

**St. Olaf Educational Partnership (STEP) Loan
Changes for 2009-2010
July 2009**

Replacement of STEP Loan with Direct PLUS Loan

- In the first two weeks of August, your student will receive a revised financial aid award for 2009-2010. The STEP Loan included in the financial aid package that your student first received will be replaced with a Federal Direct Parent (PLUS) Loan. You may accept or decline any portion of the loan offered.
- The Direct PLUS Loan is a fixed 7.9 percent loan, with a 4 percent up-front origination fee. However, borrowers are given a 1.5% fee rebate at the time of disbursement resulting in a net fee charged of 2.5 percent. To keep the rebate, you must make your first 12 payments on time. Repayment of principal and interest begins within 60 days after the loan is fully disbursed, unless the borrower requests a forbearance. Information about the Federal Direct PLUS Loan and how to apply is available on our website at www.stolaf.edu/services/financialaid/loans.htm.

Interest Subsidy Grant for STEP Loans borrowed in 2006-2007, 2007-2008, and/or 2008-2009

- On July 24, 2009, the annual payment for interest accrued during 2008-2009 was sent to Total Higher Education (T.H.E.), St. Olaf's lender for the STEP Loan program. This interest payment will be reflected on your T.H.E. account accordingly.
- *After July 24, St. Olaf will not send any additional interest payments to the servicer(s) of your STEP Loans.*
- For interest that will accrue in 2009-2010, we will add a "STEP Loan Subsidy" grant to your son/daughter's 2009-2010 financial aid award, representing the amount of interest that will accrue on your existing loan balance as of June 30, 2009. When we send the revised financial aid award replacing the STEP Loan with the Direct PLUS Loan, it will include this additional grant. For the Class of 2011, we will include a similar grant when we renew the financial aid award for 2010-2011.

Interest Subsidy Grant for Direct PLUS Loans (up to \$12,500) borrowed in 2009-2010

- If you choose to accept all or a portion of the Direct PLUS Loan offered in the revised award, at the time the loan is certified, a "Direct PLUS Loan Subsidy" grant will be added to the student's award to represent the approximate amount of interest that will accrue during the student's enrollment in 2009-2010. We will send another revised financial aid award notification to your student at that time.
- For the Class of 2011, we will include a similar grant for this loan when we renew the financial aid award for 2010-2011.

Servicing changes for STEP Loans borrowed in 2008-2009

- The loan you borrowed in 2008-2009 through T.H.E. is being transferred to the U.S. Department of Education. This is because T.H.E., like most other FFEL lenders, used the Department of Education's ECASLA program last summer to secure funding for the loans. Loans borrowed prior to 2008-2009 will be serviced through Great Lakes Higher Education Corporation (GLHEC) and T.H.E. Loans made in 2008-2009 will be serviced through a different, yet to be determined, servicing organization. Great Lakes will communicate with you later this summer regarding this transition.

If you have questions, please contact the St. Olaf Financial Aid Office at (507) 786-3019 or toll-free at (877) 235-8386.