

HELPFUL INFORMATION ABOUT FINANCIAL AID

What is Financial Aid?

Financial aid is, in its simplest definition, financial assistance intended to aid students in reaching their educational goals. This assistance may come in a variety of forms such as grants, scholarships and loan programs. While it is a common misconception that financial aid is strictly “free money”, it is not the case. Student and Parent Loans are also considered financial aid.

What are Stafford Direct Student Loans?

Federal Stafford Direct Student loans are fixed-rate loans for undergraduate and graduate students attending college at least half-time. Stafford loans are the most common and one of the lowest-cost ways to pay for school.

- Stafford Subsidized Loan rates for the 2011-2012 school year are 3.4%
- Stafford Unsubsidized Loan rates for the 2011-2012 school year are 6.8%

What's the difference between unsubsidized and subsidized loans?

- Subsidized Stafford loans are awarded based on financial need. You will not be charged interest before you begin repayment or during periods of deferment. The federal government "subsidizes" (or pays) the interest during these times. Amounts students can borrow are limited.
- Unsubsidized Stafford loans are not awarded based on financial needs. Any eligible student can take out Unsubsidized Stafford Loans. You will be charged interest from the time the loan is disbursed, to the time the loan is repaid in full. Amounts students can borrow are limited.

Do I have to apply for a Stafford Direct Loan every academic year?

Yes! You must apply each school year if you want to keep receiving Stafford loan funds. To reapply for the loan you must first renew your [FAFSA](#). The FAFSA determines your financial need, and allows your school to determine how much you are eligible to receive in the Stafford Loan for that particular school year. Financial need can vary year to year, which is why you need to renew the paperwork. Renewing your [FAFSA](#) is not the same as applying for a Stafford Loan. The Stafford loan is an additional application that can be filled out after you are finished with your FAFSA renewal.

When do I begin repayment of my Stafford Loans?

After you graduate, leave school, or drop below half-time enrollment, you have a period of time before you have to begin repayment. This "grace period" will be six months. Payments are a minimum of \$50.00 per month, per loan. You may pre-pay your students loans at any time without penalty.

What happens if I do not make my scheduled repayments when I am billed?

You will be considered in “default”. If you default, it means you failed to make payments on your student loan(s) according to the terms of your promissory note, the binding legal document you signed at the time you took out your loan. In other words, you failed to make your loan payments as scheduled. Your school, the financial institution that owns your loan, your loan guarantor, and the federal government all can take action to recover the money you owe. Consequences of default are serious and should be avoided at all costs.