

CalArts

2012-13

Direct Stafford Loans

Direct Stafford Loans, from the William D. Ford Federal Direct Loan (Direct Loan) Program, are low-interest loans for eligible students to help cover the cost of higher education. Eligible students borrow directly from the U.S. Department of Education.

Direct Stafford Loans include the following types of loans:

- **Direct Subsidized Loans**—Direct Subsidized Loans are for undergraduate students with financial need. CalArts will review the results of your FAFSA and determine the amount you can borrow. You are not charged interest while you're in school at least half-time and during grace periods and deferment periods.
- **Direct Unsubsidized Loans**—Direct unsubsidized loans are for **undergraduate and graduate students**. You are not required to demonstrate financial need to receive a Direct Unsubsidized Loan. Like subsidized loans, CalArts will determine the amount you can borrow. Interest accrues (accumulates) on an unsubsidized loan from the time it's first disbursed. You can pay the interest while you are in school, or you can allow it to accrue and be capitalized (that is, added to the principal amount of your loan). If you choose not to pay the interest as it accrues, this will increase the total amount you have to repay because you will be charged interest on a higher principal amount.

Eligibility

In order to be eligible for a Direct Stafford Loan students must

- Complete the FAFSA
- Be registered for school at least half-time
- Be a U.S. citizen or eligible non-citizen who has satisfied all Selective Service requirements
- Not be in default or owe a repayment in any Title IV program
- Maintain satisfactory academic progress
- Complete Loan Entrance Counseling

How much can I borrow?

There are limits on the maximum amount you are eligible to receive each academic year. These limits are shown in the chart in the next section. The actual amount you can borrow each year depends on your year in school, whether you are a dependent or independent student, and other factors.

Your “Offer of Financial Aid” from CalArts will indicate your loan eligibility.

Annual and Aggregate Loan Limits

The following chart provides maximum annual and aggregate (total) loan limits for subsidized and unsubsidized Direct Stafford Loans.

Year	Dependent Undergraduate Student (except students whose parents are unable to obtain <u>PLUS Loans</u>)	Independent Undergraduate Student (and dependent students whose parents are unable to obtain <u>PLUS Loans</u>)	Graduate and Professional Degree Student
First Year	\$5,500—No more than \$3,500 of this amount may be in subsidized loans.	\$9,500—No more than \$3,500 of this amount may be in subsidized loans.	\$20,500— Unsub Stafford Loans
Second Year	\$6,500—No more than \$4,500 of this amount may be in subsidized loans.	\$10,500—No more than \$4,500 of this amount may be in subsidized loans.	
Third and Beyond (each year)	\$7,500—No more than \$5,500 of this amount may be in subsidized loans.	\$12,500—No more than \$5,500 of this amount may be in subsidized loans.	
Maximum Total Debt from Stafford Loans When You Graduate (aggregate loan limits)	\$31,000—No more than \$23,000 of this amount may be in subsidized loans.	\$57,500—No more than \$23,000 of this amount may be in subsidized loans.	\$138,500—No more than \$65,500 of this amount may be in subsidized loans. The graduate debt limit includes Stafford Loans received for undergraduate study.

What are the current interest rates?

Direct Subsidized Loans:

- **Undergraduate students**—The interest rate on subsidized loans first disbursed to undergraduate students between July 1, 2011 and June 30, 2012 will be fixed at 3.4%.

Direct Unsubsidized Loans—The interest rate is fixed at 6.8% for all borrowers (undergraduate and graduate).

Prior Federal Loans and Financial Aid History—If you currently have a Stafford Loan and would like to check the interest rate, servicer information, and other financial aid history, go to the [National Student Loan Data System](http://www.nslds.ed.gov) at www.nslds.ed.gov.

Is there a charge for this loan?

There is a loan fee of 1% of the principal amount charged for each Federal Direct Stafford Loan that you borrow. The fee will be applied before you receive your loan funds. Loan fees will be reflected in a disclosure statement that will be sent to you by the Department of Education.

How do I apply for a Stafford Loan?

Follow the steps below to apply for a Stafford Loan. Your “Offer of Financial Aid” will indicate the Direct Stafford Loan you are eligible to receive.

- **Step 1: All Students “accept” the loan on your “Offer” of Financial Aid**
All students who would like to borrow a Direct Stafford Loan must “accept” the loan on the “Offer” of Financial Aid by “checking” the box in the “accept” column.
- **Step 2: Complete the Direct Subsidized/Unsubsidized Loan Master Promissory Note**
First Time Borrowers must complete a Master Promissory Note (MPN) at www.studentloans.gov. The MPN is a legal document that explains the terms and conditions of your loan.
- **Step 3: - Complete Loan Entrance Counseling at www.studentloans.gov**
First time borrowers must complete Loan Entrance Counseling to assist you in understanding your rights and responsibilities as a student loan borrower.

Loan Application Deadline - Apply in early June to avoid late fees

If you require loan funds to pay your tuition bill, we encourage you to apply early, but no later than July 15. Apply early to avoid last minute complications with your financial aid that could result in a late registration fee of \$200.

How much do I need to borrow?

Budget Worksheet – This worksheet will assist you in determining how much you will need in order to pay your tuition bill. Remember that this is a loan that must be repaid. Borrow only what you need.

How will I get the loan money?

You'll receive funds through CalArts, in two installments. Your loan money will be used first to pay for tuition and fees, room and board, and other school charges. If any loan money remains, you'll receive the funds by check within 3 days after school begins providing you have completed all requirements and remain in good academic standing. Fees will be deducted from your loan prior to each disbursement.

Example: Annual Loan Amount: \$3,500
 Divided by 2 semesters = \$1,750
 Deduct Fees of 1.0%
 Net Loan Amount each semester: \$1,732.50

When do I begin repaying my loans?

After you graduate, leave school, or drop below half-time enrollment, you will have a six-month grace period before you begin repayment.

Repayment Plans—The Direct Loan Program offers several repayment plans designed to meet the needs of individual borrowers. Generally, you'll have 10 to 25 years to repay your loan, depending on the plan that you choose. You will receive more detailed information on your repayment options during entrance and exit counseling sessions. For more information about Direct Loan repayment plans, go to the [Repayment Information](#) page on the Federal Student Web site at www.studentaid.ed.gov.

Always check the Federal Student Aid Web Site for the most up to date information at www.studentaid.ed.gov.

BUDGET WORKSHEET

Borrowers are often confused about how much money is necessary to cover educational costs. Below is a worksheet designed to assist you in determining how much money you will need.

A. EXPENSES for attending CalArts for nine (9) months: \$ _____

Budget

(Your academic year budget is listed on the Offer of Financial Aid in the upper right hand corner)

Estimated 2012/13 Sample Expense Budget

Tuition	\$ 38,438
Student Fees	\$ 576
Room/Board	\$ 9,350
Books/Supplies	\$ 1,900
Travel	\$ 1,350
Miscellaneous	\$ 1,900
Med/Dental	\$ 1,614
TOTAL	\$ 55,128

B. FINANCIAL AID AWARDED \$ _____

Refer to the Offer of Financial Aid and list the total aid awarded. NOTE: Do not include any work-study award as these funds cannot be used to pay tuition bills.

How Much Do I Need?

Enter Total Expenses (A) \$ _____

Enter and subtract Financial Aid (B) - \$ _____

Amount Still Needed = \$ _____

This amount should be a good indication of how much additional funding you may need to cover expenses. If funds are not available to cover expenses, parents or graduate students may wish to consider borrowing additional funds under the Direct PLUS Loan Program or students under a private loan program.

NOTE: In July you will receive a tuition bill and Registration information. In order to insure loan funds are available to pay your tuition bill, you must have completed the Direct PLUS Loan Application or private loan application process no later than July 15, 2012. However, we strongly encourage you to apply earlier to avoid last minute complications with your financial aid that may result in a late registration fee of \$200. If you have any questions regarding the tuition bill and paying any balance due, please contact the Student Accounts Office at 661-253-7847

To learn more about the budget, refer to the booklet "Your Financial Aid Award" or review "[Estimated Yearly Costs](#)" on the Financial Aid Web-site.

