

## Student Loans

To apply for a student loan you must meet the following criteria:

- In addition to having filled out a FAFSA (Free Application for Federal Student Aid), you must have a completed file in the Financial Aid Office. A file is complete when all required documents have been received.
- Transcripts must be received and evaluated for all colleges previously attended. You must have completed 75% of all hours attempted at all schools with at least a 2.0 GPA.
- You are encouraged to apply for the loan by Census date (the 12<sup>th</sup> class day).
- Have your current major and address on record in the Registrar's Office.
- You must be enrolled at least half-time (6 semester hours).
- You must complete an Entrance Counseling session when applying for a Stafford loan and an Exit Counseling session when you graduate, drop below 6 hours, or completely quit attending school. Please contact the Financial Aid Office the semester that you will be graduating, or transferring to another school, to arrange for an Exit Counseling session.
- If you drop below 6 semester hours at any time during the semester any remaining disbursements will be canceled.
- Student loan funds will be released in two equal disbursements each semester. The first disbursement will occur after 30 percent of the semester has passed and the second disbursement will be released after 60 percent of the semester has passed.
- Yearly loan limits:
  - Freshman, 0-29 credits, maximum yearly limit of \$3,500
  - Sophomore, 30-59 credits, maximum yearly limit of \$4,500
  - Juniors and Seniors, 60+ credits, maximum yearly limit of \$5,500

Interest rate and fees

- For a **subsidized** Stafford loan made to an undergraduate student for which the first disbursement is made on or after:

|                                       |      |
|---------------------------------------|------|
| July 1, 2008, and before July 1, 2009 | 6.0% |
| July 1, 2009, and before July 1, 2010 | 5.6% |
| July 1, 2010, and before July 1, 2011 | 4.5% |
| July 1, 2011, and before July 1, 2012 | 3.4% |

**Note:** The interest rate for each loan period remains fixed for the life of the loan.

- The interest rate on a PLUS loan made on or after July 1, 2006, is fixed at 8.5%\*. Federal law requires certain fees be charged for each loan made. Those fees consist of an origination fee and a federal default fee. The law specifies the maximum amount of each fee and authorizes both fees to be deducted from the loan amount. Fees charged to the borrower are deducted from the loan proceeds when the money is sent to the student's school. For PLUS loans, the origination fee is 3% of the loan. The federal default fee is 1% of the loan.

*An eligible borrower may request, under the Servicemembers Civil Relief Act, an interest rate reduction to 6.0% on any FFELP loan made prior to the beginning of the borrower's military service or activation. The request must be received no later than 180 days after the date of the borrower's termination or release from military service. The borrower should contact his or her lender for more information.*

**Student loans should be considered only after exhausting all other aid sources. Student loans are serious financial obligations that must be repaid. Loans may have long-term implications and may affect your ability to borrow for a home or car after college.**

**If you have a student loan, you have the right to cancel all or a portion of the loan within 14 days of disbursement by contacting the Office of Financial Aid.**

If you are interested in a student loan, contact Lupe Daniels, Loan Coordinator, in the Financial Aid Office at 432-685-4693 to determine if you are eligible for a student loan.

---

## Federal Stafford Loan - Subsidized

These loans are available to students who are enrolled in at least six credit hours, are making satisfactory academic progress in a degree or certificate program and can demonstrate financial need on the FAFSA. In addition to a FAFSA, a separate loan application is required. Student loan funds will be released in two equal disbursements each semester. The first disbursement will occur after 30 percent of the semester has passed and the second disbursement will be released after 60 percent of the semester has passed. All students must complete an entrance counseling session before their

loans can be certified. A Stafford Loan must be repaid within ten years from the date a student is last enrolled in a participating institution. Repayment begins six months after a student ceases half-time enrollment. Contact the Financial Aid Office for disbursement dates.

A Federal Stafford Subsidized Loan is a fixed interest loan made to students enrolled in an eligible program who are attending school at least half-time. The subsidized loan is a need based program and the government pays the interest during in-school status, grace periods and authorized deferment periods. A lender such as a bank, credit union or savings and loan association makes loans. These loans are insured by the state guarantee agency and reinsured by the federal government. Student loan recipients must complete a master promissory note and submit it to their lender. Before the loan enters repayment, the lender will send the student a repayment schedule which outlines the total principal, amount of interest expected to accrue over the life of the loan, monthly payment amount and the date the payment is due. The maximum repayment is ten years. There is a minimum payment of \$50.00 per month, but may be higher, depending on the outstanding balance.

If the student does not receive a repayment schedule, he or she is still responsible for repaying the loan. It is the student's responsibility to provide his or her lender with a current address and phone number. It is important that students stay in contact with his or her lender. Students should contact their lender for information regarding the terms of their student loan. Repayment of the principal balance may be postponed through different types of deferments or a forbearance. Students should contact his or her lender/servicer for deferment and/or forbearance information. Student loans must be repaid. Failure to do so will result in severe consequences.

## Federal Parent Loan (PLUS)

Available for parents or step-parents of dependent students to cover school costs, less any other aid. Applicants (parent/step-parent) must have satisfactory credit. The loan amount may not exceed the dependent student's cost of attendance minus other financial aid awarded for the loan period. The interest rate is variable. Parents may choose to start repaying the loan 60 days after the date of the last disbursement or they can defer payments until six months after the student ceases to be enrolled at least half-time. In addition, the interest that accrues can either be paid by the parent monthly, quarterly, or be capitalized quarterly. The parent chooses the lender and the loan checks are mailed to the parent. Loan funds will be released in two equal disbursements each semester. The first disbursement will occur after 30 percent of the semester has passed and the second disbursement will be released after 60 percent of the semester has passed. A complete financial aid file including, but not limited to, the submission of a completed FAFSA is required by the student. The student is not required to attend an entrance counseling session. Contact Student Financial Services for interest rates and disbursement dates.

---

## Choosing a Lender

When completing the TG Loans By Web process, you will be asked to choose a lender (MC cannot select a lender for you). We strongly encourage you to review the information provided on the lender fact sheet provided by TG at [www.tqslc.org/factsheets/lenders/new\\_lender.cfm](http://www.tqslc.org/factsheets/lenders/new_lender.cfm) before making your selection as there are differences among lenders including but not limited to fees and repayment benefits. Selecting a lender needs to be a very thoughtful process. As a borrower of a federal educational loan, you are initiating an actual relationship with an entity to which you will be responsible to repay a financial debt. So choose a lender with whom you will be comfortable.

It would be wise to do the research needed to help determine which institution will be best suited to meet your expectations regarding timely and reliable funding while you are attending school. In addition, when the time comes that you are required to begin the repayment of your loan debt, the ease of access to your lender should also be considered. Keep in mind that most lenders will sell their loans to a loan servicer and once the loans are sold, you will contact the servicer if you have any questions or problems with your loans.

Once you have made your selection, write down the lender's name, address, phone number and lender ID number.

---

## Alternative Loans

Numerous lenders offer other types of variable rate educational loans for creditworthy students. Alternative loans are provided without consideration of financial need. These loans are not part of the federal government loan programs--they are credit based and may require a cosigner. Alternative loans are generally more expensive than federal guaranteed loans and should only be used when all other options have been exhausted. A student can borrow up to the cost of attendance minus other financial aid awarded for the loan period. Alternative loans are disbursed on the first day of class.

Some factors to consider when applying for a private student loan are:

### Interest rates:

Variable interest rates are tied to key interest rates, such as LIBOR or PRIME, plus a margin. The interest rate offered by the lender may also depend on your credit rating or the rating of your co-signer; as well as other non-financial factors.

### Loan fees and late charges:

Lenders may set loan fees and late charges based on your credit rating or the rating of your co-signer.

### Repayment options:

Loan discharge, loan forgiveness, and forbearance are generally not available; and deferment options are limited. Check with the lender.

### Endorsers/co-signers:

Depending on the borrower's credit rating, a lender may require a co-signer before securing a loan.

### Remember:

Borrow only what you need. Alternative loans must be repaid in addition to any federal loans you may borrow. You should not, and may not be permitted to, borrow an alternative loan for more than your cost of attendance for the period of enrollment (usually the school year) minus any other federal, state, and institutional aid you have or will be awarded for that period.

---

## Postponing Repayment

If you have trouble making your education loan payments, contact immediately the organization that services your loan. You might qualify for a deferment, forbearance, or other form of payment relief. It's important to take action before you are charged late fees. For Federal Perkins Loans, contact your loan servicer or the school that made you the loan. For FFEL Loans, contact the lender or agency that holds your loan. For Direct Loans, contact the Direct Loan Servicing Center at [www.dl.ed.gov](http://www.dl.ed.gov) or by calling 1-800-848-0979 or 1-315-738-6634. TTY users should call 1-800-848-0983.

- **Deferment:** You can receive a deferment for certain defined periods. A deferment is a temporary suspension of loan payments for specific situations such as reenrollment in school, unemployment, or economic hardship. For a list of deferments, click [here](#). You don't have to pay interest on the loan during deferment if you have a subsidized FFEL or Direct Stafford Loan or a Federal Perkins Loan. If you have an unsubsidized FFEL or Direct Stafford Loan, you're responsible for the interest during deferment. If you don't pay the interest as it accrues (accumulates), it will be capitalized (added to the loan principal), and the amount you have to pay in the future will be higher. You have to apply for a deferment to your loan servicer (the organization that handles your loan), and you must continue to make payments until you've been notified your deferment has been granted. Otherwise, you could become delinquent or go into default.

- **Military Service Deferment**

An active duty military deferment is available to borrowers in the FFEL, Direct Loan and Perkins Loan programs who are called to active duty during a war or other military operation or national emergency. This deferment is available while the borrower is serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if the borrower was serving on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for the qualifying service.

- **Post-Active Duty Student Deferment**

An FFEL, Direct Loan, or Perkins Loan borrower who is a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and is called or ordered to active duty while enrolled at least half-time at an eligible school, or within six months of having been enrolled at least half-time, is eligible for a deferment during the 13 months following the conclusion of the active duty service, or until the borrower returns to enrolled student status on at least a half-time basis, whichever is earlier.

- **Economic Hardship Deferment**

A FFEL, Direct Loan, or Federal Perkins Loan borrower may qualify for an economic hardship deferment for a maximum of three years if the borrower is experiencing economic hardship according to federal regulations. The Loan Deferment Summary Chart [here](#) shows Stafford Perkins Loan deferments for loans disbursed on or after July 1, 1993. For information on deferments for loans received before that date, Direct Stafford and PLUS Loan borrowers should contact the Direct Loan Servicing Center at **1-800-848-0979**. TTY users should call **1-800-848-0983**. Or, go online at [www.dl.ed.gov](http://www.dl.ed.gov). FFEL Stafford and PLUS Loan borrowers should contact their lender. For more information on deferments, contact your lender or the financial aid office at your school.

- **Forbearance:** Forbearance is a temporary postponement or reduction of payments for a period of time because you are experiencing financial difficulty. You can receive forbearance if you're not eligible for a deferment. Unlike deferment, whether your loans are subsidized or unsubsidized, interest accrues, and you're responsible for repaying it. Your loan holder can grant forbearance in intervals of up to 12 months at a time for up to 3 years. You have to apply to your loan servicer for forbearance, and you **must** continue to make payments until you've been notified your forbearance has been granted.

Note to PLUS Loan borrowers: Generally, the same eligibility requirements and procedures for requesting a deferment or forbearance that apply to Stafford Loan borrowers also apply to you. However, since all PLUS Loans are unsubsidized, you'll be charged interest during periods of deferment or forbearance. If you don't pay the interest as it accrues, it will be capitalized (added to the principal balance of the loan), thereby increasing the amount you'll have to repay.

- **Other Forms of Payment Relief**

Although you're asked to choose a repayment plan when you first begin repayment, you might want to switch repayment plans later if a different plan would work better for your current financial situation. Under the FFEL Program, you can change repayment plans once a year. Under the Direct Loan Program, you can change plans any time as long as the maximum repayment period under your new plan is longer than the time your Direct Loans have already been in repayment. Go to the [Repayment Plans and Calculators](#) section to learn more about options available to you to repay your loans.