



Financial Aid Office

890 Columbia Avenue
Claremont, CA 91711-6425
Office: (909) 621-8356
Fax: (909) 621-8516

finaid@claremontmckenna.edu

www.claremontmckenna.edu/admission/finaid

How to Student Apply for a Federal Stafford Loan

The Financial Aid Office has designed this brochure to assist you in understanding the Federal Family Education Loan Program's (FFELP) subsidized and unsubsidized Federal Stafford Loans and the Master Promissory Note (MPN).

You may have already been awarded one such loan as part of your financial aid award for the 2007–2008 academic year.

If you wish to accept the loan(s) offered to you, or if you are interested in additional loan assistance, read through this information carefully and follow the instructions outlined in this brochure. Contact the Financial Aid Office if you have any questions regarding these or other loan programs, or if you would like to apply for a loan.

The Federal Family Education Loan Program results from a combination of efforts between the federal government, agencies that guarantee federal loans, banks, and lending institutions that provide the capital for the loans, colleges and universities that determine your eligibility and

certify your loans, and you—the students and parents who borrow the loans.

Understanding the proper role of each participant will assist in your understanding of the loan programs and process. Because the FFELP loans are federal loans, the terms of the loans will be identical regardless of which lender you choose. The bank or lending institution you choose as your lender must be eligible to participate in FFELP. However, we strongly recommend that you borrow from one of our recommended lenders outlined in this brochure. In many cases, the lender will sell a loan to a secondary market after it has been disbursed, or have a loan serviced by a separate servicing agency. Should this happen, you will be notified by your lender.

Listed inside are the loan types, limits, and information relating to fees and disbursements of your loans. Remember, being eligible to borrow does not mean you have to borrow the maximum loan you are allowed.

Borrow wisely and responsibly!

Federal Subsidized Stafford Loan

The Federal Subsidized Stafford Loan is available for students who demonstrate financial need. Interest on the Federal Subsidized Stafford Loan is fixed at 6.8 percent for all loans after July 1, 2006. The federal government pays the interest on a subsidized loan while the borrower is enrolled. The interest is also paid during a one-time only, six-month grace period before repayment, and during any in-school deferment periods. Repayment begins and the borrower assumes responsibility for interest at the end of the six-month grace period (the first six months of nonenrollment). The minimum monthly repayment amount is \$50, but can be more depending on the cumulative amount borrowed under the Federal Stafford Loan program. Please refer to the sample repayment chart in this brochure.

Federal Unsubsidized Stafford Loan

The Federal Unsubsidized Stafford Loan is available for students who do not qualify, in whole or in part, for Federal Subsidized Stafford Loan funds. The federal government does not pay the interest on the borrower's behalf at any time.

The borrower is responsible for all interest that accrues on an unsubsidized loan during periods of enrollment, during the six-month grace period, and during any periods of deferment or repayment. While in school, you can choose to either pay the interest or add any deferred interest to the principal balance of the loan ("capitalization"). When interest is capitalized, the principal balance will be increased by the amount of unpaid interest. Federal Unsubsidized Stafford Loan interest rates, maximum loan amounts, and repayment terms are the same as the Federal Subsidized Stafford Loan above.

fees

An origination fee of 1.5 percent and a federal default fee of 1 percent may be charged by the federal government. These fees are used to offset administrative costs and to guarantee loans. Both loan processing fees will be deducted from your loan proceeds prior to disbursement and you are responsible for the repayment of all such fees.

entrance counseling

If you are a first-time Federal Stafford Loan borrower, federal regulations require you to complete entrance counseling prior to receiving your first loan disbursement. The purpose of entrance counseling is to help you understand your rights and responsibilities as a borrower so that you can properly manage your future indebtedness. You will receive notification on how to satisfy this requirement when you arrive on campus in the fall. If you apply for a Federal Stafford Loan after the start of a semester and you are a first-time borrower, you may complete your Entrance Loan Counseling Session online at www.mapping-your-future.org.

disbursement

Claremont McKenna College receives all federal loan funds electronically. Electronic Funds Transfer (EFT) allows for your loan funds to be conveniently wired from your lender and credited to your student account. This not only eliminates the need for you to sign your loan checks, it also expedites the availability of your funds. Normally, loan funds are disbursed in two equal installments, one each semester for an academic year.

If your lender does not provide this service, you will be notified via e-mail when your paper checks arrive and informed of the appropriate procedures to credit your student account. Any loan checks not endorsed within 30 calendar days must be returned to your lender.

annual loan limits

Under the Federal Stafford (Subsidized and/or Unsubsidized) Loan Program, the maximum amounts students may borrow per academic year are as follows:

Freshman (first year)	\$3,500
Sophomore (second year)	\$4,500
Junior (third year)	\$5,500
Senior (fourth year)	\$5,500

loan application process

We recommend that you submit your application online. To begin this process, go to our website at www.claremontmckenna.edu/admission/finanaid/links.asp.

To apply for your first Federal Stafford Loan at Claremont McKenna College, you must complete a Federal Stafford Loan Master Promissory Note (MPN). After you submit your MPN, you will not need to submit another MPN for additional Federal Stafford Loans that you borrow while attending Claremont McKenna College. You will accept or decline subsequent Federal Stafford Loan offers via the Stafford Loan Request Form. Subsequent Federal Stafford Loan offers will be processed using the same MPN that you sign this year. This process eliminates the need for you to complete a new MPN each year that you are enrolled.

Students must also sign and return their Financial Aid Award Letter in order to have their loan credited to their account.

1. We recommend that students complete the Stafford Loan MPN online. Please visit our website at www.claremontmckenna.edu/admission/finanaid/links.asp to do so.
2. Make sure you sign your MPN electronically before submitting your MPN.
3. You must submit directly to the Financial Aid Office a Stafford Loan Request Form. This form is located on our website at www.claremontmckenna.edu/admission/finanaid/links.asp.
4. The Financial Aid Office will receive an electronic certification request to certify your loan eligibility.

An incomplete MPN will cause your application to be delayed.

Stafford MPN checklist

To avoid having your MPN delayed, please complete this checklist before you submit your Stafford Loan MPN to the Financial Aid Office online.

- Choose a lender from our recommended lender's list. If the lender you want is not on this list, please contact the lender for instructions to apply for a loan.
- DO NOT leave any item blank. Enter "N/A" if the question does not apply to you. If you are unsure how to answer a particular question, refer to the directions in the MPN instruction booklet. If you still cannot complete your answer, contact the Claremont McKenna College Financial Aid Office. An incomplete or inaccurate MPN may cause a delay or make you ineligible for the loan. Submit a Stafford Loan Request Form directly to the CMC Financial Aid Office. You can obtain this form on our website at www.claremontmckenna.edu/admission/finanaid/links.asp. Click on the link "Stafford Loan Request Form."
- Correction fluid (Wite-Out, Liquid Paper) is NOT acceptable. If you make a mistake, cross it out, write in the correct response, and INITIAL the change. Do not forget to electronically sign your MPN.
- References must be two adults who live at different U.S. addresses.

An incomplete MPN will be returned to you unprocessed and will delay certification of your loan.

recommended lenders

Choosing a lender is an important decision that will affect you for the life of your loan. If you have no prior Stafford Loans, we recommend that you borrow from one of the lenders listed here. In addition to participating in electronic certification and disbursements, which speed up processing, many lenders offer repayment incentives. **If you have previously borrowed a Federal Stafford Loan, please remain with the same lender.** This will prevent you from making payments to multiple lenders in the future.



Gainesville, FL 32614
Lender Code: 830310-01
(800) 831-5626
www.opennet.salliemae.com
Servicer: Sallie Mae

-Zero percent origination fee
- 3.3 percent of original loan amount returned to you as check or account credit for signing up on Manage Your Loans to receive account information via e-mail and for making your first 33 consecutive payments on time

All Student Loan
Los Angeles, CA 90045
Lender Code: 833752-01
(888) 271-9721
www.allstudentloan.org
Servicer: Sallie Mae

- Zero percent origination fee
- 1.5 percent interest-rate reduction at repayment*
- 0.25 percent interest-rate reduction for automatic payments

Southwest Student Services Corporation
Gainesville, FL 32614
Lender Code: 830630-01
(800) 367-2369
www.sssc.com
Servicer: Sallie Mae

- Zero percent origination fee
- 1 percent interest-rate reduction at first on-time payment*
- 0.25 interest-rate reduction for automatic payments

* Must continue to make on-time payments in order to maintain benefit.

calculating your monthly loan payment

This chart illustrates repayment over 10 years for various loan amounts and interest rates. You can also calculate your repayment amounts by using the Repayment Calculator at www.collegeboard.com.

should you pay interest now or later?

If you will be borrowing a Federal Unsubsidized Stafford Loan, we suggest that you review the information below carefully. Then, decide if you wish to pay the interest on your unsubsidized loan while you are in school or have the interest that accrues capitalized.

6.8%		
Loan Amount at Repayment	Monthly Payment	Total Interest
\$3,500	50 [†]	971
4,000	50 [†]	1,344
5,000	58	1,905
5,500	63	2,096
6,125	70	2,333
7,000	81	2,667
8,000	92	3,048
9,000	104	3,429
10,000	115	3,810
11,625	134	4,429
13,000	150	4,953
15,000	173	5,714
17,125	197	6,524
20,000	230	7,619
30,000	345	11,429

Total interest is over the life of the loan. Note: This chart does not include capitalization of interest and assumes a standard repayment plan and a 10-year repayment term. As of July 1, 2006, the Stafford interest rate is fixed at 6.8% and the PLUS interest rate is fixed at 8.5%.

[†]Minimum payment of \$50 will decrease repayment term.

6.8%			
Loan Amount	Monthly Interest Payment	Total Interest Paid with Monthly Payments	Total Interest Paid with Capitalization
\$3,500	19.83	2,021	2,812
4,000	22.67	2,524	3,214
5,000	28.33	3,435	4,018
5,500	31.17	3,778	4,419
6,125	34.71	4,208	4,922
7,000	39.67	4,809	5,625
8,000	45.33	5,495	6,429
9,000	51.00	6,182	7,232
10,000	56.67	6,870	8,035
11,625	65.88	7,986	9,341
13,000	73.67	8,930	10,446
15,000	85.00	10,304	12,053
17,125	97.04	11,765	13,761
20,000	113.33	13,739	16,071
30,000	170.00	20,609	24,106

Total Interest Paid with Monthly Payments includes interest paid while in school. Total Interest Paid with Capitalization assumes student completes school in four years and loan enters repayment six months after graduation. Chart assumes a standard repayment plan and a 10-year repayment term. As of July 1, 2006, the Stafford interest rate is fixed at 6.8% and the PLUS interest rate is fixed at 8.5%.

Printed courtesy of



Education Loan Program

(800) 831-5626

www.collegeboard.com

Lender Code: 830310

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