

On May 7, 2008, President Bush signed into law the Ensuring Continued Access to Student Loans Act of 2008 (H.R. 5715). This legislation offers several new provisions that we believe some of our students and/or parents may want to consider when making financing decisions for the 2008-09 school year.

Some of the new provisions included in the legislation as of July 1, 2008, follow:

- The bill introduces an additional \$2,000 *unsubsidized* Stafford loan to all dependent undergraduates. Dependent undergraduate students who have filed a Free Application for Federal Student Aid can choose to add this loan to their financial aid package for the 2008-09 academic year. In order to do so, complete the *request for additional loan funding form* that was included in your award letter package and return to the Coe College Financial Aid Office. Those choosing to take advantage of this additional loan eligibility will have the proceeds split evenly by semester. Please remember that this loan is unsubsidized (the interest will accrue to the student borrower; however, interest and principal can be deferred).
- The bill *increases* the additional unsubsidized Stafford annual limits by \$2,000 for independent undergraduate students. Independent students who wish to increase their additional unsubsidized loan can also complete the attached form and return it to our office.
- The bill allows Parent Loan borrowers to **defer repayment** of the loan to six months after the student ceases part-time enrollment. Current law only allows deferment of payment under limited circumstances. Interest will accrue during the deferment period but no payments on interest or principal are due. Families considering the use of loans to finance the family amount due to Coe may want to consider the Parent Loan over an alternative student loan. The Parent PLUS loan has a fixed interest rate of 7.9 percent.

While we are pleased that Congress has made additional federal loan funds available, we would like to caution students (and parents) that these loans are *unsubsidized*. Our office believes in encouraging responsible borrowing. Taking these increased loans over a four-year college career could increase your overall indebtedness by \$8,000.

We hope that you have found this information useful. If you have questions, please do not hesitate to contact our office at 319.399.8540.

Sincerely,

Coe College Financial Aid Office