

# Student Loans FAQs (Frequently Asked Questions)

## What is a Federal Stafford Loan?

A federal Stafford loan is a form of financial aid used for a student's post secondary education that must be repaid, with interest. There are two types of Federal Stafford loans available: Subsidized and Unsubsidized.

For subsidized loans, the federal government pays the interest for the student while the student is in school (on at least a half-time basis), during the student's grace period, and during authorized deferment periods. Eligibility for a subsidized loan is based on financial need.

With unsubsidized loans, the student borrower is responsible for paying the interest at all times. These loans are not based on financial need and are NOT subsidized by the federal government. This means you have to repay the interest while you are in school or agree to have the interest capitalized and added to your principal loan amount when you begin repayment.

The application process is the same for both the subsidized and unsubsidized Federal Stafford loan.

Your "one stop shop" for financial aid is the Free Application for Federal Student Aid or FAFSA. This is the first step in applying for loans, the Federal Pell Grant, and other financial aid.

Students are required to apply for the Federal Pell Grant before Federal Stafford loan eligibility can be determined.

Check with your college or university financial aid office to determine if any additional forms are needed. The financial aid administrator at the college or university determines the student's eligibility for both loan types.

Once eligibility for a loan is determined, the student will be required to complete a Master Promissory Note or MPN. The MPN is a legal agreement between you, the borrower or student, and the lender that you will repay the loan. For all loans after July 1, 2010, your lender will be the federal government through the William D. Ford Direct Loan Program.