

## 2011 – 2012 Federal Direct Stafford Loan Information Form

Student Name \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Last First Middle

Permanent Address \_\_\_\_\_  
Street Address City State Zip

I received the following loan type(s):  Federal Subsidized  Federal Unsubsidized

I request to borrow the following loan amount for the 2011-2012 academic year: \$ \_\_\_\_\_ .00

*(You will find the loan amounts on your financial assistance award form 1a/1b.)*

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**Note: If you are a first-time Direct Stafford Loan borrower you must complete a Direct Stafford Master Promissory Note and Stafford Loan entrance counseling online at [www.studentloans.gov](http://www.studentloans.gov). Loan funds will not be credited to the student account until these items are complete.**

### Your Rights and Responsibilities

Your Master Promissory Note will contain a full listing of your rights and responsibilities.

- I understand that I must be enrolled at least half-time to receive Federal Direct Stafford Loans.
- I understand that federal regulations require equal disbursements of loan funds. The loan funds will be credited to the student account with any resulting credit refunded according to the college's schedule.
- I understand that I am applying for Stafford Loans with a Master Promissory Note and may receive multiple loans under this Master Promissory Note. Stafford Loans must be repaid in accordance with the terms and conditions of the Master Promissory Note.
- I understand that I may cancel or reduce my loan amount. However, loan cancellation or reduction may result in a balance owed to the college.

Signature \_\_\_\_\_ Date \_\_\_\_\_

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### Miscellaneous Authorization

Federal regulations require that Simpson College collect your signature if you wish to allow your Federal Direct Stafford Loan funds to cover miscellaneous charges on the student account. Miscellaneous charges may include any minor prior year balance, parking fees, bookstore charges, library fines or other related charges. Sign below if you wish to allow your Federal Direct Stafford Loan funds to cover these miscellaneous charges.

This authorization is rescindable at any time by sending written notice to the office of financial assistance.

Signature \_\_\_\_\_ Date \_\_\_\_\_

### Return this completed form to:

Simpson College  
Office of Financial Assistance  
701 N C Street  
Indianola, IA 50125  
Fax: 515-961-1300

**Contact Heather Gaumer, loan coordinator, at 515-961-1612 if you have questions about your rights and responsibilities or the terms and conditions of the loan.**

(Please see other side)

## Important Terms to Know and Understand:

Master Promissory Note	The standard promissory note for Federal Direct Stafford Loans, referred to as <i>MPN</i> . The Direct Stafford Loan Master Promissory Note may be completed online at: <a href="http://www.studentloans.gov">www.studentloans.gov</a> .
Borrower	The <i>borrower</i> for Federal Direct Stafford Loans is the student.
Lender	The <i>lender</i> for Federal Direct Stafford Loans is the U.S. Department of Education. The lender for private student loans is a bank, credit union or savings bank.
Servicer	Often lenders will pay another organization to service the student loans or sell the loan to a servicer. The <i>servicer</i> may disburse the loan, collect the loan in repayment, provide interest billing to the borrower, and provide deferment forms. There are several different servicers performing these duties on behalf of the federal government in the Federal Direct Loan Program.
Interest	<i>Interest</i> is the charge you will pay for the privilege of borrowing the student loan. For new Direct Subsidized Stafford Loans, the interest rate is a fixed rate of 3.4% for loans originated between July 1, 2011 and June 30, 2012. The interest rate for Direct Unsubsidized Stafford Loans is a fixed rate of 6.8%.
Subsidized Stafford	The federal government pays the interest on <i>Subsidized</i> Stafford Loans while the student is enrolled at least half-time and during periods of grace and deferment.
Unsubsidized Stafford	<i>Unsubsidized</i> Stafford Loans begin accruing interest at disbursement. The borrower may make interest payments or allow interest to accrue during the in-school period. Unpaid interest will capitalize at repayment.
Grace	The six-month <i>grace</i> period begins when the borrower ceases enrollment on at least a half-time basis. Federal Direct Subsidized Stafford borrowers will not accrue interest charges during this time. Full interest and principal repayment begins at the end of the six-month grace period.
Origination Fee	A net <i>origination</i> fee of 0.5% is charged by the U.S. Department of Education on Stafford Loans. The origination fee is 1.0% however, borrowers receive an upfront interest rebate of 0.5%, which nets to a 0.5% fee deducted from the loan proceeds delivered to Simpson College.
Disbursement	Funds will be received by electronic funds transfer for the loan <i>disbursement</i> to the school. Disbursements are scheduled for distribution on the basis of the loan period.
Entrance Counseling	All first-time Federal Direct Stafford Loan borrowers are required to complete <i>entrance counseling</i> . Loan funds will not be credited to the student account until entrance counseling has been completed. This requirement may be met online at: <a href="http://www.studentloans.gov">www.studentloans.gov</a> .

## Interest Charges and Repayment Information for Federal Direct Stafford Loans:

**Approximate Monthly Interest Charges**

Amount	3.4%	4.5%	5.6%	6.0%	6.8%
<b>\$3,500</b>	\$12	\$13	\$16	\$18	\$20
<b>\$4,500</b>	\$15	\$17	\$21	\$23	\$26
<b>\$5,500</b>	\$18	\$21	\$26	\$28	\$31
<b>\$7,000</b>	\$23	\$26	\$33	\$35	\$40
<b>\$8,500</b>	\$28	\$32	\$40	\$43	\$48
<b>\$15,000</b>	\$50	\$56	\$70	\$75	\$85
<b>\$16,631</b>	\$56	\$61	\$76	\$81	\$92
<b>\$20,000</b>	\$67	\$75	\$93	\$100	\$113
<b>\$23,000</b>	\$77	\$86	\$107	\$115	\$130
<b>\$25,500</b>	\$85	\$96	\$119	\$128	\$145

**Estimated Monthly Payments (10-Year Term)**

Amount	3.4%	4.5%	5.6%	6.0%	6.8%
<b>\$3,500</b>	\$50	\$50	\$50	\$50	\$50
<b>\$4,500</b>	\$50	\$50	\$50	\$50	\$52
<b>\$5,500</b>	\$56	\$57	\$60	\$61	\$63
<b>\$7,000</b>	\$71	\$73	\$76	\$78	\$81
<b>\$8,500</b>	\$86	\$88	\$93	\$94	\$98
<b>\$15,000</b>	\$152	\$155	\$164	\$167	\$173
<b>\$16,631</b>	\$164	\$172	\$181	\$185	\$191
<b>\$20,000</b>	\$202	\$207	\$218	\$222	\$230
<b>\$23,000</b>	\$233	\$238	\$251	\$255	\$265
<b>\$25,500</b>	\$258	\$264	\$278	\$283	\$293

The interest rate for Subsidized Stafford Loans originated between July 1, 2011 and June 30, 2012 is 3.4% fixed. The interest rate for Unsubsidized Stafford Loans is 6.8% fixed. The minimum monthly payment amount is \$50 under the 10-year Standard Repayment Plan, but may be more depending on how much you borrow.

On average, students at Simpson College borrowed \$16,631 in Stafford Loans. The charts above provide estimated monthly interest charges and estimated monthly payment amounts based on this level of Stafford Loan indebtedness.