

## 2016-17 Loan Comparison Document

Education is an important investment. Students should carefully consider all financing options, including grants and scholarships, before borrowing a loan.

### Federal Direct Student Loans:

- Federal student loan eligibility is determined based on the results of your FAFSA application ([www.fafsa.ed.gov](http://www.fafsa.ed.gov)). Students may be offered a Direct Subsidized and/or an Unsubsidized Loan, which the student will be responsible for repaying. The table below further explains the difference between a Subsidized Loan and an Unsubsidized Loan:

<u>Subsidized vs. Unsubsidized loans</u>	
<p><u>Direct Subsidized Loan</u> Based on financial need. Financial need is determined based upon the results of your FAFSA.</p> <p>The federal government pays the interest on the loan while you are enrolled in school at least half-time.</p> <p>Undergraduate student fixed Interest rates: 3.76% for loans disbursed on/after July 1, 2016 through June 30, 2017</p> <p>Graduate student fixed Interest rates: Beginning Fall 2012, Direct Subsidized loans are no longer available to Graduate students</p> <p>Origination fees: 1.068% for loans disbursed before Oct. 1, 2016. 1.069% for loans disbursed on or after Oct. 1, 2016.</p>	<p><u>Direct Unsubsidized Loan</u> Not based on financial need.</p> <p>Interest begins accumulating as soon as funds are disbursed and continues until the loan is paid in full. Accrued interest will be added to the balance of the loan. (You are not required to pay the interest while you are in school, but we recommend that you do.)</p> <p>Undergraduate fixed Interest rates: 3.76% for loans disbursed on/after July 1, 2016 through June 30, 2017</p> <p>Graduate fixed Interest rates: 5.31% for loans disbursed on/after July 1, 2016 through June 30, 2017</p> <p>Origination fees: 1.068% for loans disbursed before Oct. 1, 2016. 1.069% for loans disbursed on or after Oct. 1, 2016.</p>

- Students interested in accepting all or a portion of their Direct Sub or Unsub Loan offer may do so at <https://portal.samford.edu>. Priority processing deadline is July 1 for Direct Loans. Accepting your loans by this date allows plenty of time for processing by both the Office of Financial Aid and the U.S. Department of Education. It also allows time for the aid to memo to your account should you desire to participate in one of Samford's payment plan options.
- A Master Promissory Note and Entrance Counseling may be required for new borrowers. You may check the status of these requirements online at <https://studentloans.gov/myDirectLoan/index.action>. Additional requirements may be viewed at <https://portal.samford.edu>.

**Additional Funding Options:**

- It is important that students first exhaust all possible grant and federal student loan possibilities prior to considering a Federal Parent Plus, Federal Graduate Plus or non-federal Private loan. Students are also advised to borrow only what is needed to pay for their educational expenses. Prior to borrowing, students and parents are encouraged to review the links below, to ensure you can comfortably afford your student loan indebtedness. Loan Affordability Calculator: <http://mappingyourfuture.org/paying/debtwizard/> Monthly Repayment Calculator: <http://mappingyourfuture.org/paying/standardcalculator.htm>
- Independent graduate students and parents of dependent undergraduate students have the option to borrow additional aid (up to the student’s cost of attendance) from the Parent Plus or Graduate Plus Loan programs.
- Parent Plus loan borrowers are encouraged to obtain a pre-approval at <https://studentloans.gov/myDirectLoan/index.action>.
- Federal Parent Plus and Graduate Plus loan borrowers, as well as independent undergraduate students, may be eligible for a private education loan. Because nonfederal private education loan terms vary based upon lender and borrower creditworthiness, determining which loan program is “better” is an individual decision and will be dependent upon your own circumstances. The table below provides a comparison of the Federal Plus loans and some Private loan options:

Parent PLUS Loan Terms & Conditions	Private Loan Terms & Conditions
Fixed interest rate of 6.31% for loans disbursed on or after 7/1/16, and before 7/1/17.	Monthly or quarterly fixed interest rates vary by lender and borrower’s credit rating*
	Monthly or quarterly variable interest rates vary by lender and borrower’s credit rating*
	*Fees and interest rates vary depending on the borrower’s credit rating
Offer delayed repayment option	Payments may be deferred while student is enrolled at least half-time
Parent may borrow up to the cost of attendance minus other financial aid	Student (typically with a co-borrower) may borrow up to the cost of Attendance minus other financial aid
Requires credit check based on federal standards	Requires comprehensive credit review process
Parent may have a better chance of being approved as a borrower on a Direct Parent PLUS Loan than as a co-borrower on a private loan	

Parent PLUS Loan Repayment	Private Loan Repayment
Parent is responsible for repayment	Student is responsible for repayment; however, a co-signer is typically required and equally liable. Co-borrower may be released after 24-48 on-time payments (as determined by lender).
Accrued interest capitalizes one time, at time of final repayment	Accrued interest may be capitalized monthly, quarterly, or one time at final repayment
Federally insured against death and disability for both the parent and student	Some lenders may have death or disability benefits
Opportunities for consolidation, interest rate capped at 8.25%	Limited consolidation options

- For more information about non-federal private education loans, or to begin the application process, click on the link below to see comparison of private lenders... <http://www.elmselect.com/link/query?schoolid=401>. Borrowers interested in applying for a non-federal private education loan are encouraged to apply by July 1 to ensure adequate processing time.
- To begin the application process for a Federal Parent or Graduate Plus loan, click on the following link... <https://studentloans.gov/myDirectLoan/index.action>. Priority processing deadline for Plus loans is July 1. Accepting your loans by this date allows plenty of time for processing by both the Office of Financial Aid and the U.S. Department of Education.