

FEDERAL STAFFORD LOAN

If the enclosed financial aid notification letter indicates that you have been awarded a Federal Stafford Loan (Subsidized and/or Unsubsidized) to help you finance your education, there is additional paperwork that you must complete. Eligibility for the Federal Stafford Loan is based on financial need as determined by your Free Application for Federal Student Aid (FAFSA). There are two types of Stafford Loans; the Subsidized Stafford Loan and the Unsubsidized Stafford Loan. The interest on the Subsidized loan is subsidized by the federal government and is fixed at 5.6%. No payments are required while the student is enrolled on at least a half-time basis. The Unsubsidized loan's interest is not subsidized by the government and is fixed at 6.8%. The student is responsible for paying the interest. However, students may defer interest payments while enrolled in school and have them capitalized at repayment.

Applying for your Stafford Loan will be easy if you follow the following steps carefully:

- Step 1:** **NEW BORROWERS** complete the "***Federal Stafford Loan Request Form***" for Direct Loans and a **Promissory Note**.
Previous Borrowers complete the "***Federal Stafford Loan Request Form***".
This must be done no later July 1st in order to take credit on the Fall bill.
- Step 2:** **Once all of your paperwork has been submitted** to the Office of Financial Aid (tax returns, W2's, etc.), we will pre-certify your loan electronically.
- Step 3:** Once your loan is guaranteed, you will be notified of the expected disbursement amounts and dates of your loan.
- Step 4:** Your Federal Stafford Loan proceeds will be sent directly to Muhlenberg College's Controller's Office. You will receive two loan disbursements. One at the beginning of the Fall Semester (normally some time in September) and one at the beginning of the Spring Semester. Each disbursement will be for one-half of the total loan approval minus the origination and guarantee fees (approximately 0% – 1.5%).
- Step 5:** The Controller's Office will notify you through campus mail when your loan has been credited to your account.
- Step 6:** Students who are borrowing through the Federal Stafford Loan program for the **first** time must complete a Stafford Loan Entrance Interview. You may complete the entrance interview on the internet by going to the Financial Aid section of Muhlenberg's website, www.muhlenberg.edu and clicking on "**Student Loan Counseling**" and then clicking on "**Entrance Interview**."

(continued on the reverse side)

Step 7: Once the Federal Stafford Loan has been credited to your account, if your bill has already been paid and the loan creates a credit balance, the Controller's Office can credit the balance to the next semester's account or issue a refund to you. If you would like a refund of any credit balance, you must contact the Controller's Office to request a refund.

Remember, your Federal Stafford Loan WILL NOT officially be deducted from your bill until your loan disbursement has been made.

If you decide to cancel a portion or the entire Federal Stafford Loan, please contact your lender and Muhlenberg College's Office of Financial Aid as soon as possible. If you have any questions regarding the Federal Stafford Loan process, please contact the Office of Financial Aid at (484) 664-3175 or at finaid@muhlenberg.edu.

