



Augusta State University (ASU) utilizes an electronic data exchange process to "certify" your loan information and to send your request to your lender. We want you to know and understand the procedures that will finalize your Stafford Loan. The process includes several steps. We have outlined the steps below and attached the ASU Loan Request Form. Please review the following carefully and contact our office if you have any questions.

STEP ONE Select a Lender

ASU recommends the lenders listed below. Although you are not required to select a lender from those noted here, we are confident that you will receive a high level of dependable service from these choices. The web sites and customer service telephone numbers are listed below for your convenience.

LENDER NAME	WEB ADDRESS	TELEPHONE
Nellie Mae	www.nelliemae.com	800-634-9308
Citibank	www.studentloan.com	800-967-2400
Edamerica	www.edamerica.com	800-337-1009
Chase	www.chasestudentloans.com	800-242-7339

You have the right to choose any lender.

STEP TWO Complete/Submit Stafford Loan Request Form

This form collects the information necessary for ASU to electronically transmit student loan data to the selected lender. Additionally, the form authorizes the lender to send the Stafford funds to ASU using Electronic Funds Transfer (EFT) and for ASU to credit the account in the Business Office when the funds are received. The student borrower must sign and submit the Stafford Loan Request Form before funds can be requested from the lender and/or credited to the account. Please detach and submit the completed and signed form to the Financial Aid Office (FAO). **PLEASE PRINT.**

Mailing Address:	Campus Location:	Telephone/Fax/Web site:
Augusta State University Financial Aid Office 2500 Walton Way Augusta, GA 30904-2200	Payne Hall 2nd Floor	706-737-1431 706-737-1777 www.aug.edu/financial_aid/

STEP THREE Certification by Augusta State University

After entering the data received from the Stafford Loan Request Form, the FAO will create a loan record for you and electronically transmit the record to your lender. Before your loan information can be sent to your lender, your financial aid file must be complete; all documents must be received; if necessary, the process termed "verification" must be complete; you must otherwise be eligible to receive financial aid (i.e. making satisfactory academic progress and not be in default on a previous federal loan, etc.).

STEP FOUR Master Promissory Note (MPN) Procedures

After we electronically transmit the loan record to the lender, a Master Promissory Note (MPN) will be generated and mailed to you. This process is a one-time occurrence for first-time ASU borrowers. (The MPN is not required for renewal ASU applicants utilizing the same lender.) You must verify the information, complete any blank items, sign (dark ink) and date the promissory note. Keep the borrower's copy for your records and carefully follow the instructions for submitting the completed note to the appropriate address.

IMPORTANT: Loan funds cannot be sent to the school if the completed MPN is not returned to the guarantor.

Note: Although the MPN process is a one-time occurrence, you must complete a new Stafford Loan request form each time you wish to receive a Stafford Loan.

STEP FIVE Disbursement of Funds

After receiving the completed MPN, the lender/disbursing agent will send funds to ASU via EFT. If the loan proceeds exceed your applicable charges, a check will be issued payable to you. You will be notified when to go to the Business Office and negotiate the loan check(s). Checks cannot be released until after the registration and add/drop process is completed each semester (these dates will vary). You will receive one check each semester for multiple semester loans and two checks for single semester loans — the first check after registration and add/drop and the second check at mid-term. First-time freshmen borrowers must wait thirty days after the first day of class before your Stafford Loan funds are disbursed. Loan funds cannot be released if the "Student Loan Entrance Interview" form (on the reverse of the following page) has not been completed.

The following terms will help you understand the loan program.

Types of Stafford Loans:

- **Subsidized Stafford Loan:** A loan that the federal government pays interest on during in-school status, grace periods and authorized deferment periods. To qualify for a subsidized Stafford loan, you must have financial need.
- **Unsubsidized Stafford Loan:** A loan that you are responsible for paying the interest on during in-school status, grace periods and authorized deferment periods.

Sample Monthly Interest Payments

Unsubsidized Stafford Loan

Loan Amount	3.42% ¹	8.25%
\$ 500	\$ 1.43	\$ 3.45
1,000	2.85	6.89
2,625	7.48	18.10
3,500	9.98	24.13
5,000	14.25	34.47
7,500	21.38	51.70
10,000	28.50	68.94
15,000	42.75	103.41
20,000	57.00	137.88
25,000	71.25	172.35

¹Current interest rate for 2003-2004. Interest rates updated each July 1.

Loan Limits - Taking out a student loan is a serious responsibility - borrow conservatively!

- The Subsidized Stafford Loan annual borrowing limits are up to \$2,625 for freshmen, \$3,500 for sophomores, and \$5,500 for juniors, seniors and Post-Bac candidates. Graduate students may borrow up to \$8,500 per academic year. The academic year begins with Fall and ends with Summer Semester. For example, a freshman may borrow a maximum of \$2,625 for the three semesters of Fall (\$875), Spring (\$875) and Summer (\$875).
- Independent students may borrow additional unsubsidized amounts up to \$4,000 for freshmen and sophomores and \$5,000 for juniors, seniors and Post-Bac candidates per academic year. Graduate students may borrow up to \$10,000 in unsubsidized loan funds.

Fees

Up to a 4% federal origination/guarantee fee is deducted from your loan check.

Low Interest Rates - Student Loan borrowers (regardless of any prior outstanding loans) who receive disbursement on or after July 1, 1994 will have a variable rate capped at 8.25%.

Default is failure to pay your loan back according to the terms disclosed on your promissory note. You are in default on your Stafford Loan if your payments are more than 270 days past due or if you fail to comply with all other terms of the loan. When this occurs, any or all of the following may happen: the default will be reported to national credit bureaus, recorded on your permanent credit record, and can significantly and adversely affect your credit history; you may be subjected to legal action by the holder of the loan; your wages may be garnished; you will be unable to get additional federal or state financial aid - including student loans.



Financial Aid Office
 2500 Walton Way
 Augusta, GA 30904
 Office 706-737-1431
 Fax 706-737-1777

Stafford Student Loan Request Form

You must return this completed form to the Financial Aid Office in order to have a loan processed. Incomplete applications will be returned to the student.

Name: _____ SSN: _____

Street Address: _____ DL#/State: _____ / _____
 (no P.O. boxes)

City: _____ State: _____ Zip: _____

Telephone: _____ E-Mail: _____ Expected Graduation Date: ___/___/___

Program of Study: _____

Select a lender. Students with previous outstanding student loans are encouraged to select the same lender for all future student loans. If you are a first-time borrower, we recommend that you consider one of the lenders listed below. See the previous page for contact information.

Nellie Mae (829076) Edamerica (831453) Previous Lender _____
 Citibank (826878) Chase (807807) (Previous Lender Name)

If you have borrowed previously at ASU, we will process your loan with the same lender unless you provide separate written notification to change lenders.

Designate a loan period. Loans are processed for a maximum period of three semesters. **If you plan to attend in the Summer, be sure to check the appropriate loan period below. If you borrow the maximum for Fall and Spring Semesters you may not be eligible for a loan during the Summer.** The academic year begins with Fall Semester and ends with Summer Semester. Please check **only one** loan period below.

Fall/Spring Semesters Fall Semester only Spring Semester only
 Fall/Spring/Summer Semesters Spring/Summer Semesters Summer Semester only

Indicate the loan type and requested amount. Please refer to the "Types of Stafford Loans" section on the previous page for details. **Remember to borrow conservatively - a student loan is a serious responsibility and must be repaid!!!**

Loan Amount \$ _____

Check here if you only want a Subsidized Loan.

Note: If you are eligible for a subsidized loan, it will always be processed before an unsubsidized loan.

Capitalizing Interest (This is applicable only if you are requesting an Unsubsidized Stafford loan.)

I choose to begin repayment of interest while in school.

I choose to capitalize interest (let interest accrue).

Borrower Authorization

My signature certifies that I have read and understand the "Student Loan Entrance Interview" section on the reverse side and I authorize Augusta State University to process my Federal Stafford Loan request. I understand that my Federal Stafford Loan constitutes a debt that will enter repayment upon the expiration of my grace period, which is six months after I graduate, completely withdraw or otherwise drop below half-time enrollment.

By my signature, I authorize Augusta State University to receive the proceeds of my Federal Stafford Loan via the Electronic Funds Transfer process, and based upon my continued eligibility, to apply these funds toward institutional charges for the specified term(s).

I understand that I may rescind this authorization at any time by providing written notification to the Financial Aid Office within 10 working days prior to the expected disbursement date as provided in the "Notice of Guarantee and Disclosure Statement" provided by my lender/guarantor.

I understand that Augusta State University may draw, but will not necessarily retain, any interest that may accrue on any funds held by the Institution.

I understand that I must be enrolled at least half time (6 hours) at the time of the loan disbursement in order to be eligible for Federal Stafford Loan funds.

Borrower's Signature _____ **Date** _____

School use only: COA _____ - EFC _____ - Aid _____ = Sub _____ / Unsub _____

Grade _____ Date Processed _____ I/D _____ Hours _____ VA _____

Student Loan Entrance Interview

I UNDERSTAND THAT: (check all below)

- 1. The Stafford Loan Master Promissory Note (MPN) is a legally binding agreement the borrower signs to obtain a loan under the Federal Family Education Loan Program (FFELP), in which the borrower promises to repay the loan, with interest, in periodic installments. The MPN may be used to receive loans for either a single period of enrollment or multiple periods of enrollment. If used as a multi-year note, loans may be obtained through the 10 year period from the date the note is signed.
- 2. A Stafford Loan is a debt that must be repaid according to the terms of the promissory note, with all accrued interest and applicable fees.
- 3. I must repay my entire loan with all accrued interest and fees, even if I do not complete my education, am not satisfied with my education, cannot find employment, or do not receive the education or other services I purchased from your school.
- 4. Repayment of my loan(s) will begin as follows, when I graduate, withdraw or become enrolled less than half-time:
 - Subsidized Federal Stafford Loan - following a 6-month grace period.
 - Unsubsidized Federal Stafford Loan - following a 6-month grace period. Remember that interest accrues on an unsubsidized loan from the date of disbursement. Interest payments can be postponed while you are in-school and during grace, but any unpaid interest will be capitalized (added to the principal balance) when your loan enters repayment.
- 5. The standard repayment term is 10 years. There are other repayment options available, which may allow me to reduce my monthly payment and/or extend my repayment term. They include: Graduated, Income Sensitive, Extended Repayment and consolidation. Loan consolidation allows me to combine my student loans, from multiple federal programs and lenders, into one loan. I must contact my lender to obtain information on any of these repayment options. I should then carefully consider which may be best for me, keeping in mind that the total interest paid will be greater when the repayment term is extended.
- 6. The required minimum monthly payment is \$50.00. The monthly payment could be more depending on the total amount you borrow. I may prepay all or part of my loan at any time without penalty.
- 7. The interest rate of my loan is specified on my disclosure statement. If my loan has a variable rate, it is subject to change each July 1st and can vary depending on the status of my loan (i.e. the repayment interest rate is higher than the in-school and grace rate).
- 8. Before repayment begins, I will receive a disclosure statement detailing the interest rate, fees, balance owed and number of payments.
- 9. I will be notified in writing if my loan is transferred to a new holder. I must direct all future correspondence to that new holder.
- 10. If I am temporarily unable to make payments I may qualify for a postponement of my monthly payments. This is known as a deferment. Deferment time is excluded from the repayment term of your loan. I may be eligible for a deferment if I am still attending school, if I am unemployed, or I am experiencing financial difficulties. I must contact my lender to apply for a deferment.
- 11. If I do not qualify for a deferment, but am unable to make payments on my loan, I may be eligible for forbearance. Although my monthly payments will be postponed, I should be aware that interest will continue to accrue during a forbearance.
- 12. There are certain situations which may result in the balance on my student loan(s) being discharged. Those situations include: total and permanent disability, death, closed school, or false certification. There are also two loan forgiveness programs for borrowers meeting specific criteria as defined by the U.S. Department of Education - one for teachers and one for child care providers.
- 13. If I fail to repay my student loan(s), I will be considered in default and the following may occur:
 - My default will be reported to all national credit bureaus, which will negatively affect my credit record; possibly preventing me from obtaining additional credit (for a car, home, other educational loans, etc.).
 - The entire unpaid amount, including interest, will immediately become due and payable.
 - My federal and state income tax refunds may be withheld, as well as any other payments made to me by the Federal Government, or my wages may be garnished.
 - My loan may be referred to a collection agency, and I could become responsible for all collection costs.
 - I may be sued by the holder of my loans for all amounts owed, including attorney fees.
- 14. I must notify my lender(s) in writing within 10 days if I:
 - Change my name
 - Change my telephone number
 - Transfer to another school
 - Withdraw from school
 - Change my address
 - Change my graduation date
 - Enroll for less than half-time
- 15. Information about my federal student loans is available from the National Student Loan Data System (NSLDS). I may call 1-800-4FED-AID or go to www.nslsds.edu.gov.
- 16. The Department of Education's SFA Ombudsman's Office works with student loan borrowers to help resolve loan disputes and problems. If I am unable to resolve my dispute with my school, lender, servicer, or guaranty agency, I may contact the SFA Ombudsman at 1-877 557-2575 or visit the web site at www.ombudsman.ed.gov.
- 17. My school is required to forward the information obtained from my Exit Counseling session to the agency that guaranteed my loans, within 60 days of receipt.

Should you have any questions concerning this information, please contact the Augusta State University Financial Aid Office at 706-737-1431.

Stafford Loan Repayment Chart

Loan Balance Upon Entering Repayment	In-Repayment Rate ¹ 3.42% 10-Year Loan Term		Maximum Rate ² 8.25% 10-Year Loan Term	
	Monthly Payment	Total Interest In Repayment	Monthly Payment	Total Interest In Repayment
\$ 1,000	\$ 50	\$ 31	\$ 50	\$ 79
\$ 2,625	\$ 50	\$ 223	\$ 50	\$ 642
\$ 3,500	\$ 50	\$ 409	\$ 50	\$1,289
\$ 5,500	\$ 54	\$ 1,002	\$ 67	\$2,594
\$ 7,500	\$ 74	\$ 1,366	\$ 92	\$3,538
\$10,000	\$ 99	\$ 1,821	\$ 123	\$4,717
\$15,000	\$148	\$ 2,732	\$ 184	\$7,076
\$20,000	\$197	\$ 3,642	\$ 245	\$9,434

This chart is intended only for comparison purpose since the examples may not represent actual credit terms. The Loan Balances Upon Entering Repayment should be the sum of all FFELP student loans including any unpaid interest accumulated during in-school, grace, deferment and forbearance periods. A minimum monthly payment of \$50 is required. Borrowers paying the minimum \$50 payment may amortize their loans in full in less than 10 years. Since these are vari-

able interest rate loans, an increase in the interest rate would result in increased payment amounts, increased number of payments, or both.

¹ Current (July 1, 2003 through June 30, 2004) interest rate in repayment or forbearance

² Maximum interest rate on Stafford Loans



This piece was printed courtesy of Nellie Mae, a leading national provider of federal Stafford, PLUS, and private loans for undergraduate and graduate students. Call 800-634-9308 or visit www.nelliemae.com for more information.