

WESLEYAN UNIVERSITY
FEDERAL STAFFORD LOAN APPLICATION PROCEDURE
2009 - 2010
MASTERS OR DOCTORAL STUDENTS and
GRADUATE LIBERAL STUDIES STUDENTS

All **matriculated** graduate students who are U.S. citizens or eligible non-citizens, enrolled at least half-time, are eligible for a Federal Stafford Loan. Applicants who have financial need based on the federal eligibility formula borrow a **subsidized loan**. This means the federal government pays the interest on the loan while the borrower is in school, during the six-month grace period immediately after leaving school, and during all deferment periods. Students who show no financial need based on the federal eligibility formula can borrow an **unsubsidized loan**. This means the borrower is responsible for the interest on the loan while in school, during the grace period and during all deferments. The interest can either be paid quarterly or added to the principal amount borrowed and repaid after leaving school.

MINIMUM ENROLLMENT

Matriculated students must be enrolled at least half-time to receive a Federal Stafford Loan. Enrollment in at least six units/credits means half-time enrollment during the fall or spring semesters. During the summer, half-time enrollment is at least six units/credits. For students enrolled in a Masters or Doctoral Program, the Graduate Office determines enrollment status. Students **must** maintain an enrollment status of at least half-time to qualify for a federal loan. Should enrollment fall below half-time status, a refund may be due the lender.

APPLICATION PROCEDURE

- All documents listed below must be submitted before a loan may be processed. Allow sufficient processing time for all forms.
1. Free Application for Federal Student Aid (FAFSA) with Wesleyan's code listed (001424). The Student Aid Report (SAR), received after submitting the FAFSA, must be reviewed and any errors or omissions must be brought to the attention of the Office of Financial Aid. Minimum processing time is one month. The FAFSA may be completed on-line at www.fafsa.ed.gov.
 2. A Federal Stafford Student Loan Master Promissory Note for all 1st time borrowers at Wesleyan. Further instructions will be given with notification of Stafford eligibility. Wesleyan University participates in the federal Direct Lending program. Minimum processing time, once all application requirements have been completed, is three weeks.
 3. Wesleyan Graduate Liberal Studies Financial Aid Application.
 4. Student Matriculation Confirmation (to be completed by GLSP or Graduate Office).
 5. Signed copy of the 2008 IRS 1040 Form(s) including all schedules and W-2 forms for student and spouse (if married).
 6. Verification Worksheet if FAFSA processor selected your application for verification (supplied by Office of Financial Aid, if required). Your SAR (Student Aid Report) will indicate whether or not you have been selected.

LOAN LIMITS

The graduate student maximum annual Stafford loan amount is \$20,500 or cost of attendance, whichever is lower. A maximum of \$8,500 of this amount can be subsidized, if the student has demonstrated financial need. Any amount over the subsidized amount, up to \$20,500 or the cost of education, whichever is less, will be unsubsidized.

The aggregate limit for Federal Stafford Loan for Graduate and Professional student borrowers is \$138,500, with subsidized Stafford loans comprising no more than \$65,500. This amount includes any loans made to the student under the Federal Stafford Loan program or Federal Direct Stafford Loan before the student became a graduate student. Your Student Aid Report (SAR) will indicate the amount you have borrowed to date.

LOAN FEES

Subsidized loans *and* Unsubsidized loans have a combined origination/guarantee fee of 2%.

DISBURSEMENT

Wesleyan participates in Electronic Fund Transfer (EFT). You will be notified by e-mail when your loan installments (usually two) credit your student account.

REPAYMENT

Repayment of loan principal begins six months from the day after graduating, leaving school or enrollment below half-time status and can extend for 10 years or more, depending on the repayment option chosen by the student upon entering repayment. All loans borrowed before July 1, 2006 will have an annual variable rate set at the 91-day Treasury Bill rate plus 2.3%, capped at 8.25%. The variable rate until June 30, 2009 is 3.61% in school, grace, and deferment. The repayment rate is 4.21%. All loans borrowed after July 1, 2006 will have a fixed annual rate of 6.8%

INTEREST RATE

The Stafford interest rate for Graduate students is fixed at 6.8% for loans with first disbursements on or after July 1, 2006.

DEFERMENTS

Principal payments can be deferred during periods when the borrower is in school (including graduate school) and, with some restrictions, when unemployed or experiencing economic hardship. Borrowers who have subsidized loans do not pay interest during deferments. Borrowers who have unsubsidized loans are responsible for interest during deferments. Your loan servicer can provide more detail on this topic. <https://www.dl.ed.gov/borrower/BorrowerWelcomePage.jsp>