



NORTHWESTERN
UNIVERSITY

OFFICE OF FINANCIAL AID
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EDUCATIONAL LOAN INFORMATION 2008-09

Your 2008-09 *Financial Aid Award Notice* reflects your offer of an educational loan(s). The Office of Financial Aid would like to provide you with important information regarding your loans for the academic year. This document will explain the various loan programs and their provisions, how to select a lender for your loan (if applicable), and how to complete the appropriate application materials to obtain the loans. You may access CAESAR (www.northwestern.edu/caesar) to view the amount of your loan offer online and to ensure that all appropriate loan materials have been received. For more information please contact our office or visit our website at ug-finaid.northwestern.edu.

FEDERAL STAFFORD LOAN PROGRAM

Stafford Loans are either subsidized or unsubsidized. Eligible students may borrow up to a maximum of \$3,500 for the freshman year, \$4,500 for the sophomore year, and \$5,500 for the junior and senior years. Under the Unsubsidized Stafford Loan program, students may borrow an additional \$2,000 each year beyond these annual limits. Repayment of your loan will begin six months after you graduate, leave the University, or are enrolled less than half-time. This six-month period before you begin repaying your loan(s) is called a grace period. You have ten years to repay your Stafford loan. The interest rate is the same for all lenders and for 2008-09 is fixed at 6.0% for the Subsidized Stafford Loan and at 6.8% for the Unsubsidized Stafford Loan.

FEDERAL SUBSIDIZED STAFFORD LOAN PROGRAM

The Subsidized Stafford Loan is awarded based on need. Interest for Federal Subsidized Stafford Loans is paid by the federal government while you are enrolled at least half-time, are in deferment, or during your grace period.

FEDERAL UNSUBSIDIZED STAFFORD LOAN PROGRAM

For an Unsubsidized Stafford Loan, you are responsible for the interest from the time the loan is disbursed until it is paid in full. You can pay the interest while you are enrolled, or you can allow the interest to accrue while you are in school and have the interest added to the principal amount. This means the interest will be capitalized. Note that if interest accumulates, the total amount you repay will be higher than if you paid the interest during enrollment.

APPLYING FOR YOUR STAFFORD LOAN

Your 2008-09 *Financial Aid Award Notice* informs you of the amount you may borrow; however, you must submit a formal application for the loan if you decide to borrow. This is done by completing a *Federal Stafford Loan Master Promissory Note (MPN)* with a lender of your choice. Some possible lenders are provided on the included list of preferred lenders. Choosing a lender based on your own search is also an option. We will process your Stafford Loan with any lender you choose. Should you select one of the preferred lenders, please complete the MPN electronically through the lender's website as indicated on the list. Please be sure to use the web addresses we have provided as you may experience difficulty if you attempt to complete an MPN through the lender's general website.

You must also complete an entrance interview before your loan proceeds can be credited. The entrance interview explains your responsibilities as a borrower. Go to www.mappingyourfuture.org. Select Complete Online Student Loan Counseling: Stafford Entrance and select Northwestern University (undergraduates only). This can be done prior to submitting the MPN. Upon completing the interview, you will receive a confirmation number. You should keep a copy of your confirmation number in the event that an error is encountered with the electronic transmission of the data to the Financial Aid Office.

FEDERAL PERKINS LOAN

The Perkins Loan is a federal loan program which is awarded based on need and is borrowed directly from the school. This loan is subsidized, which means that interest on the loan is paid by the federal government while you are enrolled at least half-time, are in deferment, or during your grace period. Repayment of your loan will begin nine months after you graduate from Northwestern, leave the University, or are enrolled less than half-time. This nine-month period before you begin repaying your loan(s) is called a grace period. You have ten years to repay your Perkins loan. The interest rate is fixed at 5%.

APPLYING FOR YOUR PERKINS LOAN

Information from Campus Partners will be sent to your Northwestern e-mail account directing you to complete the Perkins Loan application materials online at ipromise.campuspartners.com. The materials include a required entrance interview, an application, and a master promissory note.

SELECTING YOUR LENDER

If you plan on borrowing a Federal Stafford Loan, you will need to select a lender. The lender is the institution from which the money is actually borrowed, but the interest rates and terms of the loan are set by the U.S. Department of Education. Therefore the real difference among lenders is measured in terms of customer service, savings programs, and repayment options.

Included in this packet, you will find our Preferred Lender List. All of our preferred lenders have been selected based on their ability to provide efficient service to our students. They also provide fast electronic payment of loan funds directly to your University billing account and offer savings programs during loan repayment.

Given the current attention on the student loan industry, we have posted detailed information about the preferred lender selection process on our website at ug-finaid.northwestern.edu. If you would like to learn more about the lenders, more information can be found on each lender's website or by calling the phone numbers provided. Should you choose one of the lenders listed, you must use the links provided in order to complete your MPN.

You are not required to use a preferred lender, you may use any lender of your choice. We encourage our families to do some research to find the best lender for them. When selecting a lender there are a number of questions you may want to ask. We have provided some questions below to assist you in your search. Our office encourages you to keep these questions in mind when selecting your lender and prioritizing which lending institution best meets your needs.

Will you be assessed a default fee?

Federal Stafford and PLUS loans are subject to be charged a 1% default fee. These fees are deducted from the amount borrowed, reducing the funds being disbursed to your school. Some guaranty agencies will pay this fee for the student. Ask if the lender partners with a guaranty agency that will pay this fee on the student's behalf.

Will the loan be disbursed via EFT?

Providing electronic payment will ensure quick and efficient delivery of funds to your University billing account. Lenders that send paper checks require endorsement from the borrower before the funds can be applied to your account.

What are the repayment benefits?

Lenders frequently provide benefits to encourage borrowers to use their lending institutions. While some lender's benefits will be applied to your account automatically, others have additional requirements.

What happens if you miss a payment? If the benefit is lost can it be regained?

On-time payments can be critical to receiving and maintaining your borrower benefits. You may forfeit your borrower benefits if you miss a payment and become delinquent on your loan. Lenders may offer a benefit repair option in order to regain loan benefits.

What kind of electronic services does the lender provide?

Will you have access to your account information online? Can you complete forms online? (For example, can you electronically sign your Master Promissory Notes or submit forbearance and deferment requests?)

Who services the loan?

Some lenders will sell the loan and transfer it to another servicer. Find out if the loan will be transferred, and if so, to whom and how that may affect the benefits offered.

How long has the lender been in the student lending business?

It is important to select a lender who is reliable and dedicated to providing federal student loans. Find out about the lender's history in the student loan business in order to assess its stability in the industry.

What kind of live customer service does the lender offer?

What are the lender's hours of operation? Can you reach a live operator quickly? Try calling the lender's toll free number to assess the quality of service it provides.

How did you hear about the lender?

Does your family do other business with this lender? If someone referred you to the lender, what is their relationship with that lender? Did that person borrow a student loan from that lender? Please be cautious when you receive any direct-to-consumer correspondence. Some lenders use aggressive marketing in order to get your business. This is especially important when these lenders advertise rates and benefits that seem too good to be true.

PREFERRED LENDERS

This list is provided as a guide to help our students select a lender. Please note that you are not required to use one of these lenders. The Office of Financial Aid will process your loan with any lender you choose. Even if you do not use a lender on the list, you can use this information to help you know what you should be looking for and to provide you with a method for comparing lenders you are considering.

Important note: Borrower benefits are subject to change at any time without notice. Please visit our website at ug-finaid.northwestern.edu to view our preferred lender list or visit the individual lender's website for the most up-to-date benefit information.

Lender	Origination Fee	Federal Default Fee	Repayment Savings Offered
Citibank P.O. Box 6128, Sioux Falls, SD 57117-6128 1-800-967-2400 www.studentloan.com/schools/northwestern Lender Code 826878	1%	0%	✧ .25% interest rate reduction with auto debit
Wells Fargo 301 East 58th Street North Sioux Falls, SD 57104 1-800-658-3567 wfefs.wellsfargo.com/jump/il/northwestern.html Lender Code 807176	1%	0%	✧ None
Access Group P.O. Box 17162, Wilmington, DE 19850-7162 1-800-282-1550 www.accessgroup.org/custompages/NorthwesternUndergraduate.htm Lender Code 808851	1%	0%	✧ .25% interest rate reduction with auto debit
Edamerica Loan Originations P.O. Box 31549, Knoxville, TN 37930-1549 1-800-337-6884 www.edamerica.net/nu Lender Code 831453	1%	0%	✧ .25% interest rate reduction with auto debit
Sallie Mae Education Trust (serviced by Sallie Mae) P.O. Box 59012, Panama City, FL 32412-9012 1-888-272-5543 www.customschool.com/northwestern Lender Code 802218	1%	0%	✧ .25% interest rate reduction with auto debit

SAMPLE LOAN REPAYMENT

The chart below is provided in order to help you estimate monthly payments for your educational loans based on the amount borrowed and the interest rate of the loan. If you would like to calculate repayment for different loan amounts or interest rates, we encourage you to visit the Mapping Your Future website and use the Student Loan Calculator at mappingyourfuture.org/paying/standardcalculator.htm.

Loan Amount	# of Monthly Payments	Monthly Payment at 5%	Finance Charge for 5% Interest Rate	Monthly Payment at 6%	Finance Charge for 6% Interest Rate	Monthly Payment at 6.8%	Finance Charge for 6.8% Interest Rate
\$5,000	120	\$53.03	\$1363.93	\$55.51	\$1661.23	\$57.54	\$1904.81
\$10,000	120	\$106.06	\$2727.86	\$111.02	\$3322.46	\$115.08	\$3809.63
\$15,000	120	\$159.09	\$4091.79	\$166.53	\$4983.69	\$172.62	\$5714.45
\$20,000	120	\$212.13	\$5455.72	\$222.04	\$6644.92	\$230.16	\$7619.27

IMPORTANT LOAN INFORMATION

ADJUSTING YOUR LOAN

You may reduce your loan offer by writing in the amount you wish to borrow on your award notice. If you do not wish to borrow the loan, check *reject* on your award notice. Adjustments or rejections can also be e-mailed to the Office of Financial Aid from your Northwestern e-mail address.

If a mid-year adjustment results in increased Stafford or Perkins Loan eligibility after your initial loan has been processed, you will receive notice of the increase. You may adjust or reject the additional amount at that time, otherwise the additional loan will be processed automatically.

ANTICIPATED LOAN CREDITS

Anticipated loan funds will appear on your University billing account pending receipt of your actual disbursement. You may access CAESAR to monitor actual and anticipated funds on your billing account under Financial Services>View My Account. You should also check CAESAR to determine that all appropriate loan materials have been completed to ensure that your loan can be processed.

RECEIVING YOUR LOAN FUNDS

If you are enrolled for the entire academic year, your loan will disburse one third each quarter. For a freshman's first quarter of enrollment, Stafford funds may not come to the University until 30 days after the beginning of the fall quarter. For all other students and all other loan programs, funds come in at the beginning of each quarter. The second and third disbursements will be issued at the beginning of winter and spring terms for all students.

If you choose a preferred lender, your loan funds will disburse to the University electronically. The funds are sent to the Office of Student Accounts on the Evanston Campus and are applied to your billing account. You will be advised when your electronic funds are received. If you select a lender that does not disburse funds electronically, you will be instructed by the Office of Student Accounts on the appropriate procedures for endorsing your loan check so that it may be applied to your account.

IMPORTANT POLICIES

SATISFACTORY ACADEMIC PROGRESS

To be eligible to receive federal student aid, you must meet and maintain standards of satisfactory academic progress toward your degree. Be sure to become familiar with Northwestern's Satisfactory Academic Progress Policy as outlined in *The Undergraduate Catalog*.

EXIT INTERVIEWS

If you borrowed a Stafford or Perkins Loan during your enrollment at Northwestern, you will be required to complete an Exit Interview prior to graduation or upon your withdrawal from the University.

DEFAULTED LOANS

If you have defaulted on a prior Federal Stafford Loan or Federal Perkins Loan, you will not be eligible for additional loan assistance or other federal, state and University aid until you have satisfactorily met repayment terms of the defaulted loan. You must contact your previous lender or guaranty agency to correct your default or pre-claims status.

CONTACT INFORMATION

The chart below provides contact information for the various offices involved in loan processing and billing. Billing related questions should be directed to the Student Accounts Office. Questions regarding anticipated credits, loan documents received and other aid issues should be directed to the Office of Financial Aid or Student Financial Services. Questions regarding NU Loan promissory notes should be directed to the Student Loan Office.

Office	Phone	E-mail	Address
Undergraduate Financial Aid	847-491-7400	ug-finaid@northwestern.edu	1801 Hinman Ave, 2 nd Floor
Student Financial Services	847-491-8950	student-financial-services@northwestern.edu	555 Clark, 1 st Floor
Student Accounts Office	847-491-5224	studentaccounts-ev@northwestern.edu	555 Clark, 1 st Floor
Student Loan Office	847-491-3125	studentloans@northwestern.edu	555 Clark, 3 rd Floor

FINANCING OPTIONS FOR PARENTS

There are a variety of options available to assist families in financing a Northwestern undergraduate education. Families may choose to finance the family contribution through a combination of parent and student loans, which may include home equity, educational, or personal loans. Many parents choose to fill the gap between the cost of attendance and financial aid received by applying for a parent loan. The parent loans are a popular option because these loans often carry a lower interest rate than alternative loans, which are loans secured in the students' names. The parent loan option also appeals to many families because the interest may be tax deductible. (If you have questions regarding the tax deductibility of interest on qualified education loans we encourage you to consult your tax advisor for further information.)

Ultimately it is up to the family to select the loan that best meets its needs. As you begin your research, the Office of Financial Aid would like to provide you with some information regarding some educational loans available for the parents of undergraduate students. Below you will find a brief description of the Federal Parent Loan for Undergraduate Students (PLUS) and the NU Loan for Parents as well as a side-by-side comparison of some of the major terms and conditions of the two programs. In providing this information, we are not recommending that one program be chosen over another. Rather, this information is provided with the intention to assist families in making an informed decision. The Office of Financial Aid is happy to answer questions regarding a particular program, or you may contact the individual lenders that you are considering.

FEDERAL PLUS LOAN

The Federal Parent Loan for Undergraduate Students (PLUS) allows a parent with satisfactory credit history to borrow up to the estimated cost of attendance, minus any other aid the student may be receiving. Funds are borrowed from a lending institution and an origination fee of 3% is deducted from the loan proceeds. The interest rate is the same for all lenders and is fixed at 8.5%. Interest is charged on the loan from the date that the first disbursement is made, and repayment of principal begins within 60 days of the final disbursement for the academic year. The maximum repayment period is 10 years. There is no penalty for early repayment. The parent borrower has the option to choose to defer payments on a PLUS Loan while the student is enrolled.

APPLYING FOR A PLUS LOAN

You do not need to have been offered a PLUS Loan on your award letter in order to apply for a PLUS loan. You must submit an application to the lender if you decide to borrow; this is done by completing a PLUS Loan Master Promissory Note with the lender. Anticipated PLUS loan credits are applied to your University invoice only after your completed loan application has been approved by your lender and certified by the Financial Aid Office. Some possible lenders are provided on the list of preferred lenders. If you choose a preferred lender you should complete the MPN electronically through the lender's web address provided on the list, but we will process your PLUS Loan with any lender you select.

NU LOAN FOR PARENTS

The NU Loan is a financing option that may allow a parent with satisfactory credit history to borrow up to the cost of attendance less other financial aid received. This loan is funded privately by the University. Although the loans are sold to Sallie Mae on an annual basis, they are serviced by the NU Student Loan Office. The interest rate is variable and is announced each year in July for the upcoming academic year. There are two interest rates for this program. If an NU Loan is greater than the cost of tuition, the amount borrowed above the cost of tuition will be subject to a higher interest rate. For 2008-09, the rates are 7% and 7.5%. Repayment of both principal and interest begins within 45 days of the initial disbursement and can extend up to a maximum of ten years. There is no penalty for early repayment and no origination fee.

APPLYING FOR AN NU LOAN

The NU Loan application is available online. Students must initiate the process. You may complete the student portion of the NU Loan application by accessing www.northwestern.edu/caesar/. Begin the online process under Financial Services > NU Loan Application. Loan instructions and additional information are also presented there. Once you have completed the student section of the NU Loan Application, the parent(s) you designate as parent-applicants (co-makers) will receive via e-mail (if provided) or U.S. mail an NU Loan log-on, password and a link to the on-line application. Your parent's log-on and password will allow him/her to access and complete the parent portion of the NU Loan application. Once the application is complete, a conditional decision of approval will be available within 24 hours. This decision will be conditional pending final approval from both the Offices of Financial Aid and Student Loans.

PARENT LOAN COMPARISON CHART

	Federal PLUS Loan	NU Loan For Parents
Who borrows the loan?	<ul style="list-style-type: none"> Parents of dependent students borrow this federally-sponsored loan offered by many different lending agencies. 	<ul style="list-style-type: none"> Parents or legal guardians are the primary borrowers of this loan, which is administered by the Northwestern University Student Loan Office.
Minimum/Maximum Loan Amount	<ul style="list-style-type: none"> Certain lenders may have a minimum loan amount. The maximum loan amount is Northwestern's cost of attendance less other financial aid received. Individual lenders may have a limit on how much families can borrow. 	<ul style="list-style-type: none"> There is a minimum loan amount of \$2000 for this loan. The maximum loan amount is Northwestern's annual cost of attendance less other financial aid received.
Interest Rate	<ul style="list-style-type: none"> Fixed at 8.5% 	<ul style="list-style-type: none"> The rate is variable and will be set each summer for the upcoming academic year. The interest rate is 7% for the 2008-09 academic year for NU Loan amounts up to the cost of tuition. The interest rate is 7.5% for any amount borrowed beyond the cost of tuition for the academic year.
Fees	<ul style="list-style-type: none"> Lenders will charge 3% of the total loan amount as an origination fee. 	<ul style="list-style-type: none"> There are no application or origination fees
Deferment	<ul style="list-style-type: none"> Parents may choose to defer payments on a PLUS loan until six months after the date the student ceases to be enrolled at least half time. Accruing interest could either be paid by the parent borrower monthly or quarterly, or be capitalized quarterly. 	<ul style="list-style-type: none"> None
Denial Options	<ul style="list-style-type: none"> If the parent is denied a PLUS loan, the student may be eligible to borrow additional funds through the Federal Unsubsidized Stafford Loan program. 	<ul style="list-style-type: none"> None
Aggregate Limit	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Families of undergraduate students are not to exceed a cumulative loan debt equal to the cost of tuition for four years.

SAMPLE LOAN REPAYMENT

Loan Amount	# of Monthly Payments	Monthly Payment at 7%	Finance Charge for 7% Interest Rate	Monthly Payment at 7.5%	Finance Charge for 7.5% Interest Rate	Monthly Payment at 8.5%	Finance Charge for 8.5% Interest Rate
\$5,000	120	\$58.05	\$1966.50	\$59.35	\$2122.10	\$61.99	\$2439.14
\$10,000	120	\$116.10	\$3933.01	\$118.70	\$4244.21	\$123.98	\$4878.28
\$15,000	120	\$174.16	\$5899.52	\$178.05	\$6366.31	\$185.97	\$7317.42
\$20,000	120	\$232.21	\$7866.03	\$237.40	\$8488.42	\$247.97	\$9756.56
\$25,000	120	\$290.27	\$9832.54	\$296.75	\$10610.53	\$309.96	\$12195.70
\$35,000	120	\$406.37	\$13765.56	\$415.45	\$14854.74	\$433.94	\$17073.98