

CollegeLOAN Selection Program

Student: Garrett Carpenter
Parent: Gary and Carla Carpenter

Your COLLEGE
1234 Main Campus
Anytown, NY
Federal School Code: 00xxxx

Estimated cost of attendance		<u>\$39,265</u>
Grants & Scholarships		
College Scholarships		\$12,000
Student Loans		
Federal Unsubsidized Stafford Loan	\$4,625	
College Loan	<u>\$2,000</u>	
Total Student Loans		\$4,625
Parent Loans		
Federal PLUS Loan	\$3,940	
Home Equity Loan	<u>\$10,000</u>	
Total Parent Loans		\$13,940
Student's Contribution		\$2,500
Parent's Contribution		\$5,200
Other		<u>\$1,000</u>
Total sources of funds		<u>\$39,265</u>

SAMPLE

CollegeLOAN Selection Program

STUDENT

FEDERAL UNSUBSIDIZED STAFFORD LOAN:

You have received and selected a Federal Unsubsidized Loan in the amount of \$2,625.

The Federal Unsubsidized Stafford Loan is in the student's name and is the responsibility of the student. The Unsubsidized Stafford Loan is not a need-based loan and interest starts to accrue on the loan immediately. Most lenders waive interest payments while the student is in school and add this interest to the principal of the loan (Interest Capitalization). Loans issued before July 1, 2006 have a variable interest rate that is adjusted once a year on July 1st, and is capped at 8.25%. Loans issued after July 1, 2006 have a fixed interest rate of 6.8%. Payments on this loan start six months after the student has left school. Payments can be deferred for students going back to school or in certain hardship cases. For the 2006-2007 academic year there is a 2% origination fee and a 1% insurance premium fee that are deducted from the loan proceeds. Interest paid by the student on these loans will qualify for the Student Loan Interest Deduction if the student's income is within the Modified Adjusted Gross Income Limits of the IRS. This loan will qualify for consolidation under the Federal Loan Consolidation Program.

The amounts the student can borrow vary for each year of school and are as follows:

BEFORE JULY 1, 2007

<u>Undergraduate Student</u>	<u>Dependent Student</u>	<u>Possible Additional Student Loan*</u>
1st year	\$2,625	\$4,000
2nd year	\$3,500	\$5,000
3rd,4th, 5th year	\$5,000 per year	\$5,000 per year
<u>Graduate Student</u>	<u>Independent Student</u>	
All levels	\$10,000 per year	

AFTER JULY 1, 2007

<u>Undergraduate Student</u>	<u>Dependent Student</u>	<u>Possible Additional Student Loan*</u>
1st year	\$3,500	\$4,000
2nd year	\$4,500	\$5,000
3rd and 4th year	\$5,500 per year	\$5,000 per year
5th year	\$4,000	\$4,000
<u>Graduate Student</u>	<u>Independent Student</u>	
All levels	\$12,000 per year	

* If you are an independent undergraduate student or a dependent student whose parents are unable to get a PLUS Loan, you may be eligible for these additional student loans. These loans are in addition to any Federal Subsidized or Unsubsidized Stafford Loan amounts received and are unsubsidized.

NOTE: The total undergraduate Stafford Loans (subsidized and unsubsidized) cannot exceed \$23,000 for a dependent student or \$46,000 for an independent student. The total graduate and undergraduate Stafford Loans (subsidized and unsubsidized) can not exceed \$138,500 (\$148,500 after July 1, 2007).

COLLEGE LOAN:

You have received and selected a College Loan in the amount of \$2,000.

College Loans administered by the college may be coming out of the school's endowment or a loan program set up with a financial institution. This loan is in the student's name and is the responsibility of the student. The loan may be need-based or merit-based as determined by the college. The interest rate on this loan is variable with no cap on the rate. (The interest rate on this loan is fixed.) Repayment will start after the student leaves school. The amount of this loan is determined by the college. The loan may or may not be subject to origination fees and insurance premiums. Interest paid by the student on this loan will qualify for the Student Loan Interest Deduction if the student's income is within the Modified Adjusted Gross Income Limits of the Internal Revenue Code.

PARENT

FEDERAL PARENT LOAN FOR UNDERGRADUATE STUDENTS (PLUS):

You have selected a Federal PLUS Loan in the amount of \$3,940.

The Federal PLUS Loan will be in one parent's name. If one parent does not qualify for the loan then the other parent can apply for the loan. This loan is neither need-based nor merit-based. Loans issued before July 1, 2006 have a variable interest rate and are tied to the 90 Day Treasury Bill Rate as of May 31st of each year. The rate is adjusted once a year on July 1st and is capped at 9%. Loans issued after July 1, 2006 have a fixed interest rate of 8.5%. Payments on this loan start within 60 days of the final disbursement of the loan and are based on a 10 year term. The amount that can be borrowed is the total cost of college less any financial aid and distributions from certain educational tax benefit accounts. If at any time the borrower dies or becomes totally disabled the loan is forgiven. For the 2006-2007 academic year there is a 2% origination fee and a 1% insurance premium fee that are deducted from the loan proceeds. Interest paid by the parent on this loan will qualify for the Student Loan Interest Deduction if the parents' income is within the Modified Adjusted Gross Income Limits of the IRS. This loan will qualify for consolidation under the Federal Loan Consolidation Program.

If at any time the borrower dies or becomes totally disabled the loan is forgiven. There is a 3% origination fee and a 1% insurance premium fee that are deducted from the loan proceeds. Interest paid by the parent on this loan will qualify for the Student Loan Interest Deduction if the parents' income is within the Modified Adjusted Gross Income Limits of the IRS. This loan will qualify for consolidation under the Federal Loan Consolidation Program.

NOTE: If both of the parents fail to qualify for a PLUS Loan, the student may qualify for an additional \$4,000/\$5,000 Stafford Loan. If the borrower makes timely consecutive payments the interest rate can be reduced. If the borrower has his or her checking or savings account charged directly for the monthly payment the interest rate is reduced by a .25% immediately. The parent can consolidate a PLUS loan(s) while the student is in school but after the student leaves school the parent can only consolidate the loan(s) once. The consolidated loan can have a term of up to 30 years depending on the amount of the loan(s) to be consolidated. As with the PLUS loan, the consolidation loan has the death and total disabled benefit.

HOME EQUITY LOAN:

You have selected a Home Equity Loan in the amount of \$10,000.

The Home Equity Loan will be a loan against the equity in your home. You are pledging an asset to acquire this loan. The loan can be in one or both parents' names. There may also be fees involved with the loan. The interest rate on this loan is variable with no cap on the rate and the rate is based on Prime or LIBOR Index plus a percentage and may be adjusted quarterly. Repayments on this loan start shortly after the disbursement of funds and can have a term as short as 10 years or as long as 20 years. The loan will be limited to a percentage of the equity in your home. Interest paid on this loan will qualify for an Itemized Interest Deduction on your personal tax return if your income is within the IRS phase out limits.

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	College Year 1	College Year 2	College Year 3	College Year 4	TOTALS
Estimated cost of attendance	\$39,265	\$41,762	\$44,160	\$46,757	\$172,044
Scholarships & Grants					
College Scholarships	\$12,000	\$12,000	\$12,000	\$12,000	\$48,000
Student Loans					
Federal Unsubsidized Stafford Loan	\$2,625	\$4,500	\$5,500	\$5,500	\$18,125
College Loan	\$2,000	\$2,000	\$2,000	\$2,000	\$8,000
Parent Loans					
Federal PLUS Loan	\$3,940	\$3,940	\$3,940	\$3,940	\$15,760
Home Equity Loan	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
Student's Contribution	\$2,500	\$2,500	\$2,500	\$2,500	\$10,000
Parent's Contribution	\$5,200	\$5,200	\$5,200	\$5,200	\$20,800
Other	\$1,000	\$1,000	\$1,000	\$1,000	\$4,000
Total sources of funds	\$39,265	\$41,140	\$42,140	\$42,140	\$164,685
Possible Cash Shortfalls in Future College Years	\$0	(\$622)	(\$2,120)	(\$4,617)	(\$7,359)

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