



Financial Aid Office – 5100 Sierra College Blvd Rocklin, CA 95677 - (916) 660-7310

## **2022-2023 FEDERAL DIRECT STUDENT LOAN PROCESS FOR FALL 2022, SPRING 2023, and SUMMER 2023**

Federal student loans are long-term financial obligations. 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. To get answers to these questions and more, go to <https://studentaid.gov/understand-aid/types/loans>. 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 deferment period. Effective July 1, 2014, students are responsible for paying the interest during the 6-month grace period. Read the section on “Loan Terminology” for more information.

**Unsubsidized:** Not based on financial need. Interest is charged from the time you receive the loan, even when you are attending school and during deferment periods. Read “Loan Terminology” 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 as soon as the loan is fully disbursed.

### **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). 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. If you enroll for only one semester, you will receive half of your loan eligibility for the academic year. Also, Sierra does not adjust loan amounts for students who advance to the 2<sup>nd</sup> year level during the academic year.

### **ANNUAL FEDERAL DIRECT STUDENT LOAN LIMITS**

ACADEMIC LEVEL	DEPENDENT			INDEPENDENT		
	Subsidized	Unsubsidized	Total	Subsidized	Unsubsidized	Total
1 <sup>st</sup> Year (0 – 23.9 units)	\$3,500	+	\$2,000 = \$5,500	\$3,500	+	\$6,000 = \$9,500
2 <sup>nd</sup> 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?**

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 <https://www.sierracollege.edu/student-services/financial-aid.php>.

## **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 2<sup>nd</sup>-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 2<sup>nd</sup>-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 and make sure you indicate you want your transcripts evaluated for Financial Aid purposes.

**CAUTION:** *Once you have exceeded the maximum unit limit (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 25, 2022**. If you are attending both Fall 2022 and Spring 2023 or Spring 2023 only, the deadline is **April 21, 2023**. If you are attending Summer 2019, the deadline is **July 1, 2023**.

## **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 on your loan by going to your student account.

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 semester add/drop deadline. If your loan covers only one semester, your second disbursement will be available after the semester deadline to withdraw from courses 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 DO I NEED TO DO TO GET A FEDERAL DIRECT STUDENT LOAN?

### LOAN CHECKLIST

To apply for a Fall 2022, Spring 2023, or Summer 2023 loan, **you must complete ALL the steps listed below:**

- Apply for Admissions: <http://www.sierracollege.edu/admissions/index.php>
- Complete the 2022-2023 FAFSA (Free Application for Federal Student Aid) at <https://studentaid.gov/h/apply-for-aid/fafsa> . 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 - legal document for your loan): <https://studentloans.gov/myDirectLoan/index.action> .
- Complete on-line Entrance Counseling: <https://studentaid.gov/entrance-counseling/>.
- Complete on-line Financial Literacy Workshop: <https://www.ecmclearning.org/sierracollege>
- Download, Complete and submit the 2022-2023 Federal Direct Student Loan Request Form by uploading via <http://sierracollege.verifymyfafsa.com/>.
- Select a disbursement method (how you want to receive your loan funds): <https://www.sierracollege.edu/student-services/financial-aid.php> . Disbursement methods include: direct deposit, BankMobile Card, or paper checks.
- If we send an e-mail to your student e-mail account telling you to complete and submit the “LoanWise” packet because of your student loan debt, follow the instructions in the e-mail, or access here: [LoanWise](#).
- Don’t forget to check your student e-mail account and financial aid status on your mySierra account at <https://mysierra.sierracollege.edu/cp/home/loginf> .

### 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 [finaid01@sierracollege.edu](mailto:finaid01@sierracollege.edu) or come to the Financial Aid Office to submit your request in writing.

**You must also complete on-line EXIT Counseling, which is a federal requirement.** Go to <https://studentaid.gov/exit-counseling/>

### LOAN TERMINOLOGY

Having trouble understanding all the loan terms? Confused with what to look for in taking out a loan? Need a dictionary? We’ve included some loan 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 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, and/or 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 (capitalization) 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 because of financial hardship. Interest continues to accrue during forbearance.

**Grace Period**

The grace period begins the day after you are enrolled in less than half time (less than 6 units). During the grace period, you are responsible for paying the interest on your student loans. At the end of the six-month grace period, you must begin repaying your student loans – you must make payments to both the principal and interest.

**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**

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

## IMPORTANT WEBSITES

To find out about interest rates, how to apply for a loan, repayment plans, deferments, forbearance, consequences of default, and much more, go to <https://studentaid.gov/>.

To learn how much your monthly payments will be, go to <https://studentaid.gov/>.

To manage repayment of your loans, go to <https://studentaid.gov/>.

To get free help with your loan options, go to [www.ECMC.org](http://www.ECMC.org).