LACCD Loan Philosophy

As low-cost public institutions with limited entrance requirements, we are concerned about our students and believe that 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. If students need additional loans when they are receiving a fee waiver and grant assistance, they will almost certainly need to continue to borrow when they transfer. **For most community college students, loans in addition to other financial assistance are not recommended.**

- Loans are not recommended for first-time students so successful completion (or proof of such at another college) of at least one semester of college level classwork is highly recommended.
- Enrollment in a majority of degree applicable classes is also highly recommended.
- Current loan debt when added to the loan you are requesting, leaves enough for you to finish your goals.
- We reserve the right to deny your request based upon prior student loan default or bankruptcy.

Borrower Eligibility

- Complete a 2012-13 Free Application for Federal Student Aid (FAFSA) at www.fafsa.gov.
- Have received a 2012-2013 Award Letter or a letter stating you are ineligible for any need-based aid.
- Satisfy the general student financial aid eligibility requirements.
- Be enrolled in a minimum of six (6) units. Extension Appeal students must be enrolled in six (6) approved units.
- Comply with Entrance and Exit Loan Counseling requirements.
- Maintain Satisfactory Academic Progress.

Things You Should Know...

**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 rather than a bank or other financial institution. Effective July 1, 2010, Federal Direct Stafford Loans will be the only program available at colleges and universities as a result of The Health Care and Education Reconciliation Act of 2010.

**ENTRANCE COUNSELING REQUIREMENT**

- If this will be your first student loan request, you must complete the Entrance Loan Counseling before submitting your loan request document. This will ensure that you understand your rights and responsibilities as a student loan borrower. Go to www.studentloans.gov and click on “Sign In” under “Manage My Direct Loan”. You will need your Personal Identification Number (PIN) to complete the Entrance Loan Counseling.
- Attend a financial aid loan workshop.

**EXIT COUNSELING REQUIREMENT**

- You will receive a notice about Exit Counseling from us when you graduate or drop below six (6) approved units or withdraw from classes. Most colleges require borrowers to do exit counseling once a year. The Direct Loan Servicing Center will send you information on your loan and when repayment begins.

**SUBSIDIZED VS. UNSUBSIDIZED**
• **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. Effective July 2012, the government will no longer subsidize the interest during the six month grace period.

• **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.**

**DROPPING BELOW HALF TIME**

If you drop prior to the scheduled Fall semester disbursement, the disbursement will be cancelled and loan fund(s) will be returned promptly to the U.S. Department of Education. If you drop below half time after the scheduled Fall disbursement and before the Fall semester is completed, you will not be eligible for a Spring semester disbursement of your loan. In both scenarios you may be eligible for a loan for the Spring semester only, and a new loan request must be submitted. If you drop below half time prior to the scheduled Spring semester disbursement the disbursement will be cancelled. **We are concerned and you should be concerned about accruing debt when your progress is limited.**

**FEDERAL LOAN BORROWING LIMITS**

A student’s financial need and annual loan limits determine how much a student may borrow. 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). For most students, we will look not only at completed units, but at how long it will take to complete your program. The total undergraduate aggregate loan limits are as follows:

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<tr>
<th>Maximum Total Debt from Stafford Loans When You Graduate (aggregate loan limits)</th>
<th>$31,000—No more than $23,000 of this amount may be in subsidized loans.</th>
<th>$57,500—No more than $23,000 of this amount may be in subsidized loans.</th>
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**Important reminder:** If you have several years remaining until you achieve your Bachelors degree, you should consider limiting borrowing so you retain loan eligibility. You should also know that Pell Grant eligibility is now capped at 12 full-time semesters.

**Application Process**

- Student Loan Request Form
- Meet Entrance Counseling requirement(s) and attend the loan workshop.
- Valid Social Security Card and State issued picture identification, certificate of U.S. Citizenship, or U.S. passport
- New student loan borrowers: Complete the Master Promissory Note (MPN) at [www.studentloans.gov](http://www.studentloans.gov)

Check with your college financial aid office for additional requirements.