

Los Angeles Valley College

Student Loan Information Guide

2018-2019

LACCD and Los Angeles Valley College Loan Philosophy

As a low-cost public institution with limited entrance requirements, we are concerned about our students and believe it is critical that we establish a clear rationale for student loan eligibility at our institutions. We wish to be certain that when students transfer they have sufficient loan eligibility to complete their education, and that students who do not intend to go beyond the community college level will not be overly burdened by debt. Los Angeles Valley College is dedicated to supporting student success. Students often need to borrow funds to help with school related expenses and ultimately help students finish their educational goal which is a good investment. However, many students enter into debt without a clear picture of how their loan debt will affect them in the future. **Remember, student loans must be repaid with interest.** Before you borrow, consider your ability to repay your loans. Defaulting on a student loan will negatively affect your credit history.

WHAT IS A DIRECT LOAN?

Direct Loans are low interest loans to students and parents to help pay for the cost of a student's education after high school. The lender is the U.S. Department of Education. There are no banks or lending institutions. There are two types of Direct Loans: Subsidized loans and unsubsidized loans.

- **Subsidized loans** are awarded on the basis of financial need. You won't be charged any interest until you graduate or drop below six units because the federal government subsidizes the interest during the time you are enrolled.
- **Unsubsidized loans** charge interest from the time the money is first disbursed until it is paid in full. The interest is capitalized when you enter repayment, meaning that you pay interest on any interest that has already accrued. One way to minimize how much interest accrues is to pay the interest as it accumulates. **If you still have several years until you receive your degree, this can become very expensive – NOT RECOMMENDED**

For additional information about Direct Loans, go to <http://studentaid.ed.gov/sa/types/loans>

ATTENTION FIRST-TIME LOAN BORROWERS

A first-time borrower is someone who has no outstanding balance of principal or interest on a Direct Loan or FFELP Loan on July 1, 2013 or on the date the borrower obtains a Direct Loan after July 1, 2013.

If you are a first-time borrower on or after July 1, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans. This time limit does not apply to Direct Unsubsidized Loans or Direct PLUS Loans. If this time limit applies to you, you may not receive Direct Subsidized Loans for more than 150% of the published length of your program. This is called your "maximum eligibility period". For additional information about this regulation, go to <https://studentaid.ed.gov/sa/types/loans/subsidized-unsubsidized#eligibility-time-limit>

Examples:

- If you are pursuing a two-year program at a community college, you will be limited to three (3) years of Subsidized Direct Loan.
- If you are pursuing a one-year certificate, you will be limited to 1 ½ years of Subsidized Direct Loan.

It is important that you know the length of the program of study you are pursuing as it will affect your maximum period of time you can receive Direct Subsidized Loans. If you go over the 150% of the published length of your program, you will be responsible for the interest that accrues on your Direct Subsidized Loan.

ENTRANCE LOAN COUNSELING REQUIREMENT

Federal laws require all borrowers to participate in Student Loan Entrance Counseling. The counseling explains the terms and conditions for the loan you plan to borrow. It also provides borrowers with information about various Direct Loan repayment options.

If this will be your first student loan, you must first complete the Entrance Loan Counseling. This will ensure that you understand your rights and responsibilities as a student loan borrower. Go to www.studentloans.gov/myDirectLoan/index.action and click on “Complete Entrance Counseling”. You will need your *Federal Student Aid (FSA) User ID* to complete the Entrance Loan Counseling.

EXIT LOAN COUNSELING REQUIREMENT

You will receive a notice from us about Exit Counseling when you graduate or drop below six (6) units or withdraw from classes. The Direct Loan Servicing Center will send you information on your loan repayment options and when repayment begins.

BORROWER ELIGIBILITY

The following are the requirements for federal student loans:

- Complete a 2018-2019 Free Application for Federal Student Aid (FAFSA) at www.fafsa.gov.
- Have received a 2018-2019 Award Notification.
- Satisfy all the general student financial aid eligibility requirements.
- Be enrolled in a minimum of six (6) financial aid approved units. Students who are on an Extension Petition must be enrolled in six (6) approved units per the Educational Plan.
- Comply with Entrance loan counseling requirements.
- Have met with an Academic Counselor and obtained a Comprehensive Student Educational Plan (SEP)
- Meet and Maintain Satisfactory Academic Progress.

Borrowing the low-interest, Federal Direct Loan is a privilege. Even though it is a loan, the college has the right to refuse to certify a loan application for high-risk borrowers. Los Angeles Valley College has a responsibility to evaluate all student loan requests on a case-by-case basis and Los Angeles Valley College has the federal authority [*HEA Sec, 479(A)(c), 34 CFR 685.301(a)(8)*] to reduce or deny loan requests for students that in our professional judgment, are at serious risk of loan default. High levels

of indebtedness, coupled with a small amount of progress in an academic program, are common indicators of high risk for default. After evaluation, your student loan request may be denied or reduced due to conditions below:

- A previous default on a federal student loan.
- Notification of previously discharged federal student loans due to disability or bankruptcy.
- Notification of delinquent federal student loan repayment status.
- Instances of inconsistent, fraudulent FAFSA, or admissions application information.
- Inability to repay – Applicants with loan indebtedness in excess of a maximum for two-year public institutions.
- Consistently NOT meeting satisfactory academic progress standards.

MASTER PROMISSORY NOTE

A Master Promissory Note is a legally binding agreement between you and the Dept of Education under which you promise to repay the loan, with interest, in periodic installments. Under an MPN, you may receive a loan for a single academic year or multiple academic years. The MPN may be valid for 10 years from the date you sign it. o **New** Direct Loan borrowers **must** complete a Master Promissory Note (MPN) online at <http://www.studentloans.gov>. You may sign your MPN electronically with your FAFSA FSA ID. If you lost or do not remember your FSA ID, you can visit <https://fsaid.ed.gov> for additional help with your FSA ID.

Continuing Direct Loan borrowers **may not be required** to complete a new MPN. Because the MPN is valid for up to 10 years from the date you sign it, it can be used to continue the loan process at East Los Angeles College. A new MPN may still be required if the MPN is currently inactive. You can check your MPN status on the StudentLoans.gov website.

NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)

Students that take out federal student loans should be aware that information about those loans will be transferred to the National Student Loan Data System (NSLDS). Certain government agencies, lenders, and approved private companies will have access to that student loan data. Visit NSLDS at www.nsls.ed.gov to view your financial aid history.

DELAYED DISBURSEMENTS

Federal regulations require that disbursements to first-time borrowers be delayed until the student has been in attendance for 30 days.

DISBURSEMENTS

There is a two-disbursement requirement for each loan. First half of the loan will be disbursed upon loan processing completed. The remaining balance will be disbursed after mid-point of the loan period.

DROPPING BELOW HALF TIME

You must maintain at least half-time, six (6) eligible financial aid units enrollment status for the duration of the loan period to remain eligible for the loan. If at the time of disbursement you are not enrolled in at least half-time you will not receive a student loan disbursement. If you have dropped below 6 financial aid eligible units after being disbursed, your loan will be cancelled on the remaining balance. In addition, your grace period will begin.

THE RIGHT TO REDUCE OR CANCEL THE STUDENT LOAN

You have the right to reduce or cancel your student loan. At the time of disbursement an email advising you of your right to cancel a loan will be sent to your LACCD email account. If you choose to exercise this right you must submit a written request to the Financial Aid Office within 30 days of the date that the email was sent to you.

LOAN ORIGINATION

Los Angeles Valley College will transmit your loan information to the Direct Loan Origination Center. Approximately two weeks after your loan has been originated you will receive loan disclosure notice from the Direct Loan Origination Center.

FEDERAL LOAN BORROWING LIMITS

A student's unmet financial need, Remaining Eligibility Period, and annual loan limits determine how much a student may borrow in subsidized Stafford. Students will either be classified as **Grade Level One** (0-30 units completed) or **Grade Level Two** (over 30 units completed and student is enrolled in a program of more than one year). Students enrolled in preparatory coursework required for admittance into a program will be classified as **Grade Level 0**. **Student who had earned a baccalaureate degree and is returning for preparatory coursework to get into the graduate program, must have been appeal approved with a pre-approval Student Educational Plan (SEP) to be eligible to apply for the loan. The annual subsidized limits are:**

Grade Level	Annual Subsidized Maximum
Grade Level 0 Preparatory courses for graduate program	\$2,625
Grade level 1	\$3,500
Grade level 2	\$4,500
Grade Level 3 Student received an official acceptance into the Nursing Program	\$5,500

A student's unmet costs, dependency status, and annual unsubsidized loan limits determine the maximum unsubsidized loan a student may borrow in an academic year.

Dependency Status	Annual Maximum Unsubsidized
Dependent, without Parent PLUS denial	\$2,000
Dependent, with Parent PLUS denial	\$6,000
Independent	\$6,000

The total undergraduate aggregate loan limits are as follows:

	Dependent Undergrad Student without PLUS Denial	Independent Undergrad Student/Dependent with PLUS Denial
Maximum combined subsidized and unsubsidized debt	\$31,000 – No more than \$23,000 of this amount may be in subsidized loans	\$57,500 - No more than \$23,000 of this amount may be in subsidized loans

AGGREGATE LOAN LIMITS AND EFFECT OF OVERBORROWING

A borrower who has reached his or her aggregate borrowing limit may not receive additional loans. If a student who has inadvertently received more than the annual or aggregate loan limits is ineligible to receive any FSA funds until the over borrowing is resolved and repaid. **Important reminder:** If you have several years remaining until you achieve your Bachelor's Degree, you should consider limiting borrowing so you retain loan eligibility. You should also know that Pell Grant eligibility is now capped at 600% Pell Lifetime Eligibility Usage (LEU) or 12 full-time paid semesters.

INTEREST RATES AND ORIGINATION FEES

Loan Type	Interest Rate	First Disbursement Date	Origination Fee
Subsidized and Unsubsidized Loans	5.05%	On or after 10/1/17 – before 10/1/2018	1.066%
		On or after 10/1/18 before 10/1/2019	1.062%
PLUS	7.60%	On or after 10/1/17 – before 10/1/2018	4.264%
		On or after 10/1/18 before 10/1/2019	4.248%

LOAN REPAYMENT INFORMATION

While you are enrolled at least half-time time (six credit hours as an undergraduate, or four credit hours as a graduate student) your loans will be in an “in school deferment” status. This means you are not required to make payments on your federal loans. It is a good idea, if you are able, to make payments on your loans while you are enrolled. This will help reduce your overall indebtedness when you leave school.

If your enrollment drops to less than half-time, your federal loans will enter a grace period status. The grace period is a length of time during which you are not required to make payments on your loans. The length of the grace period depends on the type of loan that you have borrowed. Federal Stafford Loans (Direct or Federal Family Educational Loan Program) have a six-month grace period while the Perkins Loan offers a nine month grace period. This is a great time to set up an account with your loan servicer as well as review and select a repayment plan that works for you. Once your grace period ends your repayment begins. If you re-enroll in school at least half-time before the end of your grace period, you will receive the full six-month grace period when you stop attending school or drop below half-time enrollment (other conditions apply).

EXAMPLE

There are several repayment plans available for students. The chart below provides an example of the repayment plans where the student had borrowed \$31,000. The borrower has the following loans:

Loan Type	Principal Balance	Interest Rate
Subsidized Stafford	\$23,000	5.6%
Unsubsidized Stafford	\$ 8,000	6.8%

Sample Repayment Plans

Repayment Plan	Principal Interest	Repayment Period	Monthly Payment	Projected Loan Forgiveness	Total Interest Paid	Total Principal and Interest Repaid
Standard		120	343	0	\$10,131	\$41,131
Graduated		120	197-587	0	\$12,834	\$43,834
Extended Fixed		300	198	0	\$28,408	\$59,408
Extended Graduated		300	153-300	0	\$33,660	\$64,660

Income Based Repayment (IBR)	191	154-343	0	\$20,210	\$51,210
Income Based Repayment – New Borrowers	240	103-343	9163	\$31,786	\$53,623
Pay As You Earn	240	103-343	9163	\$31,786	\$53,623
Income-Contingent Repayment	198	223-275	0	\$18,405	\$49,405

You may use the [Federal Student Aid Repayment Estimator](http://www.studentloans.gov) at www.studentloans.gov to calculate your repayment options. You may choose to either log in and your personal loan information will be calculated or you may proceed without logging in and you may “Add Loans” to estimated repayment.

FEDERAL LOAN SERVICERS

The Loan Servicer is the organization responsible for billing, collecting and managing your loan repayment, and deferment/forbearance processing. You will send loan payments directly to your servicer.

Your servicer will contact you to provide important information about your repayment terms. It is your responsibility to notify your servicer directly any time your phone number, email address, or mailing address information changes.

Your servicer will send you information about your loans by mail and/or email - Be sure to open and read it!

If you do not know which agency services your loans, visit [NSLDS](http://www.nslds.ed.gov) at www.nslds.ed.gov to view your loan details and obtain your loan servicer contact information. It is a wise choice to create an on-line account with your federal loan servicer. This way you will be able to easily make a payment and review your loan balance.

Federal Loan Servicer	Web Address	Contact
Aspire	http://www.aspireresourcesinc.com/	1-855-475-3335
Cornerstone Education Loan Services	https://www.mycornerstoneloan.org/	1-800-663-1662
ESA/EdFinancial Services	https://www.edfinancial.com/Home	1-855-337-6884
FedLoan Servicing (PHEAA)	https://myfedloan.org/	1-800-699-2908
Granite State Management and Resources	http://www.gsmr.org/	1-888-556-0022
Great Lakes Educational Loan Services	https://mygreatlakes.org/	1-800-236-4300
MOHELA	http://mohela.com	1-888-866-4352
Nelnet	http://nelnet.com	1-888-486-4722
OSLA Servicing	http://osla.com	1-866-264-9762
NAVIENT	https://navient.com/loan-customers/	1-800-722-1300
Perkins Loans	LACCD Central Loan Administration Unit (CLAU)	1-800-822-5222
Debt Management and Collection System	www.myeddebt.com	1-800-433-3243