

TULANE LAW SCHOOL

Office of Financial Aid

Financial Aid Questions & Answers

for Tulane Law School Students Who Have Completed a FAFSA
for the 2019-2020 Academic Year

- What do I do next?
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- What loan types are offered?
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- What about deferment of “old” loans?
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What do I do next?

1. **READ** THE REST OF THIS DOCUMENT
2. **COMPLETE** ALL APPLICABLE STEPS ON THE LOAN CHECKLIST
3. **RETURN** THE LOAN RECORD FORM **IF YOU HAVE OUTSTANDING EDUCATIONAL LOANS BORROWED PRIOR TO LAW SCHOOL**
4. **REVISE**
NOTIFY OUR OFFICE during your academic year enrollment if you need to report an outside scholarship or revise any of your loan decisions previously completed on Gibson Online (for example, to borrow more or less). We do not process loans (original or revised) based on lender notification alone: we require student notification for loan processing.

What is the deadline?

Please read this document, complete all applicable steps on the Financial Aid Checklist by July 15, 2019.

Loan jargon

Master Promissory Note (MPN) – Print, read and keep this, a legal document describing your rights and responsibilities for your federal loan. (If you borrow a private loan, print, read and keep the Truth in Lending Statement for each loan.)

Origination Fee – Origination fees are charged once at disbursement and are subtracted from the amount borrowed (for example, if you borrow \$10,000 and the fee is 4%, you would be charged \$400 for the fee, and you would owe \$10,000 but receive \$9,600 in loan proceeds). These up-front fees are charged **IN ADDITION** to the interest that is charged over time.

Student Loan Types Available to Law Students

Loan Type	Lender	Interest Rate	Origination Fee	Federal or Private?
Direct Unsubsidized	Federal Direct	Loans disbursed 7/1/18-6/30/19, 6.595% See **;	1%+sequestration increase, if applicable	Federal
Private Loan	?	Variable, Credit Based	?	Private

****Federal Direct Unsubsidized Loan** – New changes in the Federal Direct Loan program took effect July 1, 2013, establishing interest rates for Graduate/Professional students to be based on a certain 10-Year U.S. Treasury Note Index plus a 3.60% add-on. Federal Direct Unsubsidized loans disbursed between 7/1/18 and 6/30/19 for Graduate/Professional students were subject to an index rate of 2.4%, so the total fixed rate for the life of the loan is 6.595% (2.995% + 3.6%). Each year, new Federal Direct Unsubsidized loans will have a new fixed interest rate dependent on the prevailing index rate and an interest rate cap for Graduate/Professional students of 8.25%. Federal Direct Unsubsidized Loans first disbursed on or after October 1, 2018 but before October 1, 2019 will be assessed a 1.062% fee.

Loan Choice: Federal Direct Unsubsidized Loan Or Private Loan?

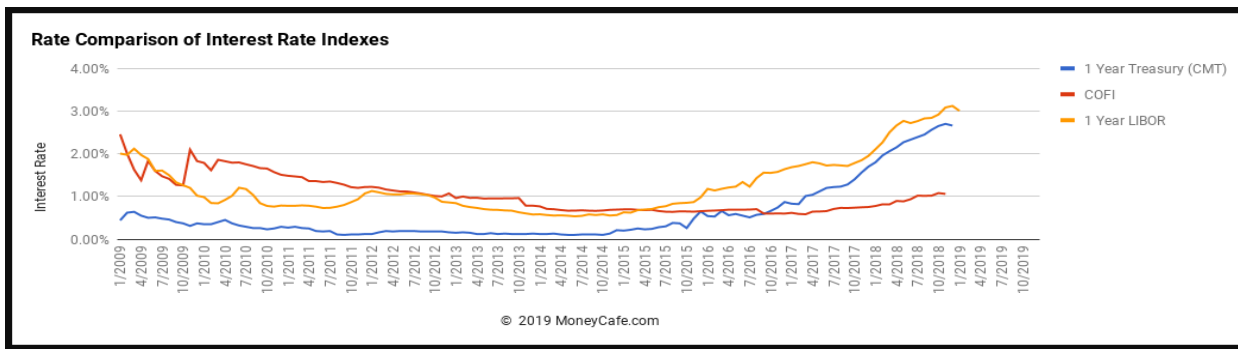
The maximum amount for either is limited to the student's Cost of Attendance for the Masters of Jurisprudence program. But first we want to ensure that you understand all of your loan options! Before borrowing through a non-federal alternative loan program, you may want to consider borrowing through the Federal Student Loan Program by completing the Free Application for Federal Student Aid (fajsa.ed.gov). Often Federal student loans may have better interest rates and terms than non-federal loans. Federal loans borrowed by students may in some cases be forgiven by the federal government, and Federal loans have built-in life insurance features. For information about Federal loan programs please visit the following website:

<http://tulane.edu/financialaid/loans/index.cfm>

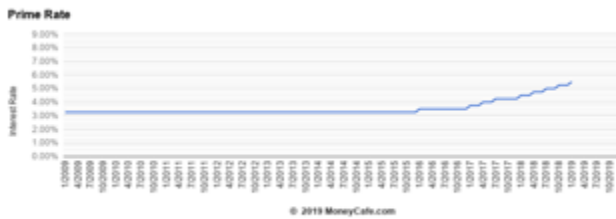
Alternative loans are designed to assist students who are not eligible for federal loan funds, and need educational financing. To apply for a private educational loan, you must first choose a lender. On the lender's website, you will complete a private loan application, making sure you receive credit approval. Then, decline your Federal Direct Unsubsidized loan award on Gibson Online and notify our office of your decision via e-mail (finaid@law.tulane.edu) including the loan type, lender name, and loan amount. We do not certify loans without student directions.

We are prohibited from offering advice as to which loan type or lender you should choose. This is a decision you must make. We do provide a website where you can compare private loan products and terms. While we hope the information is useful, it is not exhaustive. Additional information can be found in the lenders' printed materials, on their websites and/or by telephoning customer service representatives toll-free. Also, you are not limited to the list of private loan lenders we provide. Family members or friends experienced in financial matters might be a good source of advice. "The Smart Student Guide to Financial Aid" website provides calculators through which one might compare loan programs (<http://www.finaid.org/calculators>). Loan terms do change, and you may need to consult the lender's website or one of their customer service representatives to get up-to-date information.

Within the options allowed by your credit strength, there are several things to consider when trying to decide which lender or loan you want. One is cost. The interest rates of private loans can be **reset** continually, based on some marketplace index interest rate (prime, treasury bill/T-Bill and London InterBank Offered Rates/LIBOR) plus or minus a spread. These indexes generally rise and fall together at the same rate, as seen in the graph below.



Marketplace interest rates go up and down, depending on current financial conditions. Below are historical graphs of the LIBOR and prime interest rate between 2009 and 2019. As of January 1, 2019, the prime interest rate was 5.5%. It was 5.25% December 2018. It may go up or down in the future. During the early 1980's, the prime rate exceeded 20%. As of January 2019, the LIBOR rate was 3.00544%.



There are additional differences between Federal Direct Unsubsidized loans and private loans beyond whether the interest rate is fixed or variable. Direct loans can be consolidated with other federal loans. The benefit of a federal consolidation loan is that even if you have multiple loans with multiple servicers, you can collapse these loans into one loan with one monthly payment and one loan servicer. Federal loans are consolidated with the weighted average of the interest rates of the consolidated loans rounded up to the nearest one-eighth percentage point. Private loans cannot be consolidated with federal loans.

ONLY federal loans are considered when determining the loan amount forgiven for the ten-year **Public Service Loan Forgiveness plan** or the 20/25- year forgiveness plan described in the College Cost Reduction and Access Act (CCRAA). Private loans are not qualified to be included. This means that while Direct PLUS loan debt *could* be partially or entirely forgiven, private loan debt is ignored for the purpose of Federal loan forgiveness. More information about the CCRAA legislation is at <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service/questions> .

Options to delay loan repayment (**deferment and forbearance**) after school attendance exist for federal loans. Forbearance options for private loans may also be available after school attendance, but if they are, they will generally be less flexible than Federal loan deferment and forbearance options.

Federal loans may be discharged (the repayment obligation eliminated completely) upon the death or permanent disability of the borrower. This type of insurance protection is **not** always built into the terms for private loans and sometimes must be purchased through an insurance company separately if coverage is desired.

How much can I borrow?

We cannot process financial aid, more than your Cost of Attendance for the Masters of Jurisprudence program. Financial aid includes private educational loans.

See Tulane University Financial Aid's policy allowing certain computer expenses to be added to the cost of attendance for student loan purposes (below) if you have recently made or are planning to make a computer purchase. Note that the purchase must be made and documented first: the educational loan is a reimbursement for expenses incurred.

Tulane Policy for Inclusion of a Computer Purchase in a Student's Cost of Attendance

The Higher Education Amendments of 1998 included a provision that allows an institution, on a case by case basis, to include in a student's "cost of attendance" the *actual, documented* cost of a personal computer. Allowing inclusion of the cost is not based on any particular program of study or program requirement. The following policies and procedures will be in effect for Tulane undergraduate, graduate, and professional students:

- The maximum allowance for purchase of a computer is \$2,500, which can include the cost of a printer.
- Requests for inclusion of costs for maintenance and / or repair of a computer will not be considered. However, the cost of a maintenance contract or extended warranty, purchased along with the computer can be included.
- The cost of software, printer cartridges, paper, monthly online service fees, etc. will be assumed to be covered by the books and supplies and miscellaneous allowances already included in the students cost of attendance.
- Expenses for the cost of leasing a computer (as an option to purchasing) can be considered. The monthly lease amount for each academic year will be considered, up to a career maximum of \$2,500.
- In order to have the cost of the purchase of a computer added to the cost of attendance, the student must provide a written request to the Financial Aid Office, with a dated receipt/proof of purchase attached. Therefore, **the computer must be purchased prior to the request for coverage.**
- The purchase must have occurred **no earlier than 90 days prior to the request.**
- Inclusion of the cost of the computer (or an upgrade) will be allowed only once per program of study (once for undergraduate studies, once for graduate studies).
- Scholarship funds are not available to cover the cost of a computer. Students may apply for federal or alternative educational loan funds. Students should consult with a Financial Aid Counselor to find out about loan eligibility.
- Requests must be submitted no later than April 15th for the current academic year.

How much should I borrow?

The policy of the Tulane Law Financial Aid Office is to disclose the maximum amount of educational loan eligibility available. This **is not an endorsement of borrowing every dollar available**; on the contrary, we are very concerned that applicants familiarize themselves with the effect their borrowing decisions have on their **future standard of living**. We circulate information to help Tulane Law students make decisions about educational borrowing and assume that those students have made mature and careful borrowing decisions. We then try to make the process of borrowing as smooth as possible.

How do I apply for a Federal Loan?

Apply for federal loans by completing the FAFSA (Free Application for Federal Student Aid) online at www.fafsa.ed.gov. This should be done each year. Individual types of aid may require additional information which should be turned into the Law School Financial Aid Office.

- **Federal Direct Unsubsidized Loan Application:** You must complete a Master Promissory Note and Entrance Counseling for Federal Direct Unsubsidized Loans at www.studentloans.gov. You will need to know your FAFSA FSA Id in order to electronically sign the note. If you have forgotten or lost your FSA Id, studentloans.gov provides information for it to be retrieved. Students who have borrowed Federal Direct Unsubsidized loans in the past through a different lender MUST sign a new Master Promissory Note with Federal Direct at www.studentloans.gov. You are only required to do this once during your Tulane Law School career.

When will I get money to pay for books? When is tuition due?

With few exceptions, half of financial aid for the academic year disburses at the beginning of the fall semester and half at the beginning of the spring semester. Summer semester is treated separately, and a Summer Addendum is required for federal loans. Tuition and fees are billed on a semester basis. Your **first fall semester Tulane bill** will be mailed and/or emailed on the 15th of July if you are registered (bills go out the middle of each month) and will contain fall semester tuition charges. It will be mailed and/or emailed by the Tulane University Accounts Receivable Office (504.865.5369), with a due date of the 15th of the following month.

The first day of classes is the earliest day borrowed book allowance expenses could be available for students to spend **(although it is much more likely to be near the end of the first week of classes)**. We expect the first disbursements of educational loans for the academic year to arrive by electronic funds transfer (EFT) at Tulane late in the week before classes begin. The EFT disbursements are held until classes begin and registration is confirmed. After that, disbursements credit into individual students' Tulane Accounts Receivable accounts. If all loan disbursements have credited, and a student has borrowed an amount exceeding tuition, a "Tulane-owes-the-student" credit balance should appear on the student's online Tulane Accounts Receivable account. A student will want to **set up Direct Deposit** with Accounts Receivable <https://studentaccounts.tulane.edu/content/refund-disbursement> and **Request a Refund** (through Gibson Online <http://gibson.tulane.edu>) **so that a credit balance may be direct-deposited into their bank account (for living expenses)**. Students receiving federal loan funds should also complete the Release of Title IV Funds form and return it to Accounts Receivable https://studentaccounts.tulane.edu/sites/g/files/rdw806/f/Title_IV_Release_Form_082216.pdf.

If you choose a private loan lender, loan funds may arrive later (for example, during September) and may arrive as a co-payable check. Co-payable checks must be endorsed by the student at the Accounts Receivable Office after classes have started. A credit balance refund request can then be made.

What about deferment of "old" loans?

Tulane University has authorized the National Student Clearinghouse to provide enrollment verification automatically to participating lenders. You may inspect your Clearinghouse records by going to the Tulane Gibson Online website (see "NSC Enrollment Verification" under "Academic Record Self-Service"), but please wait until after the add drop period in mid-September to finally inspect your record. If you have pre-existing unpaid educational loans and are eligible for an in-school deferment, you must apply for deferment from the lender for each educational loan unless the deferment is automatically updated by Clearinghouse. In the case of a prior Federal Perkins Loan, the lender would be the school granting that loan. Some lenders require that you submit a new deferment application each semester of enrollment in graduate school. Check with your lenders for requirements. Failure to apply for deferment of prior educational loans **when required** may ultimately result in loan default, jeopardizing your receipt of additional federal loan funds for which you may otherwise be eligible. If your lender does not participate with Clearinghouse, you must obtain the deferment or forbearance form from your lender, complete your portion, make sure the return address (or fax number) is on the form, and forward it to the Tulane Law School Academic Services Office (504.865.5935) in the law school building: the forms are completed after classes have been underway for a few weeks.

What else should I know?

Applying for Financial Aid Each Year

A new Free Application for **Federal Student Aid (FAFSA)** is required **each year** to determine eligibility for federal loans. Each Year, you are also required to notify our office about your borrowing decisions by accepting or declining your award on Gibson Online. Private educational loans require a new request/application for every new loan amount disbursed. Remember you can only receive financial aid during a period when you are attending classes. Financial aid is limited to periods of time during which you are enrolled in classes at Tulane Law School.

MORE FINANCIAL AID QUESTIONS AND ANSWERS

Please see the Tulane Law School Intranet under "Financial Aid Office" for more financial aid information. We update this page throughout the year with important messages for students. If you are an incoming student, you do not yet have access to the TLS Intranet, but the same information is available on the Welcome Website.

Additional information on Tulane University financial aid policies may be found at the Tulane University Financial Aid Office website <http://tulane.edu/financialaid/>.

Please do not hesitate to contact our office (finaid@law.tulane.edu or 504.865.5931) with any additional questions.

Last Updated 2/27/2019