**MJ Award Descriptions**

**Student Loans**

Loans are specific sums of money that are awarded to students on the condition that they are repaid. Repayment terms are usually agreed upon when the loans are made; educational loans generally have low interest rates with extended repayment periods available.

# The William D. Ford Federal Direct Loan Programs

The Federal Direct Loan programs were created with the purpose of making long term loans available to students to help them meet educational expenses. Students borrow directly from the U.S. Department of Education at a fixed interest rate depending on the program.

# Federal Direct Unsubsidized Loan

The Federal Direct Unsubsidized Loan program is a **non-need-based** program and does not require a credit check. Graduate students may borrow up to $20,500 per year from this program. The aggregate for this program (including undergraduate debt) is $138,500 of which no more than $65,000 can be from the subsidized\* loan program. The U.S. Department of Education calculates a fixed interest rate on an annual basis and that interest rate will apply for the life of the loan. The interest rate calculation is based on the 10 year Treasury Note sold at the last auction prior to June 1 plus 3.60 percent. Repayment begins six months after the student graduates or ceases at least half-time enrollment. Students may elect to make interest payments while in school, or have the unpaid interest capitalized once they enter repayment.

In addition to interest, the student pays a loan origination fee that is a percentage of the principal amount for each Federal Direct Unsubsidized Loan received. The U.S. Department of Education deducts the fee before the student receives any loan money, so the loan amount the student actually receives (net) is less than the amount that must be repaid (gross).

Gross Amount of Disbursement – 1.057%\*\* Origination Fee = Net Amount that will disburse to school.

*Example: $10,250 x 98.943% = $10,142(rounded)*

Students must complete a Master Promissory Note (MPN) for a Direct Subsidized/Unsubsidized Loan on [https://studentaid.gov](https://studentaid.gov/) to borrow funds through this program.

*The Budget Control Act of 2011 eliminated the Federal Direct Subsidized Loans for Graduate and Professional* *students for periods of enrollment beginning on or after July 1, 2012.*

\*\* For loans disbursed on or after July 1, 2022.

# Federal Direct GradPLUS Loan Program

Widener University Delaware Law School recommends that students needing additional funding after borrowing the maximum Federal Direct Unsubsidized loan apply for a **Direct Graduate PLUS Loan.**

The Graduate PLUS Loan does require a credit check. *The credit check is based on credit history, not credit score. Lack of a credit history does not negatively affect your ability to be approved.* Students not able to borrow on the strength of their own credit history will be offered an endorser (co-signer) option. Please refer to the credit section of this guide for information on reviewing and understanding your credit.

A student may generally borrow up to their cost of attendance minus all other aid received. The U.S. Department of Education calculates a fixed interest rate on an annual basis and that interest rate will apply for the life of the loan. The interest rate calculation is based on the 10 year Treasury Note sold at the last auction prior to June 1 plus 4.60 percent. Students may elect to make interest payments while in school, or have the unpaid interest capitalized once they enter repayment. Repayment begins six months after graduation or when a student ceases half time enrollment for all GradPLUS loans disbursed after July 1, 2008.

There is a origination/default fee charged at each disbursement. The U.S. Department of Education deducts the fee before the student receives any loan money, so the loan amount the student actually receives (net) is less than the amount that must be repaid (gross).

Gross Amount of Disbursement – 4.228\*\*% Origination Fee = Net Amount that will disburse to school. \*\* For loans disbursed on or after July 1, 2022.

*Example: $12,000 x 95.7572 = $11,492*

Students who wish to borrow from Graduate PLUS Loan Program will need to “Loans and Grants” on [https://studentlaid.gov](https://studentlaidoans.gov/) and then select “PLUS Loans: GradPLUS and Parent PLUS”. In addition, new borrowers will need to complete a Master Promissory Note (MPN) on the same site. Students **should not** complete a Direct GradPLUS Loan MPN and/or the “GradPLUS Application” (which includes a credit check authorization) more than six months prior to the

anticipated disbursement date as the credit check may expire and funds fail to disburse.

charged at disbursement. Students may elect to make interest payments while in school, or have the unpaid interest capitalized once they enter repayment. Repayment on the loan begins 6 months after the student graduates or ceases to be enrolled at least half time.

**Alternative/Private Loans**

**We recommend that a student first determine their eligibility for a Federal Direct GradPLUS loan before investigating private loan programs*.***Alternative/private loans are available to students who choose not to borrow or are unable to borrow a GradPLUS loan. These loans require a credit check and students not able to borrow on the strength of their own credit **may** be offered a co-signer option. The interest rate on these loans may be variable (most change on a quarterly basis) and they generally have no interest rate cap. A student may borrow up to their cost of attendance minus all other aid received. In order to access a private loan, students should contact the lender directly.

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