

ask listen solve

Student Loans

—THE BIG QUESTIONS

STUDENT LOAN SOLUTIONS

At Commerce, we ask about your education financing needs, and listen to your answers to help find the best solutions for you. This Q&A provides answers to the questions we most often get about Student Loans. Read through them to get started, and then call our student loan specialists at 1-800-MONEY:101 (1-800-666-3910) for friendly, professional service, or visit us at commercebank.com/money101.

1) Who is eligible for a student loan?

Anyone who plans to attend college is a candidate for a student loan. Almost all students qualify for some kind of financial assistance, most of which is in the form of student loans.

2) What types of federal student loans are available?

The Federal Family Education Loan Program offers five primary types of loans to support students who are enrolled at least half time in a federally approved program of study:

- **Subsidized Stafford Loans**—available to students based on financial need. The federal government pays the interest on this loan while the student is in school.
- **Unsubsidized Stafford Loans**—available to students regardless of financial need. The government does not pay the interest on this loan, so the borrower is responsible for all interest.
- **Parent PLUS Loans**—available only to parents or legal guardians of undergraduate students. Parents can borrow up to the total cost of attendance minus other aid received. A credit bureau report is required.
- **PLUS Loans for Graduate and Professional Students**—available beginning 7-1-06 for graduate students who have applied for their maximum eligible amounts under the Stafford Loan program. Graduate students can borrow up to the cost of attendance minus any other aid received. A credit bureau report is required.
- **Consolidation Loans**—available to students to combine several types of education loans (that may have different terms and repayment schedules or may have been made by different lenders) into one new loan.

3) Can I have both a Subsidized and Unsubsidized Stafford Loan?

Yes. You may borrow from both programs as long as the combined loan amount does not exceed the maximum allowed per grade level, shown below. For example, in the 1st year you may borrow \$2,625 subsidized and \$4,000 unsubsidized, for a total of \$6,625. Federal regulations require you to apply for the Subsidized Stafford Loan first.

Subsidized Stafford Loan

1 st year	\$2,625
2 nd year	\$3,500
3 rd and 4 th year	\$5,500
Graduate/professional	\$8,500

Unsubsidized Stafford Loan

(Applies to independent students and those whose parents are ineligible for a PLUS Loan.)

1 st year	\$4,000
2 nd year	\$4,000
3 rd and 4 th year	\$5,000
Graduate/professional	\$10,000

Note: These maximum loan amounts will increase on July 1, 2007.

4) What is the interest rate on student loans?

The federal government sets interest rates on all student loans. As of July 1, 2006, interest rates are fixed as follows: 6.8% for Stafford Loans (Subsidized and Unsubsidized) and 8.5% for Parent PLUS and PLUS Graduate Loans.

For the most current rates, call
Commerce Bank's Student Loan Center at
1-800-MONEY:101 (1-800-666-3910).

5) How do I apply for a student loan?

The first step is to complete the Free Application for Federal Student Aid (FAFSA). This form is available from your guidance counselor, school financial aid office, or online at fafsa.ed.gov. Your school's financial aid office will use this information to determine your eligibility for student loans, scholarships, and other programs.

When you receive your financial aid award letter explaining your student loan eligibility, you will need to fill out the appropriate loan applications or the school may request your bank's lender code number. Application forms are available from any Commerce Bank, or online at commercebank.com/money101, or at your school's financial aid office. Even if you don't currently have accounts at Commerce, you can apply for a student loan from Commerce Bank.

Commerce Bank's Lender Code is 813979.

6) What is the Master Promissory Note (MPN)?

The MPN is a legally binding document that sets the terms of your student loan(s). By signing the MPN, you are promising to repay your student loan(s). You will only have to sign the MPN once for all student loans from the same lender for the same school. If you transfer to another school or if you change lenders, you may have to complete a new MPN. Check with your college financial aid office as policy varies from school to school.

7) How are student loan funds disbursed?

Loan proceeds are sent to your school in at least two separate payments. Most schools participate in Electronic Funds Transfer (EFT) where funds go directly to the school. The school's financial aid office will verify that you are enrolled at least half time and that you are making satisfactory academic progress before releasing the funds to you. Student loan lenders are required by law to send all loan proceeds directly to the school's financial aid office.

8) What payments must I make while I'm in school?

On both **Subsidized** and **Unsubsidized Stafford Loans**, loan repayment must begin six months after graduation or after dropping below half-time enrollment status. The federal government pays the interest on **Subsidized Stafford Loans** while you're in school. **Unsubsidized Stafford Loan** borrowers may defer all payments until six months after graduation or after dropping below half-time enrollment status; you may choose to begin interest-only or regular payments while still in school, reducing your debt.

Payments on **PLUS Loans** begin within 60 days after the full loan amount is disbursed. Payments on Graduate PLUS Loans may be deferred while the borrower is in school.

9) What is E-Sign?

Commerce Bank's secure electronic signature (**E-Sign**) process allows you to sign your promissory note online and get your funds faster. **E-Sign** is an online consent and agreement that has the same legal validity as a written signature, and is one of the ways you can choose to complete your application.

10) Why should I choose Commerce for my student loan?

Commerce Bank has been making student loans for more than 40 years, and our friendly, professional service makes all the difference. We handle all the details of your loan in our Student Loan Center, providing a highly personalized approach. You can save money by borrowing from Commerce Bank, as we charge no guarantee fees and offer many repayment options and incentives. We're ready to help you at any stage of the financial aid process.

In addition, Commerce Bank offers a comprehensive group of student banking services for your special financial needs. With a free Student Checking account, a Visa® Check Card, and Online Account Access, you'll always be close to your money, whether at home or at school.

Call, click, or come by Commerce today. We'll **ask listen solve** to find the student solutions you need.

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