

## STAFFORD LOANS

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The Federal Stafford Loan Program provides two types of loans: **subsidized** and **unsubsidized**. Subsidized Stafford Loans are need-based — you must demonstrate financial need to qualify. Unsubsidized Stafford Loans are non-need-based. You can qualify for the program as long as your education costs exceed the amount of financial aid awarded. Funds for Stafford Loans are provided by a lender (bank, credit union, or savings and loan association). To take out a Stafford Loan you may pay fees up to 2% of the loan amount.

### *How to Apply*

#### *There are 5 steps to apply for a Stafford Loan*

Step 1: Complete a **Federal Application for Student Aid (FAFSA)** Indicate on the application that you are interested in the Stafford Loan program.

Step 2: Complete a Stafford Loan application at Clackamas Community College.

Step 3: Complete a Master promissory note at [www.Elmsselect.com](http://www.Elmsselect.com) through a lender of your choice.

Step 4: Complete entrance counseling at [www.mappingyourfuture.org](http://www.mappingyourfuture.org)

Step 5: Sign and Return Award letter.

### *Eligibility*

First time borrowers **may** be required to have a 30 day delay on their first financial aid loan disbursement. This is tied to the institutions default rate. At this time, there is a 30 day delay for first time borrowers at Clackamas Community College. Students must also not be in default. To resolve a default you must contact your lender.

### *How Much Can I Borrow?*

How much you can borrow depends on your determined financial need. As a dependent undergraduate student, the maximum you may borrow is: \$5,500 during your first year of undergraduate study, of which no more than \$3,500 may be, subsidized Stafford; \$6,500 during your second year of undergraduate study, of which no more than \$4,500 may be, subsidized Stafford.

Independent undergraduates may borrow \$9,500 during your first year of undergraduate study, of which no more than \$3,500 may be Stafford, \$10,500 during your second year of undergraduate study, of which no more than \$4,500 may be subsidized Stafford.

### *Interest Rates and Repayment*

For Stafford Loans taken out prior to July 1, 2006, the **interest rate** is variable and changes each year on July 1<sup>st</sup>.

For Stafford Loans taken out on or after July 1, 2006, the interest rate is fixed at 6.8%. New subsidized Stafford loans made to undergraduate borrowers July 1, 2008, through June 30, 2009, are fixed at 6.0%; unsubsidized Stafford loans made to an undergraduate borrower during this same period are fixed at 6.8%.

**Stafford loan repayment begins 6 months after completion of degree or 6 months after withdrawal of less than 6 credits. Depending on the amount borrowed, you generally will have from five to ten years to repay your loan.**

## **PARENT PLUS LOANS**

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PLUS Loans are taken out by parents on behalf of dependent children. Funds for PLUS Loans come from a lender (bank, credit union, or savings and loan association). The program is non-need-based — eligibility for a PLUS Loan is not based on financial need. To take out a PLUS Loan, the borrower may be charged fees of up to 4% of the loan amount.

### ***How to Apply***

Step 1: Complete a **Federal Application for Student Aid (FAFSA)** Indicate on the application that you are interested in the Stafford Loan program.

Step 2: Complete a Master promissory note at [www.Elmsselect.com](http://www.Elmsselect.com) through a lender of your choice.

Step 4: Complete entrance counseling at [www.mappingyourfuture.org](http://www.mappingyourfuture.org)

When a parent takes out a PLUS Loan, both the student and parent borrower complete the loan application. The lender will perform a credit check on the parent. You can get a PLUS Loan application from your lender, school or guaranty agency.

### ***How Much Can Parents Borrow?***

There is no borrowing limit set by the federal government. However, some lenders may have limits on how much they'll lend. Generally, you can borrow the difference between the cost of the student's education and any financial aid received. You can also borrow a PLUS Loan to pay for part or all of the expected family contribution.

### ***Interest Rate and Repayment***

For PLUS Loans taken out prior to July 1, 2006, the **interest rate** is variable with a ceiling of 9%. For FFELP PLUS Loans taken out on or after July 1, 2006, the interest rate is fixed at 8.5%

**Loan repayment begins immediately!**