

MHESLA STUDENT LOANS

The Michigan Higher Education Student Loan Authority (MHESLA) participates in the Federal Family Education Loan Program (FFELP). MHESLA offers the following types of loan programs to assist students in achieving success at post-secondary institutions:

FEDERAL STAFFORD

Subsidized Federal Stafford loans are low-interest, educational loans. The interest on these loans is paid by the federal government while you are in school, during a six-month grace period, and authorized deferment periods while in repayment.

Unsubsidized Federal Stafford loans are low-interest, educational loans. HOWEVER, the borrower is responsible for the interest payments while in school, during grace, deferment, and repayment periods.

The school's financial aid office will determine a borrower's eligibility for a Stafford loan as well as other financial aid.

What is your interest rate?

Subsidized Stafford loans for undergraduate students first disbursed on or after:

July 1, 2008, the interest rate is 6.00 percent.

July 1, 2009, the interest rate is 5.60 percent.

All unsubsidized Stafford loans and subsidized Stafford loans for graduate and professional students disbursed on or after July 1, 2006, have a fixed interest rate of 6.8 percent.

What fees will you be charged?

Origination Fee: An origination fee is a fee that is paid to the federal government to help offset the cost of maintaining the program. For loans disbursed on or after:

July 1, 2008, a one (1.0) percent...

July 1, 2009, a one-half (0.5) percent...

...origination fee will be deducted from your loan amount on all Stafford loans.

How much can I borrow?

The following are the maximum annual loan amounts that can be borrowed through the Federal Stafford Loan Program:

Dependent Students (Subsidized + Unsubsidized)

| | |
|---------------------------------------|---------|
| 1 st year undergraduate | \$5,500 |
| 2 nd year undergraduate | \$6,500 |
| 3 rd year (up to graduate) | \$7,500 |
| Graduate/Professional | N/A |

For dependent students whose parents cannot borrow under the Federal PLUS Loan Program, the amount a student can borrow under the unsubsidized program is an additional \$4,000 for years one and two and \$5,000 for years three up to graduate.

Independent Students

| | <u>Sub</u> | + | <u>Unsub</u> | = | <u>Total</u> |
|---------------------------------------|------------|---|--------------|---|--------------|
| 1 st year undergraduate | \$3,500 | + | \$6,000 | = | \$9,500 |
| 2 nd year undergraduate | \$4,500 | + | \$6,000 | = | \$10,500 |
| 3 rd year (up to graduate) | \$5,500 | + | \$7,000 | = | \$12,500 |
| Graduate/Professional | \$8,500 | + | \$12,000 | = | \$20,500 |

Loan limits may be subject to pro-ration.

Maximum Federal Stafford Aggregate Loan Limits

| | <u>Subsidized + Unsubsidized</u> |
|---------------------------|----------------------------------|
| Dependent Undergraduate | \$31,000 |
| Independent Undergraduate | \$57,500 |
| Graduate/Professional | \$138,500 |

Lender Code

MHESLA's lender code is 825585. This code is used to obtain Stafford loan funding through MHESLA.

Guarantor/Servicing

Great Lakes Higher Education Guaranty Corporation is the guarantor and servicing agency for MHESLA. Great Lakes has a 24/7 web site for your convenience in viewing your loans at mygreatlakes.org.

How to Apply for a Stafford Loan

Check with your school to see if they process loans electronically. If the school uses a paper process, you can obtain a Great Lakes application through the school's financial aid office or contact MHESLA at 1.888.643.7521.

Once your loan is approved, you will receive a Notice of Loan Guarantee and Disclosure Statement detailing the loan amount and date(s) funds will be disbursed and sent to the school.

MHESLA Lender Minimum

The minimum MHESLA will lend is \$50.

PLUS LOANS

Federal PLUS loans are educational loans offered to the parent of a dependent undergraduate student. This loan requires MHESLA to perform a credit check with a national credit bureau before approving the loan. The financial aid office at the school the student will attend will determine if the student's parent is eligible for the PLUS loan.

Interest Rate: PLUS loans are issued at an 8.5 percent fixed interest rate for loans certified on or after July 1, 2006. The maximum interest rate that can be charged is nine (9) percent. Interest is charged on the loan from the date the first disbursement is made until the loan is paid in full.

Origination Fee: An origination fee is a fee that is paid to the federal government to help offset the cost of maintaining the program. A three (3) percent origination fee will be deducted from your loan amount and paid to your lender on all PLUS loans.

Federal Default Fee: A federally mandated one (1) percent default fee for PLUS loans is charged.

Loan Limits

The maximum that may be borrowed may not exceed the student's cost of attendance, as determined by the school according to the federal laws, rules, and regulations, minus any financial aid the student has been or will be awarded during the period of enrollment. The school determines actual loan eligibility.

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How to apply for a PLUS Loan

Check with your school to see if they process loans electronically. If the school uses a paper process, you can obtain a Great Lakes application through the school's financial aid office or contact MHESLA at 1.888.643.7521.

Once your loan is approved, you will receive a Notice of Loan Guarantee and Disclosure Statement detailing the loan amount and date(s) funds will be disbursed and sent to the school.

MHESLA Lender Minimum

The minimum MHESLA will lend is \$50.

GRAD PLUS LOANS

Federal Grad PLUS loans are educational loans available to graduate and professional students. This loan requires MHESLA to perform a credit check with a national credit bureau before approving the loan. The financial aid office at the school the borrower will attend will determine if the borrower is eligible for the GRAD PLUS loan.

How much does it cost?

Interest Rate: PLUS loans are issued at an 8.5 fixed interest rate for loans certified on or after July 1, 2006. Interest is charged on the loan from the date the first disbursement is made until the loan is paid in full.

Origination Fee: An origination fee is a fee that is paid to the federal government to help offset the cost of maintaining the program. A three (3) percent origination fee will be deducted from your loan amount and paid to your lender on all PLUS loans.

Federal Default Fee: A federally mandated one (1) percent default fee for PLUS loans is charged.

How much can I borrow?

The maximum that may be borrowed may not exceed the cost of attendance, as determined by the school according to federal laws, rules, and regulations, minus any financial aid the student has been or will be awarded during the period of enrollment. The school determines actual loan eligibility.

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Guarantor/Servicing

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How to apply for a GRAD PLUS Loan

Check with your school to see if they process loans electronically. If the school uses a paper process, you can obtain a Great Lakes application through the school's financial aid office or contact MHESLA at 1.888.643.7521.

Once your loan is approved, you will receive a Notice of Loan Guarantee and Disclosure Statement detailing the loan amount and date(s) funds will be disbursed and sent to the school.

MHESLA Lender Minimum

The minimum MHESLA will lend is \$50.

REPAYMENT OPTIONS

On a **federal Stafford loan**, repayment begins when the grace period ends; that is, six months after you graduate or cease to be attending a school on a half-time basis.

The following are the types of repayment options a lender must offer to a borrower under the Federal Family Education Loan Program (FFELP):

Standard Repayment

The minimum monthly payment is \$50
A maximum ten-year repayment period
Usually less interest charges and faster completion of payments

Graduated Repayment

Allows a borrower to start with low payments which gradually increase
A maximum ten-year repayment period
Usually results in higher interest charges

Extended Repayment

Available for all first-time borrowers on or after October 7, 1998
Available for loans totaling \$30,000 or more
Maximum repayment period is 25 years

Income-Sensitive Repayment

Available to borrowers with low incomes
Maximum of 10 year repayment
Usually results in higher interest charges

Income-Based Repayment

Effective July 1, 2009
Reduced monthly payments if you demonstrate hardship
Hardship based on loan debt, income and family size
Eligibility re-evaluated each year
Remaining debt may be cancelled after 25 years if borrower meets criteria

This information is a brief summary of the repayment options. This information does not address loans in consolidation. For more information, mygreatlakes.org can provide additional information and forms.

PLUS LOAN REPAYMENT

PLUS loans **disbursed prior to July 1, 2008** begin repayment within 60 days of the final disbursement.

For PLUS loans **disbursed on or after July 1, 2008**, the loan can be deferred upon request until six months after the student graduates or ceases to be attending school at least half-time.

If a parent borrower is also a student, repayment can begin six months after the parent graduates or ceases to be attending school at least half-time.

NOTE: Interest will accrue during deferment periods.

PLUS LOAN REPAYMENT OPTIONS

PLUS loans are eligible for:

- Standard Repayment
- Graduated Repayment
- Income-Sensitive Repayment
- Income-Based Repayment (only for Grad Plus loans)

These repayment plans are similar to the repayment plans for Stafford loans. Go to mygreatlakes.org for additional criteria and information.

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