

This email communication is being sent to Marquette University students to inform you of important legislative changes in Federal Loans as a result of the recently passed Deficit Reduction Act.

Please be aware- as of July 01, 2006 the following changes will go into effect for all students:

1. Stafford Loans disbursed after 7/01/06 will have a fixed interest rate of 6.8% for the life of the loan.
 - Current Stafford Loan interest rate is an annual variable rate capping at 8.25% with the 2005-06 rate of 4.70%
2. In-school Federal Loan Consolidation will no longer be an option.
 - You will be able to consolidate federal loans that haven't been consolidated prior to 7/01/06 upon leaving school.
3. Re-consolidation will no longer be an option.
 - This means you will not be able to consolidate new loans in with any prior consolidation in order to form a new consolidated loan.

What you can do at this time to benefit:

1. **Consolidate now-**
Federal Direct Loan Consolidation site – <http://loanconsolidation.ed.gov/>, phone- 1-888-758-9730
In-school consolidation allows you to fix the interest rate for the life of the consolidated loan at the weighted average of all federal loans being consolidated.
 - If you graduate in May, complete an in-school federal loan consolidation prior to the end of the spring term. By doing so, you will benefit from the in-school Stafford interest rate of 4.70%, your loan consolidation will continue to qualify for deferment, and you will retain your 6 month grace period.
 - If you are a continuing student, complete an in-school federal loan consolidation prior to July 01, 2006.
2. Loans disbursed after July 01, 2006 can not be consolidated until you are out of school.

 **Additional Change for Graduate/Professional Students:**

Effective July 01, 2006 with the 2006-07 academic year, the **Federal Direct Grad/Prof PLUS** will be available as a loan option for students, in lieu of borrowing a private alternative loan. Maximum eligibility is Total Cost of Education less financial aid with no aggregate maximum. The student borrower automatically qualifies for in-school deferment of the loan when enrolled at least half-time. The interest rate is fixed 7.9 or 8.5% (pending legislation). Fees of 1.5% are deducted from the loan proceeds when the funds are disbursed. Borrowers will have the option to consolidate this loan upon leaving school. To apply, submit the Federal Direct Grad/PLUS Loan Credit Authorization Form to the Office of Student Financial Aid. This form is available from CheckMarq Self-Service, My Financial Aid, Forms to Download.