borrowed that must be repaid, with interest. Eligible students must be enrolled for at least 6 credit hours to receive a federal loan. A promissory note must be signed and entrance / exit counseling must be completed. Please refer to the Federal Student Guide for detailed information.

Stillman encourages you and your family to consider the debt from educational loans carefully before accepting any loan offers. You should review alternative options available to reduce the amount you borrow and **borrow responsibly**.

To help you consider the debt from loans:

- Calculate the total debt and monthly payments for loans accrued over the span of your entire educational career, not just one academic year.
- Compare your total debt to your projected future income. Is this a wise investment? Will the payments be manageable?
- Consider your loan co-signers, parents who are borrowing a Parent Plus Loan and others who may be borrowing on your behalf. Will their possible future debt payments be manageable?

## Federal Direct Stafford Student Loans

These loans are backed by the federal government. Credit checks are not required. An origination fee is charged by the U. S. Department of Education and is paid from the loan disbursement. There are two types of Stafford Loans: subsidized and unsubsidized. Students must have a financial need and be able to complete their program of study within 150% of the time needed to complete the program in order to receive a subsidized Stafford Loan. The U.S. Department of Education will pay the interest on a subsidized Stafford Loan during certain enrollment periods. The interest rate is subject to change.

Federal unsubsidized loans will charge interest while in school. The interest can either be paid or applied to the principle. The interest rate is subject to change.

Federal Stafford Loans have yearly limits. The limits are:

<b>CLASSIFICATION</b>	DEPENDENT STUDENTS (Except students whose parents are unable to obtain PLUS loans)	INDEPENDENT STUDENTS; (And students who are unable to obtain PLUS loans)
Freshman	\$5,500 – No more than \$3,500 of this amount may be in subsidized loans	\$9,500 – No more than \$3,500 of this amount may be in subsidized loans
Sophomore	\$6,500 – No more than \$4,500 of this amount may be in subsidized loans	\$10,500 – No more than \$4,500 of this amount may be in subsidized loans
Junior/Senior	\$7,500 – No more than \$5,500 of this amount may be in subsidized loans	\$12,500 – No more than \$5,500 of this amount may be in subsidized loans
Subsidized and Unsubsidized Aggregate Loan Limits	\$31,000–No more than \$23,000 of this amount may be in subsidized loans	\$57,500 for undergraduates – No more than \$23,000 of this amount may be in subsidized loans.

The Federal Student loan is awarded during our awarding process. Loans are awarded based on need, after grants and scholarships are awarded. If awarded, students will have the option to accept, adjust or decline the federal student loan on Self-Service. Students must be attending at least half-time (6 hours) at the time of disbursement for funds to disburse. Dropping below half-time will result in subsequent loan disbursements being canceled.

### **Federal Direct Plus Loans**

These loans are loans made to parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid. The borrower must be a parent of the student. Eligibility is not based on financial need, but a credit check is required. Borrowers who have an adverse credit history must meet additional requirements to qualify.

The initial payment starts approximately sixty days after the loan has been fully disbursed to the student's account. The borrower may choose to defer the payments. Parent Loans are made through the William D. Ford Federal Direct Parent PLUS Loan (Direct PLUS Loan) Program. An origination fee will be charged and taken out of the loan. Interest rates are variable but capped at 9%. Students must be enrolled for at least 6 hours.

### **Private Loans**

Many private lending institutions offer loans to students and families seeking assistance to meet expenses related to attendance at Stillman College. There are an increasing number of these loans and the terms of these loans change frequently. An alternative/private loan is not guaranteed by the federal government, requires a credit check, and may require a co-signer.

When researching private loans, students should pay close attention to the borrower benefits, fees, interest rates and payment options. To calculate the interest, lenders use the LIBOR average, Prime Rate, or 91 Day T-Bill.

Students should consider an alternative/private loan if:

- They have reached the Federal Direct Loan borrowing limit;
- Have expenses that financial aid (Pell grant, federal loans, scholarships, GI Bill, etc.) does not cover;
- Have a balance from a previous semester to pay; or
- Plan on doing a study abroad program in an upcoming term.