
Federal Stafford Loan Program Information

Stafford Loans are long-term, low-interest loans; and are funded by private lending institutions (e.g., banks). The interest rate is a variable rate, which caps at 8.25 percent. A guarantee fee of up to 4 percent, of the certified Stafford loan, may be deducted from each disbursement. For additional information see the U.S. Dept of Education Financial Aid Guide at: <http://www.studentaid.ed.gov/> (under the Publications link).

Subsidized Stafford Loan: The federal government pays the interest for you while you are enrolled at least half-time, during a grace period or during authorized deferments (see below).

Unsubsidized Stafford Loan: Repayment of principal is not required while you are enrolled at least half-time, but interest is charged from the time you receive the loan funds. You can pay interest when billed each quarter, or allow it to accumulate. If you allow the interest to accumulate, the interest will be added to the principal and will increase the amount you have to repay (this is called capitalization)

Annual Loan Eligibility

- Loans must be coordinated with other financial aid funds, scholarships and other sources of assistance awarded for the academic year. In addition, any funds you received while attending another institution during the academic year will limit your eligibility. Please note: you may or may not qualify for the maximum amounts listed below. **If you are a senior, completing a bachelor's degree in fall or winter quarter, your loan amount will be pro-rated for the portion of the year you attend.**

Class level	Dependent Student (sub + unsub)	Independent Student (sub + unsub)	Maximum subsidized (Dependent or Independent)
Freshman (0 - 44 credits)	\$2,625	\$6,625	\$2,625
Sophomore (45 – 89 credits)	\$3,500	\$7,500	\$3,500
Junior/Senior/Post Bac (90+ cr)	\$5,500	\$10,500	\$5,500
Graduate (Master's, Ph.D.)	n/a	\$18,500	\$8,500

Your Rights and Responsibilities as a Student Loan Borrower

- You must repay your loan, even if you do not complete your academic program, you did not like the education you received, or you are unable to find employment.
- You must notify your lender and PSU Financial Aid if:
 - Your name or address changes.
 - You withdraw, drop below half-time enrollment, or make any other changes to your enrollment plan.
 - You graduate.
- If loan funds are disbursed to your PSU account, you may return all (or a part of) your loan within 14 days from the date funds were disbursed. Loan funds are returned to the PSU Cashier's Office. After 14 days, payments must be made directly to your lender.
- If you return loan funds within the 14-day period, you will not be able to have the returned loan funds reinstated for that quarter.

Important Special Requirements

- You must be enrolled for a minimum of half-time (i.e., 6 credits for an Undergraduate/Postbac and 5 credits for a Graduate) to be eligible for a student loan.
- Freshmen who have no college credits, and no prior Stafford Loans, **are required to complete 30 days** of their first quarter of enrollment before they may receive their first loan disbursement.
- Loans that cover more than one quarter must be made in substantially equal disbursements.
- If you are a Study Abroad participant through PSU, you may be able to request a review of your loan disbursement schedule. Please contact the Financial Aid Office in writing with such a request.
- A single quarter loan (e.g., Fall only loan), must be paid in two substantially equal disbursements. The first half of the loan will be disbursed at the beginning of the quarter and the second half at the mid-point. You must maintain half-time enrollment to be eligible for the second disbursement.
- To receive loan funds after a quarter ends, you must have **passed** a minimum of half-time credits for the previous quarter(s) and be enrolled a minimum of half-time in the current quarter.

The FFELP Master Promissory Note (MPN)

If you accept a FFELP Stafford Loan, you must complete a promissory note confirming to the lender that you will repay borrowed funds. A Master Promissory Note (MPN) streamlines the delivery of loan funds both for students and for Portland State University. You will confirm the amount of loan funds requested for each academic year through the award acceptance process via PSU. If you want to revise your loan amount after you accept an initial amount, contact the Financial Aid.

Loan funds cannot be disbursed until your promissory note is completed and received by your lender. You should contact your lender to confirm that they have received your completed MPN.

Commonly Asked Questions About Student Loans & the FFELP MPN:

1) How often do I need to complete an MPN?

An MPN is valid for up to ten years, unless you cancel it or no disbursement is made within 12 months of the signature date. If you choose a different lender for a future loan, you will need sign a new MPN.

2) How do I complete an MPN?

You may choose to complete the MPN electronically, using an e-signature via the web or by signing a hardcopy promissory note mailed to you by your lender/guarantor.

3) Can I use my Direct Loan MPN for my FFLP loan?

No. You must sign a new MPN because your FFELP loan is with a different lender.

4) Who will be my lender?

You select a lender who makes FFELP loans.

5) How do I receive my loan funds?

Loan funds are sent electronically to PSU and applied to your student account. If your total aid is greater than your total PSU charges, you receive the remaining balance.

If you sign up for Direct Deposit the remaining balance will go directly to your bank account; otherwise, you can go to the PSU Cashier to get a check.

7) Can I pay the interest on my Unsubsidized Stafford loan?

You can choose to make interest payments during enrollment by checking the appropriate box on the MPN. Paying interest as it accrues will decrease your total education debt.

8) What if I transfer to a different school or have loans from more than one lender?

Contact your lender or guarantor for assistance in combining the loans for easier repayment.

Steps to Receive a FFELP Stafford Loan

1. After you complete the federal aid application (FAFSA), PSU Financial Aid determines your eligibility for federal student loans and creates an Award Notification. You then indicate the amount of loan funds you wish to borrow and select a lender and opt to e-sign an MPN via the award acceptance process.
2. Portland State University certifies your loan eligibility to the lender you selected.
3. If you do not complete your MPN on the web, your lender/guarantor may send a pre-printed MPN. You will need to complete and sign the MPN, and return it to the address specified to you in that mailing before any Stafford loan funds will be released.
4. On or about the time of the first disbursement, you will be mailed a disclosure statement. This statement includes specific information about loan type, loan amount, withheld processing fees, anticipated disbursement dates, and instructions about canceling the loan if you choose to do so.
5. Available loan funds will be *released* beginning the first day of class. Your enrollment level must match your award level to be eligible to receive your loan. You must also meet the requirements of the Satisfactory Academic Progress Policy.

Repayment Information

When does repayment begin?

Repayment begins 6 months after you graduate, leave school, or drop below half-time enrollment. This 6-month period is defined as your “grace period.” There are some standard options for postponing repayment. These options are generally referred to as “deferments.” In some hardship cases, you can temporarily postpone or reduce your payment – this is generally referred to as “forbearance.” If you have any difficulties making payments, call the lender from whom you borrowed the loans.

Where can I find out more about all of my education loans?

The National Student Loan Data System (NSLDS) contains information about all of your federal student loans, including Direct Stafford Loans and Perkins Loans. You can access it at www.nsls.ed.gov. You will need to use your Personal Identification Number (PIN) to access this site. If you do not know your PIN, go to www.pin.ed.gov.