

SIERRA COLLEGE

Financial Aid Office 5000 Rocklin Road Rocklin, CA 95677 (916) 660-7310 Fax (916) 630-4541

2011-2012 FEDERAL DIRECT STUDENT LOAN PROCESS For Fall 2011 and Spring 2012

Federal student loans are a long-term financial obligation. Accepting a loan means accepting the responsibility for repaying the money you borrow including interest costs and fees. Before you request a loan, make sure you find out the true costs, interest rates, and how long it will take to repay the loan. Go to <http://dl.ed.gov> to get answers to these questions and more. Be a smart borrower!

You may ONLY use the student loan money to pay for your education expenses at the school that is giving you the loan. Education expenses include school charges such as tuition, room and board, fees and indirect expenses such as books, supplies, equipment, dependent child care expenses, transportation, and rental or purchase of a personal computer.

WHAT TYPES OF LOANS ARE OFFERED?

Subsidized: For students with demonstrated financial need as determined by federal regulations. No interest is charged while you are in school at least half-time (6 or more units) or are in a grace or deferment period. Read the section on “Loan Lingo” for more information.

Unsubsidized: Not based on financial need. Interest is charged during all periods, even when you are attending school or during grace and deferment periods. Read “Loan Lingo” for details.

PLUS: Unsubsidized loans for the parents of dependent students and for graduate/professional students. PLUS loans help parents pay for education expenses up to the cost of attendance minus all other financial assistance. Interest is charged during all periods. Repayment begins once the loan is fully disbursed.

Alternative: Private or supplemental student loans can help pay for college. However, students should use all other sources of financial aid including scholarships before considering an alternative loan. To make sure students make use of federal student aid first, Sierra College requires a completed Free Application for Federal Student Aid (FAFSA) and a Sierra College “Federal Direct Student Loan Request Form” before an alternative loan can be considered.

HOW MUCH CAN I GET?

The chart below shows the maximum annual loan limits which are based on the number of college units you've completed and your dependency status. You are Dependent if you had to provide parent information on your Free Application for Federal Student Aid (FAFSA). In addition, your FAFSA results and 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 DIRECT STUDENT 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

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

Student loans should be your last resort. Before you borrow, take time to look for free money. For information about scholarships and other types of aid, pick up the *Fund Your Future Workbook* or the *Financial Aid Handbook* at the Financial Aid Office at the Rocklin or Nevada County campuses. Also, check for financial aid and scholarship information at www.sierracollege.edu.

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

See an academic counselor to determine if the college credits you earned at other colleges can be used toward your educational goal at Sierra College.

To be considered a 2nd-year undergraduate for loan purposes, you must have completed 24 or more college units. If you want to use other college units to qualify as a 2nd-year undergraduate, your transcript(s) from other schools must be evaluated and posted to your Sierra College record **BEFORE** your loan is processed. Take your unopened official transcript(s) 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 attempted 90 or more units (including Sierra units and other college units), financial aid will not be automatically processed for you at Sierra College – that includes student loans.*

DEADLINES:

If you are attending the Fall Semester only, the deadline to apply for a FAFSA and a Federal Direct Student Loan is **November 28, 2011**. If you are attending both Fall 2011 and Spring 2012 or Spring 2012 only, the deadline is **April 20, 2012**. If you are attending Summer Semester 2012, the deadline is **June 1, 2012**. For Summer 2012, you must also fill out a Summer 2012 Financial Aid Request Form (Summer 2012 loan instructions and forms will be available in April, 2012).

WHEN WILL I GET MY LOAN MONEY?

After you complete **ALL** the steps listed on the “Federal Direct Student Loan Request Form,” allow at least **TWO WEEKS** processing time. Loan updates will appear on your mySierra account under the Financial Aid tab, so check your status on-line any time.

Your loan money will be credited to your school account to pay tuition and fees, room and board, and other authorized charges. If the loan disbursement amount exceeds your school charges, the school will pay you the remaining balance using the disbursement method you selected on the Financial Aid website (direct deposit, Sallie Mae debit card, or paper check). To sign up for a disbursement method, go to www.sierracollege.edu and click on Financial Aid and then Disbursement of Funds. Disbursement information will appear on your mySierra account each time we disburse part of your loan money.

Generally, your loan will cover a full academic year and will be given to you in two disbursements – the first for Fall and the second for Spring. The earliest that loans will be disbursed will be one week after the end of the semester add/drop deadline. If your loan covers only one semester, your second disbursement will be available after the deadline to withdraw has passed.

If you are a first-time, first-year borrower, federal regulations require that you wait for 30 days after the semester begins to receive the first disbursement.

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

HOW CAN I AVOID PROCESSING DELAYS?

Don't wait until the last minute to complete and submit forms. Apply early and check your mySierra student e-mail account often to see if you need to respond to any e-mails or have additional document requirements.

WHAT STEPS ARE NEEDED TO GET A FEDERAL DIRECT STUDENT LOAN?

If you are applying for a Fall 2011 and/or Spring 2012 loan, you **MUST** complete **ALL** the steps listed **BELOW**.

LOAN CHECKLIST

- Apply for Admissions at Sierra College at <http://www.sierracollege.edu>. Click on the Student Services tab at the top of the page and then click on Admissions and Records.
- Complete the 2011-2012 FAFSA (Free Application for Federal Student Aid) at <http://www.fafsa.gov>. Sierra's school code is 001290.
- Turn in all documents requested by the Financial Aid Office. (AFTER we receive your FAFSA results from the federal processor, any required documents will be listed on your mySierra account under the Financial Aid tab. Also, check your student e-mail account for messages.)
- Complete an on-line Master Promissory Note (MPN) at <http://www.dlenote.ed.gov>.
- Complete on-line Loan Entrance Counseling at <http://www.dl.ed.gov>. Click on the Entrance & Exit Counseling icon at the top of that home page.
- Complete and submit the Federal Direct Student Loan Request Form to the Rocklin Campus Financial Aid Office.
- Select a disbursement method (how you want to receive your loan funds) on-line at <http://www.sierracollege.edu>. Click on the Student Services tab at the top of the page, click on Financial Aid on the far left, and then click on Disbursement of Funds on the left. Options include: direct deposit, Sallie Mae debit card, or paper checks.
- Frequently check your student e-mail account and financial aid status on your mySierra account.

HOW CAN I CANCEL MY LOAN?

You can cancel all or part of your loan if you no longer need the money, will be enrolled in less than 6 units, or will not attend Sierra College. You can send an e-mail from your mySierra account to financialaidquestion@sierracollege.edu or come to the Financial Aid Office to submit your request in writing. Also, you must complete on-line loan **EXIT** counseling at <http://www.dl.ed.gov>.

LOAN LINGO

Having trouble understanding loan lingo? Confused with what to look for in taking out a loan? Need a dictionary? We've included some loan lingo definitions below to help.

Capitalization

Adding unpaid interest to the loan principal. Example: If you do not pay interest on the unsubsidized loan while attending school, the unpaid interest is added to the original loan principal when you go into repayment. **WARNING:** Capitalization increases the principal amount of the loan and will substantially increase the total amount you have to repay to the federal government.

Default

Failure to repay a loan according to the terms of the promissory note. Consequences of going into default will include but are not limited to: no longer being eligible for financial aid and having your wages seized.

Deferment

A legal way to postpone payment(s) on a loan if you meet specific conditions. During deferment, interest does not accrue for subsidized loans.

Disbursement

A payment of loan money to the student or parent borrower.

Discharge

A legal way to release you from the obligation to repay your loan if you meet specific conditions.

Direct Loan Servicing Center

An agent hired by the U.S. Department of Education to collect Direct Loans and handle deferments, repayment options, and consolidation.

Direct Subsidized Student Loan

A loan for students with financial need as determined by federal regulations. No interest is charged while you are in school at least half-time, during your grace period, and during deferment periods.

Direct Unsubsidized Student Loan

A student loan that is not based on financial need. Interest begins when the loan is disbursed to you. If you choose not to pay the interest while you are in school, it will be added to the unpaid principal and will substantially increase the total amount you to have to repay.

Forbearance

A way to postpone repayment of your loan if you don't qualify for a deferment and are unable to make payments for a reason such as poor health. Interest continues to accrue during forbearance.

Grace period

A six-month period before the first payment must be made on a subsidized or unsubsidized loan. The grace period begins the day after you are enrolled less than half time (less than 6 units).

Interest

A fee charged for borrowing money. Interest is calculated on the amount borrowed (principal plus any capitalized interest).

Loan fee

A fee charged by the feds to process the loan. Federal fees are deducted proportionately from each loan disbursement.

Master Promissory Note (MPN)

A legally binding contract between a lender (federal government) and a borrower. The promissory note contains the terms and conditions of the loan, including how and when the loan must be repaid.

Principal balance

The amount owed on a loan, including any capitalized interest.

Repayment period

The period during which you are required to make payments on your loan(s).

Repayment schedule

A statement provided to you by the Direct Loan Servicing Center that lists the amount borrowed, the amount of monthly payments, and the date payments are due.

IMPORTANT WEBSITES

Go to the [Direct Loan Student](#) website to find out about interest rates, how to apply for a loan, repayment plans, deferments, forbearance, consequences of default, and much more.

Go to the [Direct Loan Servicing Center](#) website to view your federal loan account after your loan has been processed. You can also change your repayment plan, view Frequently Asked Questions and Responses, and download deferment, forbearance, and consolidation forms.