

DIRECT LOANS - STUDENT LOAN ENTRANCE COUNSELING

Community Care College and Clary Sage College

Student Name: _____

SSN: _____

Initial: I UNDERSTAND ALL OF THE FOLLOWING INFORMATION AND THAT THE INFORMATION IS PROVIDED TO ME IN DETAIL IN MY GUIDE TO FEDERAL STUDENT AID:

_____ I must complete a master promissory note (mpn) in order to borrow a federal student loan. The mpn may be used for multiple loans awarded and accepted by me throughout my enrollment. I may be able to use the same mpn at other schools. Once the mpn expires, I will need to complete a new mpn to borrow additional federal student loans.

_____ I must repay this loan with all accrued interest and deductible fees. I am obligated to repay my loans even if I cannot secure employment, complete the program, or are dissatisfied with my education.

_____ I have a minimum of 10 years to repay this loan under standard repayment unless my loans are consolidated, which may extend my repayment term. The longer my loans are in repayment, the more interest I will pay. I may change my repayment plan at any time. Other types of repayment plans available are:

- **Extended**- borrowers with at least \$30,000 in loan debt may take up to 25 years to repay their loan debt.
- **Graduated**- loan payments will gradually increase every two years over the 10 year loan repayment period
- **Income Contingent** - each year, my monthly loan payments will be based upon my income, family size, and total loan debt. After 25 years of repayment, I may qualify for the remainder of the loan to be discharged. My loan amount will be the lesser of: 20% of my discretionary income or the amount I would pay over 12 years based multiplied by an income percentage factor that varies with my annual income.
- **Income Based Repayment** - loan payments are capped at an amount that is affordable based upon my income and family size and may be readjusted annually. After 25 years of repayment, I may qualify for the remainder of my loan to be cancelled. If I work in public service and have paid on my IBR loan for 10 consecutive years without interruption, I may qualify for loan forgiveness.

_____ I may prepay all or part of my loans without penalty.

_____ The minimum monthly payment for this loan is \$50.00, but can be more depending on the sum borrowed and chosen repayment plan. A repayment chart is provided on the next page for reference. Repayment will begin as follows:

- **Subsidized Federal Stafford Loan Borrowers**- following a 6 month grace period once I drop below half time status.
- **Unsubsidized Federal Stafford Borrowers**- following a 6 month grace period once I drop below half time status: however interest accrues while in school and can be paid or postponed until graduation. Postponing payment of interest will cause the interest to be added to your loan.

_____ The interest rate for my loan is specified in the guarantee agency's notice (Notice of Guarantee). I will be notified by Direct Loans and my school each time a disbursement is made.

_____ I must notify my lender, Direct Loan Servicing, in writing within 10 days if I:

- Change my name
- Change my social security number
- Change my address
- Change my telephone number
- Withdraw from school
- Enroll for less than half time
- Change my graduation date
- Transfer to another school

_____ I will be notified in writing if my loan is transferred to a new holder. I must direct all future correspondence to that new lender.

_____ If I qualify, I may apply for a postponement of my loan payment by contacting Direct Loan Servicing online or by phone. This is known as loan deferment. Interest will not accrue on deferred subsidized loans. There are many different types of deferments and I may be required to provide some type of documentation.

_____ If I do not qualify for a deferment and am unable to make payments or need to reduce my monthly payment amount, I may request forbearance. Interest will still accrue on my loans even if I am approved for forbearance. To qualify for forbearance you must be willing but unable to make your monthly payments due to a temporary financial hardship.

_____ A consolidation Loan Program may be an option for me, especially if my loans are from more than one lender or to lower my monthly payment. This program allows me to consolidate student loan debts from various programs into one loan, usually extending the repayment period and lowering monthly payments. Interest rate and total interest paid may be greater with consolidation, but may also prevent default. I may have various repayment plans available to me through consolidation depending on my loan status. I can learn more or apply for consolidation on the Direct Loan Borrower Services website.

AVOIDING DELINQUENCY & DEFAULT (<http://www.ed.gov/offices/OSFAP/DirectLoan/pubs/exitcounselguide.pdf>)

If you think you might have a problem making the scheduled payments on your loans, contact the Direct Loan Servicing Center immediately to discuss other repayment plan options and whether you are eligible for a deferment or forbearance.

You are delinquent if your monthly payment is not received by the due date. If you fail to make a payment, DL will send you a reminder that your payment is late. If your account remains delinquent, DL will send you warning notices reminding you

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of your obligation to repay your loans and the consequences of default. Late fees may be added, and your delinquency will be reported to one or more national credit agencies.

Default occurs when you become 270 days delinquent in making payments on your loans. **If you default:**

- ▶ **The *entire* unpaid amount of your loan becomes *due and payable*.**
- ▶ **Direct Loans will *report* your default to *national credit agencies*.**
- ▶ **Direct Loans/ED may *sue* you, *take* all or part of your *federal tax refund* or other federal payments, and *garnish* your *wages* so that your employer is required to send us part of your salary to pay off your loan.**
- ▶ **You'll have to pay collection fees and costs, plus court costs and attorney fees.**
- ▶ **You'll lose eligibility for other federal student aid and most other federal benefit programs.**
- ▶ **You'll no longer be eligible for loan deferments (such as deferments while you're in school, unemployed, or experiencing economic hardship).**

I understand that my financial aid history/information (including Pell Grant and Stafford Loans) is available through the National Student Loan Data System (NSLDS) at www.nslds.ed.gov or by calling 1-800-4FED-AID (1800-433-3243).

I will return to the Financial Aid Office to update any information concerning my loan before leaving Community Care College or Clary Sage College.

It is required by the Department of Education that I complete Exit Loan Counseling on the Direct Loan Borrower Services website once I fall below half time status or withdraw or graduate from school.

Sample Repayment Chart

Initial Debt When You Entered Repayment	Standard		Extended ^{b, c}		Graduated		Income Contingent ^{e, f} Income = \$15,000	
	Per Month	Total	Per Month	Total	Per Month	Total	Single	
							Per Month	Total
\$ 3,500	\$ 50	\$ 4,471	Not Available		\$ 25	\$ 5,157	\$ 21	\$ 6,939
5,000	58	6,905	Not Available		40	7,278	30	9,912
5,500	63	7,595	Not Available		43	8,007	33	10,903
7,500	86	10,357	Not Available		59	10,919	45	14,868
10,500	121	14,500	Not Available		83	15,283	64	20,815
15,000	173	20,714	Not Available		119	21,834	87	29,685
18,500	213	25,548	Not Available		146	26,929	87	35,992
23,000	265	31,762	Not Available		182	33,479	87	43,141
30,000	345	41,429	Not Available		237	43,668	87	52,340
40,000	460	55,239	277	83,289	316	58,229	87	62,005
46,000	529	63,524	319	95,782	363	66,956	87	66,084
50,000	575	69,048	347	104,111	395	72,778	87	68,153
60,000	690	82,858	391	140,816	474	87,334	87	71,219

(The Income Based Repayment plan information is available in your Guide to Federal Student Aid)

a The estimated payments were calculated using a fixed interest rate of 6.80%.

b This repayment plan is available only to borrowers who have an outstanding balance on Direct Loan Program loans that exceeds \$30,000 and who had no outstanding balance on a Direct Loan Program loan as of Oct. 7, 1998, or on the date they obtained a Direct Loan Program loan on or after Oct. 7, 1998.

c These amounts are fixed, rounded to the nearest dollar, and calculated based on a 25-year repayment term.

d This is your beginning payment, which may increase during your 10-year repayment term.

e Assumes a 5% annual income growth (Census Bureau).

f The estimated payments were calculated using the formula requirements in effect during 2006. **g** HOH is head of household; assumes a family size of two.

I have read and understand all the information on this form. I have completed all requested items truthfully and accurately. I have received loan counseling, including repayment-option and debt-management information.

Student's Signature

Date

FAA Signature

Date

Time Limitation on Direct Subsidized Loan Eligibility for First-Time Borrowers on or after July 1, 2013

Maximum eligibility period to receive Direct Subsidized Loans

There is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans. In general, 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”. You can usually find the published length of any program of study in your school’s catalog.

For example, if you are enrolled in a 4-year bachelor’s degree program, the maximum period for which you can receive Direct Subsidized Loans is 6 years (150% of 4 years = 6 years). If you are enrolled in a 2-year associate degree program, the maximum period for which you can receive Direct Subsidized Loans is 3 years (150% of 2 years = 3 years).

Your maximum eligibility period is based on the published length of your current program. This means that your maximum eligibility period can change if you change programs. Also, if you receive Direct Subsidized Loans for one program and then change to another program, the Direct Subsidized Loans you received for the earlier program will generally count against your new maximum eligibility period.

Click [here](#) to see some examples that show how your maximum eligibility period can change if you change programs.

Periods that count against your maximum eligibility period

The periods of time that count against your maximum eligibility period are periods of enrollment (also known as “loan periods”) for which you received Direct Subsidized Loans.

For example, if you are a full-time student and you receive a Direct Subsidized Loan that covers the fall and spring semesters (a full academic year), this will count as one year against your maximum eligibility period.

If you receive a Direct Subsidized Loan for a period of enrollment that is shorter than a full academic year, the period that counts against your maximum usage period will generally be reduced accordingly.

For example, if you are a full-time student and you receive a Direct Subsidized Loan that covers the fall semester but not the spring semester, this will count as one-half of a year against your maximum eligibility period.

With one exception, the amount of a Direct Subsidized Loan you receive for a period of enrollment does not affect how much of your maximum eligibility period you have used. That is, even if you receive a Direct Subsidized Loan in an amount that is less than the full [annual loan limit](#), that lesser amount does not reduce the amount of your maximum eligibility period you have used. The one exception applies if you receive the full annual loan limit for a loan period that does not cover the whole academic year. In that case, the loan will count as one year against your maximum eligibility period regardless of your enrollment status (half-time, three-quarter time, or full-time).

Click [here](#) to see an example.

Effect of borrowing while enrolled part-time

If you receive a Direct Subsidized Loan when you are enrolled less than full-time, the period that is counted against your maximum eligibility period will be reduced.

For example, if you are enrolled half-time and receive a Direct Subsidized Loan for a period of enrollment that covers a full academic year, this will count as only one-half of a year against your maximum eligibility period.

Loss of eligibility for additional Direct Subsidized Loans and becoming responsible for paying interest on Direct Subsidized Loans

After you have received Direct Subsidized Loans for your maximum eligibility period, you are no longer eligible to receive additional Direct Subsidized Loans. However, you may continue to receive Direct Unsubsidized Loans.

In addition, if you continue to be enrolled in any undergraduate program after you have received

Direct Subsidized Loans for your maximum eligibility period, we will no longer (with certain exceptions) pay the interest that accrues on your Direct Subsidized Loans for periods when we would normally would have done so. The chart below provides examples of these circumstances.

Do I become responsible for paying the interest that accrues on my Direct Subsidized Loans because . . .	Yes	No
I am no longer eligible for Direct Subsidized Loans and I stay enrolled in my current program?	X	
I am no longer eligible for Direct Subsidized Loans, did not graduate from my prior program, and am enrolled in an undergraduate program that is the same length or shorter than my prior program?	X	
I transferred into the shorter program and lost eligibility for Direct Subsidized Loans because I have received Direct Subsidized loans for a period that equals or exceeds my new, lower maximum eligibility period, which is based on the length of the new program?	X	
I was no longer eligible for Direct Subsidized Loans, did not graduate from my prior program, and am enrolled in an undergraduate program that is longer than my prior program?		X
I lose eligibility for Direct Subsidized Loans and immediately withdraw from my program?		X
I graduated from my prior program prior to or upon meeting the 150% limit, and enroll in an undergraduate program that is the same length or shorter than my prior program?		X
I enroll in a graduate or professional program?		X
I enroll in preparatory coursework that I am required to complete to enroll in a graduate or professional program?		X
I enroll in a teacher certification program (where my school does not award an academic credential)?		X

Remember, your maximum eligibility period can change if you enroll in a different program. So, if you received Direct Subsidized Loans for your maximum eligibility period for one program and then enroll in a longer program, you will not become responsible for interest that accrues on your Direct Subsidized Loans.

If you meet any of the conditions on the prior page, you will become responsible for the interest

that accrues on your Direct Subsidized Loans, from the date of your enrollment after meeting the 150% limit, during periods when we would have normally paid the interest for you. Below is a chart that summarizes the periods when we normally pay the interest on your Direct Subsidized Loans, and an explanation and what happens after you become responsible for the interest.

Click [here](#) to see an example.

During what period am I responsible for paying the interest on my Direct Subsidized Loans . . .	Before meeting the 150% limit?	After meeting the 150% limit?
While enrolled in school at least half-time	No	Yes
During my grace period on loans first disbursed (paid out) July 1, 2013 through June 30, 2014	Yes	Yes
During my grace period on loans first disbursed (paid out) July 1, 2014 or after	No	Yes
During deferment periods	No	Yes
During certain periods of repayment under the Income-Based Repayment or Pay As You Earn Plan	No	Yes
During forbearance periods	Yes	Yes
During all other periods of repayment	Yes	Yes

If you become responsible for the interest that accrues on your Direct Subsidized Loans, any interest that you do not pay will be capitalized (added to your loan principal balance) at the end of the grace, deferment, or other periods. Capitalized interest increases your loan principal, increases your monthly payment

amount under most Direct Loan repayment plans, and causes you to pay more interest over the life of your loan.

Your federal loan servicer will notify you if you become responsible for paying the interest on your Direct Subsidized Loans.

Regaining eligibility for Direct Subsidized Loans

If you become ineligible for Direct Subsidized Loans because you have received Direct Subsidized Loans for your maximum eligibility period, you may again become eligible to receive Direct Subsidized Loans if you enroll in a new program that is longer than your previous program.

Click [here](#) to see an example.

If you regain eligibility to receive additional Direct Subsidized Loans because you enrolled a program that is longer than your prior program and you previously became responsible for paying all of the interest that accrues on your Direct Subsidized Loans, we will pay the interest that accrues on your new loans during the periods described in the chart above.