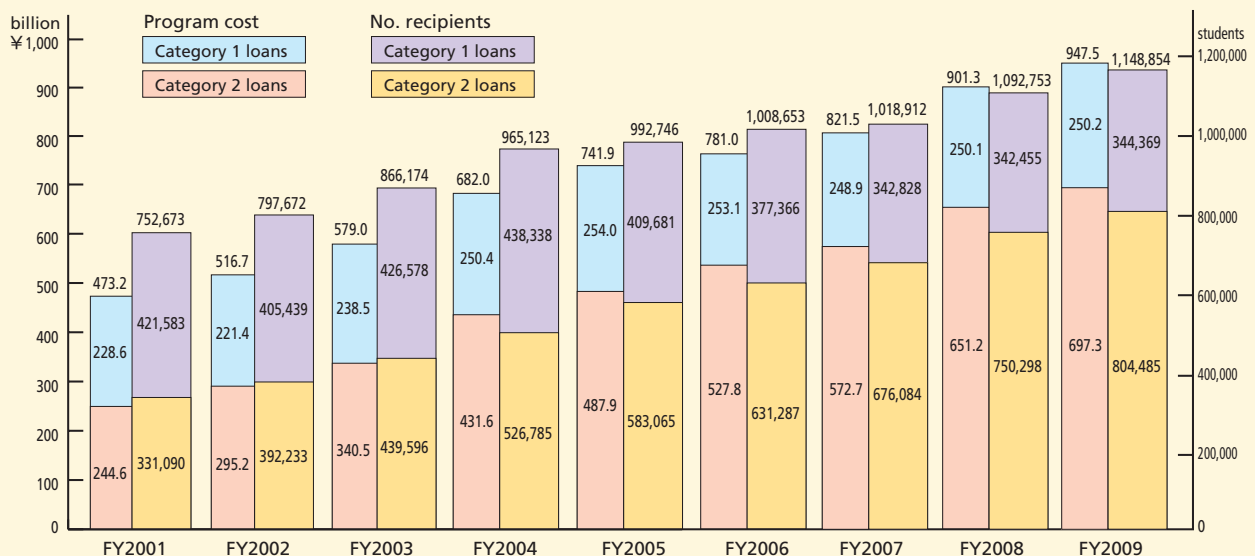


## Scholarship Loan Programs with Increasing Importance

JASSO's scholarship loan programs are based on the principle of supporting students with ambition and ability to secure economic independence. The students therefore can study at universities of their own choice and on their own responsibility.

### Changes in Number of Recipients and Amount of Scholarship Loans (Estimates)



Notes: 1. The number of recipients and the amount of scholarship loans of those students who entered upper secondary schools, which include upper secondary schools and upper secondary courses of specialized training schools, in FY2005 or later are not included because they have been transferred to prefectural or municipal authorities.  
2. Figures may not sum up to the total because of rounding.

### Ratio of Number of Loan Recipients to Total Number of Students by School Type (based on FY2007 figures)

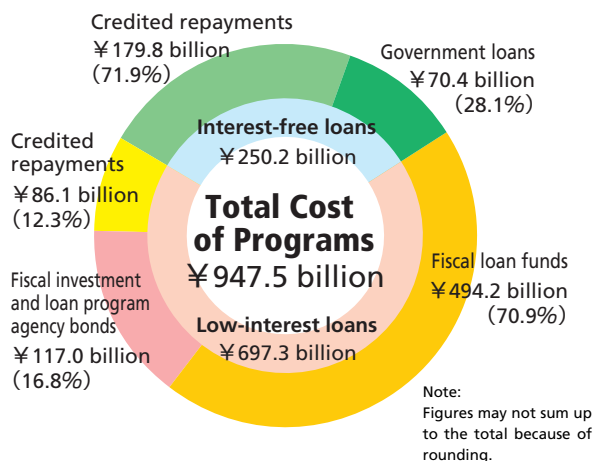
	No. loan recipients (A)	Total no. students (B)	Ratio (A/B X 100)	One in every X students
Universities	806,869	2,694,186	29.9	3.3
Graduate schools	86,305	218,131	39.6	2.5
Master's courses	70,721	165,835	42.6	2.3
Doctoral courses	15,584	52,296	29.8	3.4
Colleges of technology	6,343	56,218	11.3	8.9
Specialized training colleges	135,162	578,648	23.4	4.3

(unit: person and %)

Note: 1 "Universities" includes Undergraduate courses and two-year junior colleges.  
2 Total numbers of students (B) for universities and colleges of technology are from the FY2007 School Basic Survey Report, while the numbers for graduate schools and specialized training colleges are from a survey by JASSO.  
3 175 recipients of scholarship loans for university correspondence courses are not included in the left table.

# Scholarship Loan Programs for Japanese Students

## Breakdown of Budget for Scholarship Loans (FY2009)



\*The above chart indicates the loan program costs that are directly provided by JASSO among all scholarship loan programs for Japanese students (¥947.5 billion).

## Scholarship Loan System

The scholarship loan system provides loans to students who are academically outstanding but who have difficulty in pursuing their studies due to economic reasons.

### Types of Loans and Eligible Students

JASSO provides two types of loans: Category 1 loans which are interest-free loans and Category 2 loans which bear interest. Eligible students include those attending graduate schools, universities, junior colleges, colleges of technology and specialized training colleges (post-secondary courses).

### Application Method

Applications are accepted via the internet whereby all procedures, from application filling to completion of repayments, are performed on IKUSYS, an information management system. Using this system, student applications and payment of loans can be speedily processed, thus increasing efficiency.

## Number of Loan Recipients and Loan Amount (FY2009)

Classification	No. loan recipients	FY2009 budget	
		New recipients (Included in No. loan recipients)	Loan amount (millions of yen)
<b>Category 1 loans (interest-free loans)</b>	344,369	102,171	250,169
Upper secondary schools	51	0	11
Universities	251,201	66,788	160,428
National and local public	103,171	24,029	58,633
Private universities	135,635	36,440	94,138
Private junior colleges	12,395	6,319	7,657
Graduate schools	58,529	24,761	71,087
Master's courses (Including graduate law schools)	33,044 (3,432)	16,236 (1,308)	34,181 (3,569)
Doctoral courses	25,485	8,525	36,906
Colleges of technology	12,158	2,422	4,795
Specialized training colleges (post secondary courses)	22,430	8,200	13,849
<b>Category 2 loans (low-interest loans)</b>	804,485	248,845	697,323
Universities (undergraduate) and junior colleges	648,496	179,319	532,098
Graduate schools	29,843	15,203	34,443
Master's courses (Including graduate law schools)	28,823 (3,573)	14,825 (2,200)	33,148 (8,666)
Doctoral courses	1,020	378	1,296
Colleges of technology (4th and 5th year students)	428	214	349
Specialized training colleges (post secondary courses)	122,281	51,709	108,598
Increase in the Loan Amount for Entrance Preparatory Expenses	(54,813)	(54,813)	18,023
Scholarship loans for study abroad	3,437	2,400	3,811
<b>Total amount</b>	<b>1,148,854</b>	<b>351,016</b>	<b>947,492</b>

Note: 1. National and local public junior colleges are included in "national and local public" of Category 1 loans.  
2. Correspondence courses are included in Category 1 loans under "private universities."  
3. Emergency payments for 3,947 people are included in new recipients of Category 1 loans.  
4. The column for "New recipients" under "Colleges of technology" in Category 2 loans, applies to 4th year students.  
5. The figure for the number of recipients of a "Increase in the Loan Amount for Entrance Preparatory Expenses" in Category 2 loans, is those included in each school and college of Category 2 loans.

6. The bracketed number for master's and doctoral courses is for graduate law schools.  
7. Those entering upper secondary schools, etc., (including upper secondary schools and upper secondary courses at specialized training colleges) from FY2005 onward have not been included in the number of loan recipients and the loan amounts stated above because the operations have been transferred to the individual local prefectural governments.  
8. Figures may not sum up to the total because of rounding.

### » Selection Method

Applicants who have been recommended by their school heads are screened, and a decision is made thereafter. The selection criteria is based on the student's character, health condition, academic ability, and his/her family's financial condition.

#### Prior Applications (applying before commencing studies)

Application is accepted through the school where the student is enrolled in the year prior to commencing studies.

#### Post-entry Applications (applying after commencing studies)

Application is accepted through the school where the student is currently enrolled. In principle, there will be a notification for application every spring.

#### Emergency Applications (Category 1 loans), Temporary Applications (Category 2 loans)

Applications for scholarship loans are accepted anytime if the necessity arises because of a sudden change of circumstances in a household's main income provider, such as unemployment, personal bankruptcy, company bankruptcy, sickness or death, or sudden changes of financial situations due to disasters such as fire, storm, or flood damage.

### » Advice and Guidance for Scholarship Loan Recipients

JASSO supervises recipients with the cooperation of schools so that recipients can lead their college lives focusing on their studies, and that they can fulfill their repayment obligations after graduation.



### ■ Recommendation standard (for reference)

#### ● Category 1 loans (interest-free loans)

Classification		Academic Level (Applicants registering for the 1st year)	Upper Limit of Annual Salary or Income (An average family of four)	
			Salaried Family	Other Than Salaried Family
Universities	National and local public	Students whose grades from junior year to senior year are above 3.5.	Approx. ¥9.51M	Approx. ¥4.65M
	Private		¥9.98M	¥5.12M
junior colleges	National and local public		¥9.36M	¥4.50M
	Private		¥9.82M	¥4.96M
Colleges of technology	National and local public	Junior high school students whose 8th grade grades are above 3.5.	¥8.02M	¥3.38M
	Private		¥8.36M	¥3.62M
Specialized training colleges <post-secondary courses>	National and local public	High school students whose grades from junior year to senior year are above 3.2.	¥9.06M	¥4.20M
	Private		¥9.73M	¥4.87M
Graduate schools	Master's courses	University or graduate school students whose grades are extremely excellent.	Income of the applicant and spouse (approximate)	¥5.41M
	Doctoral courses			¥6.14M

#### ● Category 2 loans (low-interest loans)

Classification		Academic Level (Applicants that fall under the following category.)	Upper Limit of Annual Salary or Income (An average family of four)	
			Salaried Family	Other Than Salaried Family
Universities	National and local public	① An applicant whose high school grades are above average. ② An applicant who shows extreme excellence in one specific field. ③ An applicant who is ambitious and is judged to be able to graduate.	Approx. ¥12.92M	¥7.57M
	Private		¥13.44M	¥8.09M
junior colleges	National and local public		¥12.76M	¥7.41M
	Private		¥13.26M	¥7.91M
Colleges of technology (4th and 5th year students)	National and local public		¥12.42M	¥7.07M
	Private		¥12.68M	¥7.33M
Specialized training colleges <post-secondary courses>	National and local public	¥12.43M	¥7.08M	
	Private	¥13.16M	¥7.81M	
Graduate schools	Master's courses	① An applicant whose university or graduate school grades are excellent. ② An applicant who is ambitious and is judged to be able to graduate.	Income of the applicant and spouse (approximate)	Below ¥5.95M
	Doctoral courses			Below ¥7.98M

Note: Interest will not be charged during the recipient's attendance at a university. After graduating, he/she will be charged a maximum interest rate of 3%.

# Scholarship Loan Programs for Japanese Students

## Enhancement of the Scholarship Program

### » Additional monthly allowance (for Category 1 loans)

Monthly allowances for Category 1 loans can be chosen from two types from the fiscal year 2009. Formerly, the allowances were fixed according to the school type, the sponsor type and the commute type (live with or away from family). However, from fiscal 2009, a new type of monthly allowance arrangement has also been introduced: 30,000 yen for the students of universities, colleges, specialized training schools and vocational schools (specialized course); 50,000 yen for the students of graduate schools (masters course); 80,000 yen for the students of graduate schools (doctorate course); 10,000 yen for the students of technical colleges (1st, 2nd and 3rd year students); 30,000 yen for the students of technical colleges (4th and 5th year students).

### » Special Increase in the Loan Amount for Occasions such as Entrance Preparation (Category 2 Loans)

Based on the system to help a student to pay for expenses incurred when entering school or going abroad to study, the student was provided with a fixed amount of ¥300,000 until the fiscal year 2008. However, based on the system newly introduced in fiscal 2009, it has become possible for the student to choose from different amounts: ¥100,000; ¥200,000; ¥300,000; ¥400,000; and ¥500,000.

### » Scholarship Loans for Those Wishing to Study Abroad (Category 2 Loans)

This loan system is for those wishing to study abroad for a degree at colleges, universities and graduate schools after graduating from Japanese high schools, colleges, universities and so on. A student can apply to this system by submitting application made upon obtaining a recommendation from the president or principal of the school which the applicant is presently attending or has attended. The application must be made within two years after completing study at the school.



▲"Scholarship Liaison Council (Tokyo)" for school staffs in charge of scholarships



### » Scholarship Loans for Short-Term Study Abroad (Category 2 Loans)

This scholarship system is based on the agreement signed between Japanese and overseas universities. It stipulates that students who are enrolled in Japanese universities or colleges can study at foreign universities for more than three months and less than a year if a recommendation can be obtained from the president of the school which the applicant is attending or has attended. This scholarship system also provides an additional ¥100,000, ¥200,000, ¥300,000, ¥400,000 or ¥500,000 over the basic loan amount to cover initial costs.

### » Exemption from Repayment upon Graduation for Graduate School Students with Outstanding Results

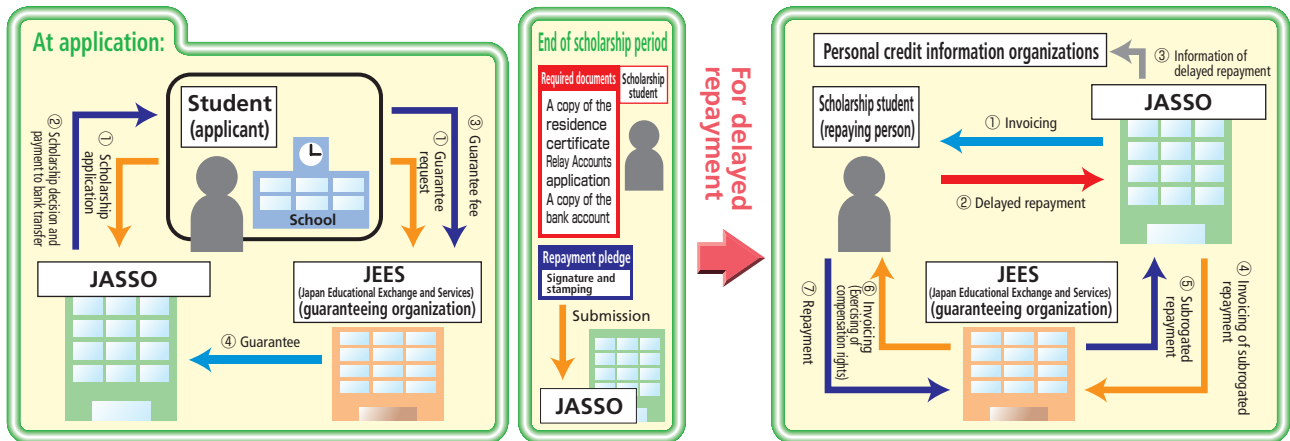
Graduate school recipients of Category 1 loans, whom JASSO recognizes as having achieved particularly outstanding results in their studies, may be exempt from repayment of a portion of or the entire loan when the loan period is completed. To raise the incentive of students, outstanding results or achievements in academic disciplines will be highly evaluated in addition to impressive performances in such activities as sports and artistic/cultural endeavors related to the student's speciality or notable social contributions through volunteer work.

### » Organization Guarantee System

There is a system available for those students who find it difficult to have single or joint personal guarantors for their

loans. Under the system, a guarantee from an organization (Japan Educational Exchanges and Services) is accepted with the student paying a premium to the guaranteeing organization.

## When you select the JEES as the guarantor:



#### Procedures for scholarship application

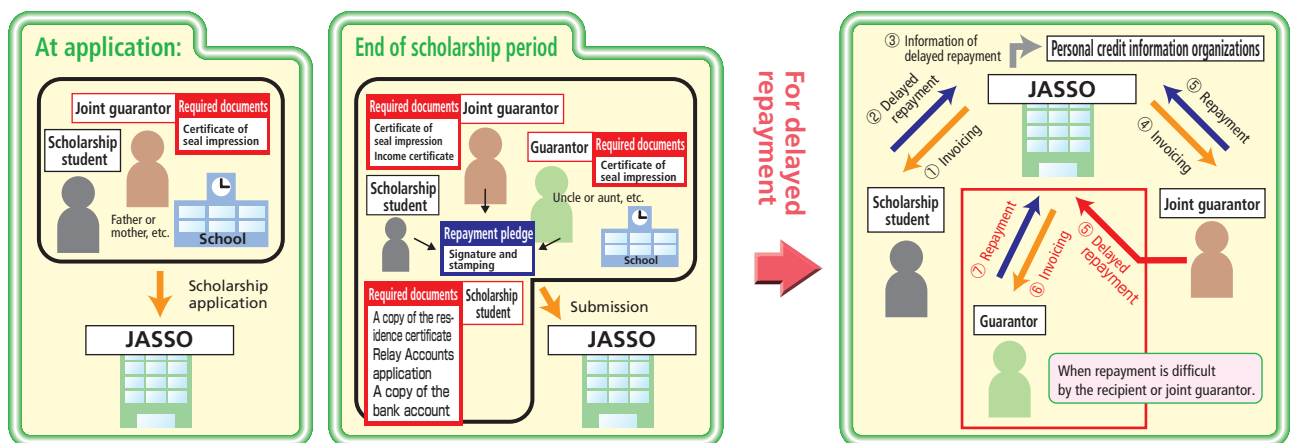
- The applicant's school will be the handling window for the Scholarship Loan application and the Organization Guarantee System application.
  - The Request for Guarantee must be done at the same time as the Scholarship Loan application.
  - Minors will need the signature and seal of their mother or father, or their guardian.
  - When the scholarship period ends, the applicant must sign a Repayment Pledge and submit it to his/her school office window.
- \* Neither a guarantor nor a joint guarantor is necessary for the Repayment Pledge.

#### When the repayment is delayed

- When the scholarship student (repaying) cannot pay by the specified due date and after a certain period of pressing for payment by JASSO, the guaranteeing organization, JEES, will pay the balance in lump sum in place of the student (subrogated payment).
- After the guaranteeing organization repays the balance amount, it can claim the paid amount to the scholarship student (exercise of compensation rights).
- When repayment is delayed, the information of delayed repayment is registered by a personal credit information organization.

The procedures will partly be changed for those students who are granted scholarship in FY2010 or later.

## When you select an individual as the guarantor:



#### Procedures when applying for a scholarship application or when the scholarship term ends:

- The following are required at scholarship application: signature, seal, and "Certificate of seal impression" of the joint guarantor.
  - At scholarship grant termination, the recipient should submit the Repayment Pledge (with the signature of the guarantor or joint guarantor) to the school office window.
  - A "Certificate of seal impression" and an "Income certificate" are required for a joint guarantor, or only the "Certificate of seal impression" for a guarantor.
- As a rule, the guarantor should be either the father or mother of the recipient, or the joint guarantor should be a relative within the fourth degree and should not be living with him/her.

#### When the repayment is delayed

- An invoice will be sent to the joint guarantor when the repayment by the recipient is delayed.
- When it is difficult for the recipient or the joint guarantor to repay, an invoice will be sent to the guarantor.
- When repayment is delayed, the information of delayed repayment is registered by a personal credit information organization.

The procedures will partly be changed for those students who are granted scholarship in FY2010 or later.

## "Relay Accounts": Reimbursed Loans Passed on Through Generation of Students

### » Repayments

In principal, repayments are automatically deducted from the recipient's bank account after graduation, in monthly or both monthly and semi-annual installments (half of the total amount is paid monthly and the remainder in semi-annual installments). These are called "Relay Accounts" to signify that the money returned is handed on for use by other students. The number of repayment installments depends on the size of the loan.

### » Overdue Repayment Charges

Additional charges will be imposed on overdue repayments. A 10% annual interest will be added to the overdue installment (excluding interest) as an overdue charge, prorated by the number of days delayed.

### » Postponing Repayment

Loan repayments can be postponed for the following cases if a postponement request is submitted.

- (1) If a repayment has become difficult due to a reason truly unavoidable, which includes a disaster, sickness, injury, economic difficulties and so on.
- (2) If the student is still pursuing his/her studies at school.

### » Exemption from Repayment

Exemption from repayment will be granted upon request if the following conditions are met:

#### Category 1 loans (interest-free loans)

- (1) When a student is unable to repay the loan due to death, physical or mental disability;
- (2) When a graduated student has achieved particularly outstanding results during his or her academic years.

Note : 1. It applies to loan recipients from FY2004 onwards.

2. The exemption system for specially designated professions such as education and research that was conditional upon being in employment for a certain period of time has been abolished.

#### Category 2 loans (low-interest loans)

When payment becomes impossible due to death, physical or mental disabilities.

### ■ Example of Monthly Installment Repayments (FY2009)

Category 1 Loans (interest-free loans) – In the case of loans starting from April								
Classification			Monthly amount (¥)	Loan period (months)	Total repayment (¥)	Monthly repayment (¥)	No. installments	Years for repayment
Universities	National and local public	At home	45,000	48	2,160,000	12,857	168	14
		Away from home	51,000		2,448,000	13,600	180	15
	Private	At home	54,000		2,592,000	14,400	180	15
		Away from home	64,000		3,072,000	14,222	216	18
			30,000		1,440,000	9,230	156	13
			30,000		1,440,000	9,230	156	13
Junior colleges and Specialized training colleges (Post secondary courses)	National and local public	At home	45,000	24	1,080,000	7,500	144	12
		Away from home	51,000		1,224,000	8,500	144	12
	Private	At home	53,000		1,272,000	8,833	144	12
		Away from home	60,000		1,440,000	9,230	156	13
			30,000		720,000	6,666	108	9
			30,000		720,000	6,666	108	9
Graduate schools	Master's courses		50,000	24	1,200,000	8,333	144	12
			88,000		2,112,000	12,571	168	14
	Doctoral courses		80,000	36	2,880,000	15,000	192	16
			122,000		4,392,000	18,300	240	20

Category 2 Loans (low-interest loans) – In the case of loans starting from April							
Classification	Monthly amount (¥)	Loan period (months)	Total amount lent (¥)	Total repayment (¥)	Monthly repayment (¥)	No. installments	Years for repayment
Universities (undergraduate)	30,000	48	1,440,000	1,761,917	11,293	156	13
	50,000		2,400,000	3,018,568	16,769	180	15
	80,000		3,840,000	5,167,586	21,531	240	20
	100,000		4,800,000	6,459,510	26,914	240	20
	120,000		5,760,000	7,751,445	32,297	240	20

For Category 2 loans, applicants can choose the amount of a monthly payment (five choices).

Note : 1. Annual interest is calculated on money loaned at a rate of 3.0%. (Annual interest rates fluctuates by a maximum of 3.0%.)

2. Interest for the period from the time of graduation until commencing repayments, is included in the total amount for repayment.

## Repayment Consultation Centers

Repayment Consultation Centers in Tokyo, Nagoya, and Osaka give advice on scholarship loans and repayments (established exclusively for consultations).