

Can I work as many hours as I want?

No. The amount you earn can't exceed your total Federal Work-Study award. When assigning work hours, your employer or financial aid administrator will consider your class schedule and your academic progress.

LOANS

Student loans, unlike grants and work-study, are borrowed money that **must** be repaid, with interest, just like car loans and mortgages. You **cannot** have these loans canceled because you didn't like the education you received, didn't get a job in your field of study or because you're having financial difficulty. Loans are legal obligations, so before you take out a student loan, think about the amount you'll have to repay over the years.

Types of Loans:

- **Federal Perkins Loans are:**
 - Made through participating schools to undergraduate, graduate and professional students.
 - Offered by participating schools to students who demonstrate the greatest financial need (Federal Pell Grant recipients get top priority).
 - Made to students enrolled full-time or part-time.
 - **Repaid by you to your school.**
- **Stafford Loans** are for undergraduate, graduate and professional students. You **must** be enrolled as at least a half-time student to be eligible for a Stafford Loan.

STUDENT LOAN COMPARISON CHART

Loan Program	Eligibility	Award Amounts	Interest Rate	Lender/Length of Repayment
Federal Perkins Loans	Undergraduate and graduate students; do not have to be enrolled at least half-time*	Undergraduate—up to \$4,000 a year (maximum of \$20,000 as an undergraduate) Graduate—up to \$6,000 a year (maximum of \$40,000, including undergraduate loans) Amount actually received depends on financial need, amount of other aid, availability of funds at school	5 percent	Lender is your school Repay your school or its agent Up to 10 years to repay, depending on amount owed
FFEL Stafford Loans	Undergraduate and graduate students; must be enrolled at least half-time*	Depends on grade level in school and dependency status (see chart on page 11) Financial need not necessary	Changes yearly; for 2005-06 was 5.3 percent for loans in repayment For those with financial need, government pays interest during school and certain other periods	Lender is a bank, credit union, or other participating private lender Repay the loan holder or its agent Between 10 and 25 years to repay, depending on amount owed and type of repayment plan selected
Direct Stafford Loans	Same as above	Same as above	Same as above	Lender is the U.S. Department of Education; repay Department Between 10 and 30 years to repay, depending on amount owed and type of repayment plan selected
FFEL PLUS Loans	Parents of dependent undergraduate students enrolled at least half-time* (see dependency status); parents must not have negative credit history	Student's Cost of Attendance* - Other aid student receives = Maximum loan amount	Changes yearly; for 2005-06, was 6.1 percent for loans in repayment; government does not pay interest	Same as for FFEL Stafford Loans above
Direct PLUS Loans	Same as above	Same as above	Same as above	Same as for Direct Stafford Loans above, except that Income Contingent Repayment Plan is not an option

Financial need is not a requirement to obtain a Stafford Loan. However, if you demonstrate financial need, the U.S. Department of Education will pay the interest that accrues on this loan during certain periods. These loans are made through one of two U.S. Department of Education programs:

William D. Ford Federal Direct Student Loan Program referred to as **Direct Stafford Loans (or Direct Loans)**. Eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Loans consist of Direct Stafford Loans, Direct PLUS Loans, and Direct Consolidation Loans. **You repay these loans directly to us.**

Federal Family Education Loan (FFEL) Program referred to as **FFEL Stafford Loans (or Federal Stafford Loans)**. Private lenders provide funds that are guaranteed by the federal government. FFEL Loans consist of FFEL Stafford Loans, FFEL PLUS Loans and FFEL Consolidation Loans. **You repay these loans to the bank or private lender that made you the loan.**

- **PLUS Loans** are loans parents can obtain for their dependent undergraduate children. These loans are made through either the Direct Loan or FFEL programs mentioned above.
- **Consolidation Loans** (Direct or FFEL) allow you (or your parents, if they have a PLUS Loan) to combine several types of federal student loans into one loan with one monthly payment. (See Section “c4” for more information on these loans).

Whether you (or your parents) receive a Direct or a FFEL Stafford Loan depends on which program the school you attend participates in. Most schools participate in one or the other, although some schools participate in both.

It’s possible for you to receive Direct and FFEL Stafford Loans but not both types for the same period of enrollment.

What are the differences in these loan programs?

The chart on the previous page shows basic loan comparisons. More information is provided in this section. The Financial Aid Office at your school can explain which programs are available to you.

How do I apply for a Perkins or Stafford Loan?

As with all federal student financial aid, you apply for a Perkins or Stafford Loan by completing the FAFSA. A separate loan application is not required. However, you’ll need to sign a **promissory note**,* which is a binding legal contract that says you agree to repay your loan according to the terms of the **promissory note**.* Read this note carefully before signing it and save a copy for your records.

How much can I borrow?

Perkins Loans

The **Student Loan Comparison Chart** shows the maximum Perkins Loan funds you can receive, depending on whether you’re an undergraduate, graduate or professional student. **However, the amount you can borrow might be less than the maximum available.**

- Each school participating in the Federal Perkins Loan program receives a certain amount of Perkins funds each year from the U.S. Department of Education.
- When all available funds for that award year have been distributed, no more awards can be made for that year.
- Submit your FAFSA early so you can be considered for these funds.

Stafford Loans (Direct and FFEL)

The chart, **Maximum Annual Loan Limits Chart—Subsidized and Unsubsidized Direct and FFEL (Federal) Stafford Loans**, shows that your loan limits depend on:

- Whether you receive subsidized or unsubsidized Stafford Loans.
- What year you are in school.
- Whether you are a dependent student.

Subsidized Stafford Loan:

- Available to students who demonstrate financial need.
- Eligible students can borrow a subsidized FFEL or Direct Loan to cover some or all of their need.
- For a subsidized loan, the U.S. Department of Education pays the interest:
 - While you’re in school at least **half-time**.*
 - For the first six months after you leave school.
 - During a period of deferment (a postponement of loan payments).

The amount of your subsidized loan cannot exceed your financial need.

Unsubsidized Stafford Loan:

- Available to students who do not have financial need.