

WASHINGTON AND LEE UNIVERSITY

Office 540-458-8715 Fax 540-458-8614
Email financialaid@wlu.edu

Terms and Conditions of Federal Loans

FEDERAL STAFFORD LOAN (SUBSIDIZED)

- The student is the borrower.
- Loan funding is provided by the United States Dept. of Education.
- Eligibility is determined by the Financial Aid Office using federal eligibility guidelines.
- Depending on the determination of eligibility, students may borrow up to \$3500 as freshmen, \$4500 as sophomores and \$5500 in both junior and senior years.
- The interest rate is 5.6%.
- While the student is enrolled half-time or more, interest is paid by the federal government.
- Both entrance and exit interviews to review the terms and conditions of the loan are required and are provided online.
- A 1.5% origination fee will be deducted from the loan prior to disbursement.
- Loans are disbursed to Washington and Lee twice during the period of the loan (usually coinciding with semester billings) by electronic funds transfer.
- Loans are automatically reported to a national credit bureau and the loan becomes a part of the student's credit history.
- Monthly repayment commences six months following graduation or withdrawal from school and may not exceed ten years; minimum monthly payment cannot be less than \$50.
- No penalty is assessed for prepayment; however, penalties are assessed for delinquency or default.
- Deferral of repayment may be granted for financial hardship and graduate school enrollment. Loan cancellation is also available under certain conditions.
- Consolidation with other federal loans may be arranged to reduce monthly payments and extend the repayment period beyond ten years.
- Separate application is required to obtain a Stafford Loan. The Financial Aid Office will provide instructions on completing this application process.

FEDERAL STAFFORD LOAN (UNSUBSIDIZED)

- Terms are the same as for the Stafford Loan (Subsidized) with the following exceptions.
- The interest rate is 6.8%.
- Eligible student borrowers either may not qualify for the Subsidized Stafford Loan, or may not qualify for the maximum Subsidized Stafford Loan.
- Interest is *not* paid by the government while the student is enrolled; however, the student may opt not to pay interest while enrolled and the accrued interest is added to the loan principal.
- Depending on the determination of eligibility, students may borrow up to \$5500 as freshmen, \$6500 as sophomores and \$7500 in both junior and senior years.

FEDERAL PARENT LOAN FOR UNDERGRADUATE STUDENTS (PLUS)

- The student's parent is the borrower.
- Loan funding is provided by the United States Dept. of Education.
- Parents may borrow up to the cost of attendance less other financial assistance received (e.g. loans, scholarships, work-study, etc.). The amount of eligibility is determined by the Financial Aid Office using federal eligibility guidelines.
- Qualification for the loan and the actual amount of loan approved is determined by the lender. Borrowers may be denied if they have adverse credit history. In cases where the parent is denied the PLUS loan for adverse credit history, the student may borrow up to \$5000 through the Unsubsidized Stafford Student Loan program. The amount of the student's eligibility is determined by the Financial Aid Office.
- The interest rate is 7.9%.
- A 4% origination fee is deducted from loan principal prior to disbursement.
- Loan proceeds are disbursed to Washington and Lee twice during the period of the loan by electronic funds transfer.
- Monthly repayment begins shortly after loan disbursement, and the repayment period may not exceed ten years; minimum monthly payment cannot be less than \$50.
- No penalty is assessed for prepayment; however, penalties are assessed for delinquency or default.
- Deferment or cancellation may be available under certain conditions.
- Consolidation with the parent borrower's other federal education loans may be arranged to reduce monthly repayment and extend the repayment period beyond ten years.
- Separate application is required to obtain a PLUS loan. The Financial Aid Office will provide instructions on completing this application process.

FEDERAL PERKINS LOAN PROGRAM

- The student is the borrower.
- A separate application is *not* required.
- Eligibility is determined by the Financial Aid Office according to University and federal guidelines.
- Financing is provided through a combination of federal and Washington and Lee funds.
- The interest rate is 5%, and interest is paid by the federal government while the student is enrolled at least half time or more.
- Both entrance and exit interviews to review the terms and conditions of the loan are required and provided by the Financial Aid Office.
- Loan funds are disbursed twice annually to coincide with semester billings. The student must sign the loan promissory note provided by the Financial Aid Office prior to the loan being credited to the tuition account.
- The loan is reported to a national credit bureau and becomes part of the student's credit history.
- Monthly repayment commences nine months following graduation or withdrawal from school and may not exceed ten years; minimum monthly payment cannot be less than \$40.
- No penalty is assessed for prepayment; however, penalties are assessed for delinquencies or default.
- Deferment is available for graduate school, hardship, etc.
- Consolidation with other federal education loans may be arranged to reduce monthly payments and extend the repayment period beyond ten years.

WASHINGTON AND LEE FINANCIAL AID STAFF

John H. DeCourcy (540) 458-8716
Director of Financial Aid

James Kaster (540) 458-8720
Associate Director of Financial Aid
(College Work-Study and Honors/Merit Scholarships)

Cynthia Hintze (540) 458-8032
Senior Assistant Director of Financial Aid
(Law/Undergraduate Loans and Stewardship)

Chris Miller (540) 458-8729
Financial Aid Counselor
(Class of 2013 and Processing of FAFSAs)

Martha Rowsey (540) 458-8717
Financial Aid Assistant
(General Information and Virginia Tuition Assistance Grant)

Miranda Edwards (540) 458-8295
Financial Aid Assistant
(Loan Processing and Outside Scholarships)

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