

Loan Information for Incoming Students and First-Time Borrowers

Federal Direct Student Loan

During these tight economic times many commercial lenders have dropped out of the federal student loan business or are changing how loans are being processed. With the Obama administration's proposal to have all federally backed education loans processed through the Department of Education's Federal Direct Loan program it seemed prudent for Vassar to become a participant in that program. We believe that this decision provides a more stable and secure borrowing solution for our Vassar families. As a result, all first time borrowers, both students and parents, will be directed to borrow through the William D. Ford Direct Loan Program.

This is a low-cost, fixed-rate loan that can be repaid over a period of 10 years after the student either graduates or leaves the college. For Direct Subsidized Loans disbursed after July 1, 2009 the interest rate will be 5.6%, while the interest rate for Direct Unsubsidized Loans disbursed after July 1, 2006 will be 6.8%. For loans disbursed after July 1, 2008 there is a 2% origination fee which is deducted from each disbursement, however there is an up-front rebate of 1.5% for assumed on-time repayment of the loan. Therefore, the total fee deducted is 0.5%.

Please refer to How to Apply For Loans on the Forms and Resources Page for application instructions.

Federal Perkins Loan

The Federal Perkins Loan is a federal program which provides loans to students with demonstrated financial need and is administered by Vassar College. It is low-cost, fixed-rate loan that can be repaid over a period of 10 years after the student either graduates or leaves the college. This is a subsidized loan with a fixed interest rate of 5%.

For the completion of the Master Promissory Note (MPN) and Entrance Counseling please refer to How to Apply For Loans on the Forms and Resources page.

Parent Loan for Undergraduate Students (PLUS)

This is a federal loan program for parents of undergraduate students in which funds are provided by the government. This is a fixed-rate loan that parents can choose to help finance their contribution. The maximum amount that parents can borrow under this program is the "cost of education" minus the total financial aid award.

This fixed-rate loan has a 10 year repayment period, with repayment beginning 60 days after the loan is fully disbursed. The interest is 7.9%. There is a 4% origination fee which is deducted from each disbursement, however there is an up-front rebate of 1.5% for assumed on-time repayment of the loan. Therefore, the total fee deducted is 2.5%.

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Alternative/Private Education Loan

Should the need arise to borrow above the Direct Student Loan limits in order to finance a

Vassar education (as in the case of Parent PLUS loan denial), some Vassar families have found alternative loan products to be very helpful as a loan of last resort. Vassar College has a policy of refraining from an exclusive partnership with a single lender. The lenders on the [ELMSelect](#) website have been selected on the basis of their ability to provide excellent service to Vassar and our families, as well as lending products that are flexible and competitive. These are non-government loans with either the student or parent as the primary borrower and generally require a co-signer. The basis for the interest rates of these products differs among lenders. A comparison of these interest rates (prime rate versus 3 month Libor) can be found at <http://www.forecasts.org/interest-rate/index.htm>. For additional information you may also want to visit the individual lenders websites.

Note of Caution: Stay away from Direct-to-Consumer Educational Loans that do not require certification of eligibility by the Financial Aid Office. You could find yourself with a high interest loan and an unmanageable debt load. If you are under financial pressure, please call or visit the Office of Financial Aid at 845.437.5320 to discuss your options.

If you have any questions or concerns about the loan portion of your financial aid package, please call the Office of Financial aid at (845) 437-5320 or email FinAid@Vassar.edu.