

Dear Student:

In order to assist you with navigating your loan options, the Haas School of Business Financial Aid Office has prepared the following information.

Federal Direct Loan terms for the 2006-07 program year have changed: Due to recent legislative changes, Direct Loans first disbursed on or after July 1, 2006, will have a fixed interest rate of 6.8%. The same rate will apply to these loans during periods of enrollment as well as repayment. Disbursements of the Direct Loan are made in two equal disbursements---one for the Fall (August), and one for the Spring (by January 15<sup>th</sup>). *Provided all application materials and the loan paperwork has been completed and submitted on-time (by July 31<sup>st</sup>).*

In addition to the above changes, there is a new supplemental loan option available to students. Beginning July 1, 2006, graduate and professional students will be eligible to borrow the Federal Graduate PLUS Loan (Grad PLUS). As with the Direct Loans, you must first file the FAFSA in order to be eligible. With the Grad PLUS loan, you may then borrow up to the cost of attendance, less any other financial aid received. This loan may be borrowed in lieu of the private loans.

The Direct Grad PLUS being offered at UC Berkeley has a fixed interest rate of 7.9%, an origination fee of 2.5% and no annual or aggregate borrowing limits (other than cost of attendance less other financial aid received). While credit checks are required to be eligible for the Grad PLUS, the credit criteria are less strict than those associated with private student loans. Furthermore, if you do not meet the credit requirements for a Grad PLUS, you may still obtain the loan with an endorser who does meet the credit requirements.

To begin the process for the Grad PLUS (after having completed your FAFSA), send an email to [finaid@haas.berkeley.edu](mailto:finaid@haas.berkeley.edu), with your name, SID, and indicating the amount you would like to borrow through the Grad PLUS (be sure this is the amount including the 2.5% origination fee). Be sure to review the step-by-step Grad PLUS process, available on the web at: <http://www.haas.berkeley.edu/MBA/finaid/Grad%20PLUS%20Steps.pdf>

Following is a comparison chart of the loan programs available to US Citizens and permanent residents for the 2006-07 academic year—including the Grad PLUS. Please review it, along with the Private Loan chart, and contact our office with any questions.

Sincerely,

debi fidler, Director  
Charles W. Conn, Assistant Director  
Laquel Wright, Financial Aid Specialist

Haas School of Business  
Office of Financial Aid

**2006-2007**  
**Loan Comparison Chart for Haas Graduate Students**

	<b>Direct Loan</b>	<b>Direct PLUS</b>	<b>Private Loans</b>
<b>Interest Rate</b>	<b>Fixed Rate</b> 6.8%	<b>Fixed Rate</b> 7.9%	<b>Variable Rate</b> depending on lender product
<b>Loan Fees</b>	1.5%	2.5%	Various origination fees depending on lender product
<b>Credit Check</b>	No	Yes (No adverse credit)	Yes (Must meet lender-set FICO requirement)
<b>Cosigner Required</b>	No	No	Varies by lender
<b>Annual Loan Limit</b>	\$18,500 (of which only \$8,500 can be Subsidized)	COA less other financial aid	COA less other financial aid
<b>Aggregate Loan Limits</b>	\$138,500	None	Varies by lender
<b>Grace Period</b>	6 months	None Student will receive in-school deferment & may be eligible for 6-month forbearance to align entry into repayment with Direct Loans.	Varies by lender
<b>Deferments or Forbearance</b>	Yes	Yes	Varies by lender
<b>Repayment Terms</b>	10-25 years based on repayment option & balance owed	10-25 years based on repayment option & balance owed	Varies by lender
<b>Repayment Options</b>	Standard, Graduated, Income Contingent	Standard, Graduated, Income Sensitive	Varies by lender
<b>Eligible for Federal Consolidation</b>	Yes	Yes	No
<b>Master Promissory Note</b>	Yes	Yes	Varies by lender