

PENN STATE GREAT VALLEY

30 E. Swedesford Road, Malvern, PA 19355

Financial Aid Office phone: (610) 648-3216 or (610) 648-3311

e-mail: rws11@psu.edu or ndg2@psu.edu

fax:(610) 889-1334

BACKGROUND: Important Federal Stafford Graduate Loan Criteria 2003-04

GREAT VALLEY STUDENTS

The Federal Stafford Loan is the most common source of financial aid for Penn State Great Valley graduate students. Unfortunately, there are no federal or Commonwealth of Pennsylvania (PHEAA) grants at the graduate level. Pell, SEOG and State grants are all for undergraduates.

ELIGIBILITY

U.S. citizens and permanent residents are eligible for federal student loans.

Students may not be in default on a previous student loan. Male students must be registered with the Selective Service. Drug conviction restrictions exist. Naturalized citizens or permanent residents please ask PSGV for supplemental information.

Students must be formally accepted to a Master's degree or Special Education Instructional I program.

No graduate certification or certificate programs are eligible for Stafford Loans (except for Special Education Instructional I).

COURSE LOAD REQUIREMENTS

Students must attend at least half-time to obtain and keep a Stafford Loan. Half-time is 5-8 credits at PSU.

Penn State Great Valley is on the 14-week SEMESTER system. We have two 7-week sessions each semester.

Most students take 6 credits per semester - one course in session I and one course in session II.

But a student may select any combination of 7-week and/or 14-week classes. (Special Education students take 5 credits/semester or more.)

Note: IF A STUDENT DROPS BELOW 5 CREDITS THE LOAN IS AUTOMATICALLY CANCELLED & FUNDS ARE RETURNED TO THE LENDER (if already received). ALSO, ELIGIBILITY TO BORROW IN SUCCESSIVE SEMESTERS WILL BE UNLIKELY. (See Student Academic Progress below)

Be sure to DROP and ADD classes ON THE SAME DAY otherwise you will drop to fewer than 6 credits and that night your loan will be cancelled by the PSU computer.

SATISFACTORY ACADEMIC PROGRESS (SAP) for Federal Student Loans

To remain in good standing and continue to receive Federal Stafford Loans:

- 1) GRADUATE STUDENTS MUST "COMPLETE" ALL OF THEIR COURSES WHICH HAVE STARTED.

This is not the same as work toward graduation requirements.

"Completed" courses means: no withdrawn grades (W), no deferred grades (DF) nor "no grades" (NG) nor failures (F).

Do not drop any classes after they have begun.

- 2) Masters students (& Spld Cert. Students) have 12 semesters as half-time students (6 semesters as full time) to borrow to complete their degree. Non-degree courses do count in the number of allowable borrowing semesters.
- 3) Student records are reviewed once a year (in May) to check for SAP.

UNSATISFACTORY ACADEMIC PROGRESS: NOT ELIGIBLE FOR STAFFORD LOANS

A student is considered in "unsatisfactory student academic progress" whenever s/he has not "completed" the courses that were attempted or gone beyond the allowable semester maximum.

- 1) To be removed from unsatisfactory standing, the student must "complete" 9 more credits without a withdrawal, failure or incomplete grade. NO FEDERAL LOANS CAN BE PROVIDED DURING THIS PERIOD.
- 2) Upon completion of the 9 credits, the student will file an Academic Progress Appeal Form that is available in the Great Valley Financial Aid Office.
- 3) In some situations, students who have lost eligibility for student aid may submit a written appeal.
- 4) IF YOU ARE HAVING PROBLEMS SEE THE FINANCIAL AID OFFICE BEFORE DROPPING ANY CLASSES.

HOW FINANCIAL NEED IS DETERMINED

Students' "financial need" is defined by a formula applied to the data on the FAFSA 2003-04.

This process is called the "need analysis." The analysis is based on year 2002 income, current assets and independent status among other things and determines a student's "expected family contribution."

The financial need of a student determines whether s/he receives subsidized or unsubsidized Stafford Loans or a combination of both. The subsidized Stafford loan is always given first to a student if s/he is eligible

PLEASE REMEMBER THAT "FINANCIAL NEED" IS DEFINED USING FEDERAL DEFINITIONS NOT PERSONAL ONES.

LOAN TYPES

SUBSIDIZED (GSL) loan interest is paid by the federal government until the loan goes into repayment. Principal payment is deferred until the student stops attending half-time.

UNSUBSIDIZED (GSLNS) loans defer repayment of the principal until attendance is less than half-time. The interest on unsubsidized loans must be paid (quarterly) by the student while attending school, or it is capitalized (added to the principal and compounded) until repayment of the loan.

\$8500 Federal Stafford Loan: Graduate students borrow from this source first during an academic year.

- \$8500 maximum for the academic year (during Fall/Spring/Summer semesters combined).
- Special Education Certification students may borrow up to \$5500 during Fall/Spring/Summer. They are considered fifth year undergraduates for Federal Stafford loan purposes.
- The Federal Stafford loan can be either subsidized or unsubsidized or a combination of both. A student always receives subsidized loans first, up to the level of eligibility (but no more than \$4250 per semester).

Extended Unsubsidized Graduate Loan: up to another \$10,000 is available to graduate students.

- Extended Unsubsidized loans are available for the balance of the Cost of Attendance over and above Federal Stafford funds if more money is needed to cover tuition, fees and living costs.
 - \$10,000 maximum for the academic year (during Fall/Spring/Summer semesters combined). It is an unsubsidized loan.
 - Special Education Instructional I students may borrow up to \$5000 in Extended Unsubsidized Loans/academic year.
- Examples
 - A "traditional" Great Valley student who starts attending in Fall who has total need will be able to borrow \$8500 in Federal Stafford *subsidized* loans for Fall/Spring (half in Fall and half in Spring). A "traditional" student with no need will be able to receive \$8500 in *unsubsidized* loans. A third student whose need is in-between will receive a total of \$8500 from a *combination* of subsidized and unsubsidized loans. Summer loans would automatically be Extended Unsubsidized loans.
 - A student who begins attending in Spring will be eligible for \$4250 in Stafford loans (subsidized, unsubsidized or combination) for Spring and up to \$4250 in Stafford loans for Summer (subsidized, unsubsidized or combination).

Federal Stafford and Extended Unsubsidized Loans borrowed CAN NOT BE MORE than the Cost of Attendance for each semester.

MAXIMUM LOAN ELIGIBILITY: Related to the "Cost of Attendance" (COA)

Cost of Attendance (COA) is determined by PSU.

- The amount includes: expected living expenses, tuition, fees, books & miscellaneous for a semester.
- The COA figure is the **maximum** amount a student may receive from his/her scholarships/grants/assistantship/GRA and loans combined for a **semester**.

Graduate loans available for an academic year: \$18,500* total for borrowing in FA03, SP04 AND SU04 combined.

- For example: in Fall 2003 and Spring 2004 a PA resident with a 6 credit/semester load has a COA of \$7432 each semester, that is, \$14,864 total. If loans are borrowed at the maximum amount for FA03 and SP04 this leaves \$3636 available to borrow for Summer 2004 (even though the COA is higher).
- New loan eligibility (\$18,500) begins for the next academic year: FA04 SP05 and SU05.
- *except for Special Education Certification 1 students who have eligibility of \$10,500 for an academic year.

INTEREST AND FEES 2003-04

Interest is variable and changes each July. The same rate applies to subsidized and unsubsidized loans for repayment.

Graduate borrowers having unsubsidized loans will either pay interest quarterly or capitalize the interest from the time that a loan is disbursed.

Interest for 2003-04 loans (unsubsidized: 2.82% in-school, grace and deferment periods)
(subsidized & unsubsidized: 3.42% when the loan goes into repayment)

LENDER

KeystoneBEST is the PSU preferred lender. No fees are charged by KeystoneBest. (Other lenders charge 1%-3%.)

REPAYMENT

Grace Period

There is a one-time, 6-month grace period after the student stops attending school half-time. No principal payments are required during the grace period.

For subsidized loans, no interest is paid by the borrower during the grace period. It is paid by the federal government.

For unsubsidized loans, interest can be paid by the borrower or capitalized during the grace period.

Attendance in Summer classes is not assumed by the federal loan regulations. Therefore, for a student who borrows in Spring and does not attend Summer (but returns in Fall) the grace period will not begin.

REPAYMENT BEGINS 6 MONTHS AFTER THE STUDENT STOPS ATTENDING HALF-TIME

A student can “stop attending half-time” for a semester by:

Dropping to 3 credits	Not registering for classes	Graduating
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Half-time at PSU is 5-8 credits/semester

Summer semester is not considered unless the student is not half-time the following Fall.

Borrowers have various repayment options. The most common is for ten years with equal payments. You will be contacted during your grace period by the servicer of the loan to choose a payment plan.

Pre-payment of the principal can be made without penalty.

ENTRANCE COUNSELING

A quick reminder that loans must be repaid and of the conditions of borrowing is a federal regulation. PSU offers this on eLION. It is done only once, when a student first borrows at PSU, and the student certifies that s/he understands the requirements. Loan disbursements can not be made without it.

MASTER PROMISSORY NOTE (MPN)

The MPN is the “legal” loan document such as would be signed for a car loan or mortgage. It is signed once, when first borrowing, and is valid for 10 years. It is required by federal guidelines.

After PSU approves your first student loan the MPN will be available on-line. (See Directions) You will not need to file another in successive years.

SUMMER 2004

If you take only 3 credits in Summer 2004 you are less than half-time and NOT eligible for a Summer loan. You should borrow extra money in Fall 2003 and/or Spring 2004 if possible. You would keep the refund(s) to pay for Summer.

If you enroll in 5-6 or more credits in Summer 2004, you CAN borrow another loan if you have more loan eligibility (haven't taken the full \$18,500 available for the academic year). Be sure to register for classes the instant Summer registration opens.

To borrow in Summer 2004, see the Great Valley Financial Aid Office in April 2004 for forms.