

FEDERAL STAFFORD LOAN PROCESS

DEADLINES:

If you're attending the Fall Semester only, the deadline to apply for a FAFSA and Federal Stafford Loan is **November 30, 2009**. If you're attending both Fall and Spring or the Spring Semester only, the deadline is **April 23, 2010**. If you're attending Summer Semester the deadline is **May 7, 2010**.

What you take out today will affect your future

HOW DO I APPLY FOR A FEDERAL STAFFORD LOAN?

To be eligible to apply for any Federal or private loans you must first complete a 2009-2010 FAFSA (Free Application for Federal Student Aid). The federal processor will send us your FAFSA results in approximately 4 days. After we receive your FAFSA results, we will notify you by letter. Follow the instructions in the letter. If any documents are requested, return them to the Financial Aid Office as quickly as possible. You will receive an Award or No Need Letter once we have completed processing your financial aid application. You must be enrolled in and be attending at least 6 units at Sierra College to be eligible for a loan.

After you have completed the FAFSA and submitted the requested documents, fill out the enclosed Federal Stafford Loan Request Form and return it to the Financial Aid Office. We contact with you by phone or mail regarding the Online Entrance Loan Counseling Workshop approximately 1 to 2 weeks after we receive your Loan Request Form, so make sure we always have your current address and phone number.

What are the Loan Types?

Loans, unlike grants or work-study, are borrowed money that **must** be repaid, with interest. These are real loans-just like car loans or mortgages. Students **cannot** have these loans canceled because they do not like the education they receive or because they are having financial difficulty. These loans are a **serious obligation**, so students need to think about the amount that must be repaid over the years before taking out a loan.

1. **Stafford Subsidized Loans** are awarded to students who demonstrate financial need. Because the U.S. Department of Education subsidizes the interest, borrowers are not charged interest while they are enrolled in school at least half-time or are in a grace or deferment period. Payments begin six months after you leave school or drop below half-time status.
2. **Stafford Unsubsidized Loans** are awarded to students regardless of financial need. Borrowers are responsible for paying the interest that accrues during the life time of the loan. Payments begin six months after you leave school or drop below half-time status. Students with this loan may make interest-only payments while in school, or postpone these payments and have the interest added to the principal balance at the start of repayment.
3. **PLUS** (Parent Loan for Undergraduate Student) allows parents to borrow on behalf of their dependent undergraduate children who are enrolled at least half-time. Borrowers are responsible for the interest that accrues on PLUS Loans throughout the life of the loan. Repayment begins once the loan is fully disbursed.
4. **Alternative Loans** (also known as Private student loans or Supplemental loans) can help you pay for college, generally at better interest rates than other lines of credit. You should only use alternative loans as supplemental funding after you have exhausted all other sources of financial aid. Sierra College requires that you complete a FAFSA and complete a Stafford Loan Request Form before we will certify any alternative loans to ensure that you have exhausted the most advantageous loans first.

WHAT ARE THE STEPS NEEDED TO COMPLETE THE FEDERAL STAFFORD LOAN PROCESS?

- You **must** complete the FAFSA and submit all requested documents.
- You **must** complete and return the Federal Stafford Loan Request form to the Financial Aid Office.
- You **must** complete the Master Promissory Note (MPN) online.
- You **must** complete the Online Entrance Loan Counseling Workshop.
- Sierra College certifies the loan and sends an award letter notifying you of your awarded amount.
- You will receive your Loan Check by mail.

HOW MUCH CAN I GET?

The chart below shows the maximum annual amounts based on the number of college units you've completed and your dependency status. You are Dependent if you had to provide parental information on your FAFSA. In addition, your FAFSA results and the amount of financial aid including scholarships are used to determine your loan amount. As a result, not every student qualifies for the maximums shown on the chart.

ANNUAL FEDERAL STAFFORD LOAN LIMITS

ACADEMIC LEVEL	DEPENDENT			INDEPENDENT		
	Subsidized	Unsubsidized	Total	Subsidized	Unsubsidized	Total
1 st Year (0 – 23.9 units)	\$3,500	+	\$2,000 = \$5,500	\$3,500	+	\$6,000 = \$9,500
2 nd Year (24 + units)	\$4,500	+	\$2,000 = \$6,500	\$4,500	+	\$6,000 = \$10,500

WHAT IS A LOAN COUNSELING WORKSHOP?

The Entrance Loan Counseling Workshop is required by federal regulation. The workshop is an online process designed to give you important information about loan interest rates, repayment, forbearance, your responsibilities, and consequences of failing to repay the loan.

All students applying for Stafford Loans will be required to complete the Entrance Loan Counseling Workshop because there have been significant changes to the loan program as a result of new laws. You will be notified by the Financial Aid Office after your financial aid file and Loan Request Form have been reviewed.

SHOULD I HAVE MY TRANSCRIPTS FROM OTHER COLLEGES EVALUATED AND ADDED TO MY SIERRA COLLEGE RECORD?

See an academic counselor for assistance to determine if your previous college credits can be used towards your educational goal at Sierra College. You must have completed 24 or more college units to be considered a 2nd-year undergraduate for loan purposes, and your transcript(s) from other schools must have been evaluated **BEFORE** your loan is processed. Send your transcripts to the Admissions and Records office to be evaluated. Make sure you indicate you want your transcripts evaluated for Financial Aid purposes.

CAUTION: *Once you have completed 90 or more units including other college units, you will no longer be eligible for financial aid at Sierra College.*

IF I CAN'T GET ENOUGH MONEY FROM THE FEDERAL STAFFORD LOAN PROGRAM, WHAT ELSE CAN I DO?

Student loans should be your last resort. You should take time to apply for scholarships. Information about scholarships and other types of aid is available in the *Fund Your Future Workbook, Financial Aid Handbook* and on the Sierra College website.

HOW CAN I AVOID PROCESSING DELAYS?

Do not wait until the last minute to complete and submit forms. Apply early and be sure to follow up with the Financial Aid Office if you have any questions. The MPN is a legal document and must be completed correctly. If there are any problems with your MPN, your lender will contact you.

WHEN WILL I GET MY LOAN CHECK?

The disbursement dates listed by your lender are only estimates; this is not the date your funds will be available. You must allow for processing time after we receive your funds before it will be sent to you. Loan disbursements are mailed to students.

Loans are disbursed in two transactions. Federal regulations state that all first-time, first-year borrowers must wait until 30 days after the semester has begun to receive the first disbursement. For all other borrowers, your first loan disbursement will be available approximately one week after the Federal Stafford Loan Process has been completed and your semester classes have started.

If your loan covers Fall and Spring, your second disbursement will be available after the Spring Semester begins. If your loan covers only one semester, your second disbursement will be available after the deadline to withdraw has passed.

You must be enrolled in 6 units and attending these classes in order to receive your loan. If you drop below 6 units, withdraw from all your classes, or are terminated from financial aid for not meeting the Satisfactory Academic Progress policy, you will not be eligible for any loan disbursement.

FEDERAL STAFFORD LOAN LENDER LIST

Links to the Online Workshop (FastFacts) as well as the Lender List (FastChoice) are provided on our Sierra College web site: www.sierracollege.edu/StudentServices/FinancialServ/loans.html. If you are a new borrower, we recommend you compare and choose one of the Lenders on our website. If you have previously borrowed Federal Stafford Loans, we strongly recommend you continue to borrow with the same Lender to avoid multiple loan payments when repayment begins.

THE LOAN LINGO

Trying to understand the lingo! Confused in what to look for in taking out a loan? Need a dictionary? We've included some loan lingo definitions below.

Borrower Benefits: All lenders are NOT alike. Some will reduce up-front fees or not charge them. They may reduce your interest rate automatically when you begin repayment or they may reduce your interest rate for having loan repayments auto-debited. Your best bet is to compare lender to get the best deal.

Cancellation: Your loan is canceled because of things such as no monies being disbursed to the borrower, the Lender's check was never cashed, or the loan was repaid within 120 days after being disbursed, etc.

Default: To default on your loan means your federal loan is 270 days or more past due.

Default Fees: The late fees your lender (or guarantor) charge when your loan is in default.

Deferment: Postponing the repayment of your student loan for a period of time, usually because of unexpected economic hardship. You must apply for a deferment – it is not automatic. Contact your lender for specifics about deferment.

Delinquency: This is when you fail to make your monthly loan payments when they are due. Delinquency begins with your FIRST missed payment.

Discounts: Some lenders will lower your principal balance if you make on-time payments. They may also give you a rate decrease for using automatic payments. To stay in good standing with your lender, you should consistently make your payments on time.

Disbursement: When your loan monies are release to Sierra College for delivery to the borrower.

Forbearance: A temporary hold of your regularly scheduled repayment, or being permitted to make smaller payments than what was originally scheduled on the loan agreement. You are usually still responsible for the entire amount of interest accrued during this time. This must be arranged with your lender– it is NOT automatic!

Grace Period: A specific time period between the date the student graduates (or drops below half-time enrollment status), and when they must begin repaying their student loans. Generally this is about six months from the date of graduation or when you drop below half time. Check with your lender.

Lender Fees: This may also be referred to as Processing Fees or Underwriting Fees. These are fees the lender charges to offset the cost of producing the loan.

Master Promissory Note (MPN): This is the legally binding document the student signs that makes them liable for repayment of the loan and states the terms of the loan.

Origination Fee: The amount your lender charges for services performed handling the initial application and processing of the loan repayment.