

## Contact details

Division of Financial Aid, Purdue University  
Schleman Hall of Student Services, Room 305  
475 Stadium Mall Drive  
West Lafayette, IN 47907-2050  
Phone: 765-494-5050  
(24-hour automated information)  
Phone: 765-494-0998  
(Customer Service available  
8 a.m.–5 p.m. Eastern Monday–Friday)  
Fax: 765-494-6707

General financial aid information can be found by visiting [www.purdue.edu/dfa](http://www.purdue.edu/dfa).

Individual student financial aid information can be found through the Purdue West Lafayette Financial Aid Self Service site on myPurdue at <https://mypurdue.purdue.edu>.

### Purdue CashCourse

For tips on searching for scholarships, budgeting and making smart financial decisions during college, visit [www.cashcourse.org/purdue](http://www.cashcourse.org/purdue).

## U.S. Department of Education Federal Student Aid (FSA) Ombudsman

The U.S. Department of Education has made available to students contact information for the Office of the FSA Student Aid Ombudsman. This office works with student loan borrowers to informally resolve federal loan disputes and problems. It is best to think of the ombudsman as a last resource. When you have made a reasonable effort to resolve your student loan problem with your lender/servicer and the problem is still not resolved, contact the ombudsman via the following:

Email: [fsaombudsmanoffice@ed.gov](mailto:fsaombudsmanoffice@ed.gov)  
Online help: [www.ombudsman.ed.gov](http://www.ombudsman.ed.gov)  
Telephone: 877-557-2575 (toll-free)



# 2011-12 STUDENT LOANS

**A FLEXIBLE WAY TO HELP  
FINANCE YOUR EDUCATION**

**PURDUE**  
UNIVERSITY

## Student loans

Purdue's Division of Financial Aid office is here to point you in the right direction in finding the means to pay for college.

There are several types of student and parent loan programs. This form of aid has become a way for many students to finance their education. Loans offer students and their families a way to meet college costs while spreading these costs over an extended repayment period.

For more information, visit [www.purdue.edu/dfa/loans.php](http://www.purdue.edu/dfa/loans.php).

### Did you know?

Students and one parent are required each year to file the Free Application for Federal Student Aid (FAFSA) to be considered for federal student loan programs. Filing by Purdue's March 1 priority deadline is required for some loan programs.

## Frequently asked questions

### Q. What is a student loan?

A. A loan is borrowed money that must be repaid, usually with interest. Most repayments start after graduation.

### Q. What is a Direct Loan?

A. Direct Loans are low-interest loans for students and parents. The U.S. Department of Education, not a bank, provides the money.

### Q. How much can I borrow?

A. The amount can range for \$5,500 per year for a dependent freshman to \$20,500 per year for a graduate student. The maximum amount you can borrow depends on your grade level, total amount of your loan debt and other factors.

### Q. What is a promissory note?

A. This is a legally binding agreement that details the amount of the loan, repayment schedule and interest rate. Before receiving your Direct Loan you must sign a promissory note.

### Q. When will I repay my loan?

A. Most loan programs' repayments start after graduation or after the student no longer is enrolled half time (6 hours for undergraduates, 4 hours for graduate students).

### Q. How long will it take to pay off my loan?

A. Usually, you'll have from 10 to 25 years to repay your loan. Your monthly repayment will be based on how much you borrow and how long you take to repay.

## Student loans overview

### THE FEDERAL PERKINS LOAN PROGRAM

#### Who is eligible:

Low-income students/families.

#### What to do:

By filing the FAFSA by the March 1 priority deadline, students are considered for a Federal Perkins loan. Students may be offered this loan on the Financial Aid Eligibility Notice. If the loan offer is accepted online on myPurdue at <https://mypurdue.purdue.edu>, Educational Computer Systems Inc. (ESCI) will notify the student by email to go online and complete a promissory note. More information on the Federal Perkins Loan Program is available at [www.purdue.edu/dfa/loans/perkins.php](http://www.purdue.edu/dfa/loans/perkins.php).

### THE PURDUE LOAN PROGRAMS

#### Who is eligible:

Low- and middle-income students/families.

#### What to do:

File the FAFSA by the March 1 priority deadline. Students are then considered for a Purdue loan program. Students may be offered this loan on the Financial Aid Eligibility Notice. If the loan offer is

accepted online on myPurdue, Educational Computer Systems Inc (ECSI) will notify the student by email to go online and complete a promissory note. More information on Purdue Loans is available at [www.purdue.edu/dfa/loans/puloans.php](http://www.purdue.edu/dfa/loans/puloans.php).

## THE FEDERAL HEALTH PROFESSIONS STUDENT LOANS PROGRAM (HPSL)

### Who is eligible:

Professional students in the School of Pharmacy and the School of Veterinary Medicine who provide parental information on the FAFSA and meet other eligibility criteria.

### What to do:

By filing the FAFSA before the March 1 priority deadline, students may be considered for this program.

If the loan offer is accepted online on myPurdue, Educational Computer Systems Inc. (ECSI) will notify the student by email to go online and complete a promissory note. More information on HPSL programs is available at [www.purdue.edu/dfa/loans/healthprof.php](http://www.purdue.edu/dfa/loans/healthprof.php).

## About Direct Loans

There are several different loans that make up the Direct Loan Program. Undergraduate students, graduate students and parents are often eligible for Direct Loans through the U.S. Department of Education.

### DIRECT LOANS PROGRAM INCLUDES:

The William D. Ford Federal Direct Loan Program  
Stafford Loans (Subsidized and Unsubsidized)  
Parent PLUS  
Grad PLUS Loans

## HOW TO APPLY FOR A DIRECT LOAN

### 1. File

Students should file the FAFSA and complete any information requests to receive a Financial Aid Eligibility Notice showing Direct Loan eligibility.

### 2. Accept

If approved, student borrower should accept Direct Stafford Loan offer online on myPurdue. Parent borrowers must complete their application online via [www.studentloans.gov](http://www.studentloans.gov).

### 3. Certify

Purdue's Division of Financial Aid will certify borrower eligibility with the U.S. Department of Education.

### 4. Sign Promissory Note

All new Direct Loan borrowers must go to [www.studentloans.gov](http://www.studentloans.gov) to electronically sign a Master Promissory Note using their FAFSA PIN number.

### 5. Money

The Department of Education will send Direct Loan funds to the Purdue Bursar. Information on direct deposit of excess funds is available at [www.purdue.edu/Bursar/PDF/DirectDeposit.pdf](http://www.purdue.edu/Bursar/PDF/DirectDeposit.pdf).

More information on borrowing Direct Loans is available at [www.purdue.edu/dfa/loans](http://www.purdue.edu/dfa/loans).

## Federal Direct Stafford Loans

The Federal Stafford Loan Program offers educational loans to students. Eligibility for a Direct Stafford Loan is established by filing the FAFSA. For Stafford Loans disbursed between July 1, 2011, and June 30, 2012, the interest rate is fixed at 3.4 percent for undergraduate Subsidized Stafford Loans (only) and fixed at 6.8 percent for Unsubsidized Stafford Loans and graduate/professional Stafford Loans. Based on eligibility and the family financial strength, students may qualify for a Subsidized Direct Stafford Loan (the interest is paid by the government while the

student is in school) or an Unsubsidized Direct Stafford Loan (accrued interest is the responsibility of the borrower).

## Federal Direct Parent or Grad PLUS Loans

The Federal Direct PLUS Loan Program is a non-need-based loan program where the parent or graduate/professional student is the borrower. A FAFSA must be on file for the student. Borrowers are required to pass a credit check; repayment of principal begins 60 days after full disbursement of the loan. Borrowers may request a deferment on their payments at [www.studentloans.gov](http://www.studentloans.gov). Borrowers may be eligible to have their payments postponed, and during the postponement period the interest accrual is capitalized. The PLUS interest rate is fixed at 7.9 percent; there are loan default and origination fees that are charged to the borrower. More information on the PLUS Loan application process is available at [www.purdue.edu/DFA](http://www.purdue.edu/DFA).

## Direct Loan fees

Up to 1.0 percent in fees may be charged to the Stafford borrower, including a 0.5 percent federal origination fee and a 0.5 percent federal default fee. The effective up-front fee will be 0.5 percent of the loan. For example, the proceeds of a \$10,000 loan will be reduced by \$50. If a student fails to make 12 consecutive on-time payments, they will be billed an additional 1.0 percent fee. Up to 4 percent in fees may be charged to the PLUS borrower. The effective up-front fee will be 2.5 percent of the PLUS Loan. For example, the proceeds of a \$10,000 loan will be reduced by \$250. If the PLUS borrower fails to make 12 consecutive on-time payments, they will be billed an additional 1.5 percent fee.

## Private 'alternative' loans

A wide array of borrowing options now exists to enable students to borrow additional funds that

may not be available through other loan programs. Alternative loans are subject to credit approval and borrower requirements. Most programs offer the possibility of deferred repayment until the student is out of school, though the interest is not subsidized. For information about how to choose a private alternative loan lender, visit [www.purdue.edu/dfa/loans/altloans.php](http://www.purdue.edu/dfa/loans/altloans.php).

## A word about default

When you accept a student loan, you also undertake the obligation to repay it. This is a serious obligation, no different than securing a loan for a house or other major purchase. Contrary to popular belief, default on a student loan is not ignored by colleges, banks, or the federal government. Default on student loans will adversely affect your credit rating and eventually may lead to prosecution.

## Where to get more information

The team in Purdue's Division of Financial Aid is always available to provide quality counseling. If you need assistance of any kind, there are several ways you can contact our office:

### Website

Informative and friendly website provides full details about loans, frequently asked questions, financial aid. Visit [www.purdue.edu/dfa](http://www.purdue.edu/dfa).

### Call

Phone-in counseling is available Monday through Friday from 8 a.m. to 5 p.m. Eastern via our Call Center, 765-494-0998.

### Drop By

Walk-in counseling also is available on a first-come, first-served basis. Hours: Monday through Friday, 8 a.m. to 5 p.m. Eastern. Location: Schleman Hall, Room 305.

### Email

Send your questions by email to [facontact@purdue.edu](mailto:facontact@purdue.edu).