



**THE LOS ANGELES COMMUNITY COLLEGE DISTRICT**

# **Student Loan Guide**

**2018-2019**

# LACCD and West Los Angeles College 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.**

West Los Angeles 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.

## 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. 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. 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.**

### 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.

Effective July 1, 2013, subsidized Stafford loans will be limited to 150% of a student's program. This means that if a student is pursuing a two-year program at a community college, students will be limited to three (3) years of subsidized Stafford loan.

### ENTRANCE LOAN COUNSELING REQUIREMENT

Federal laws require all first time 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 the various Direct Loan repayment options. Your campus will inform you about its counseling requirements.

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](http://www.studentloans.gov) and click on "Sign In" under "Manage My Direct Loan".

You will need your *FSA log in information* to complete the Entrance Loan Counseling. Your institution may have additional requirements.

### **EXIT LOAN COUNSELING REQUIREMENT**

West Los Angeles College requires borrowers to complete Student Loan Exit Counseling when the borrower drops below six (6) approved units during the semester or when the borrower graduates.

## **Borrower Eligibility**

In order to request a Direct Student Loan, you must meet the following requirements:

- Complete a 2018-2019 Free Application for Federal Student Aid (FAFSA) at [www.fafsa.gov](http://www.fafsa.gov).
- Have received a 2018-2019 Award Notification 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) approved units. Students who are on an Extension Petition must be enrolled in six (6) approved units.
- Comply with Entrance and Exit Loan Counseling requirements.
- Meet and maintain Satisfactory Academic Progress standards.

Even though it is a loan, the college has the right to refuse to certify a loan for high-risk borrowers. West Los Angeles College has a responsibility to evaluate all student loan requests on a case-by-case basis and West Los Angeles 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.
- Consistent NOT meeting satisfactory academic progress standards.

### **NOTIFICATION**

The college will transmit the loan information to the Direct Loan Servicing Center. You will then receive loan disclosure notice from the U.S. Department of Education approximately two weeks after the loan has been originated. Watch for correspondence from your loan servicer. Take careful note of their contact information. It is critical that if your address or phone number changes, you notify your servicer. Maintaining correct information can help you protect your credit and keep your loan in good standing. You can also find your loan servicer at [www.nsls.ed.gov](http://www.nsls.ed.gov)

### **THE RIGHT TO REDUCE OR CANCEL THE STUDENT LOAN**

If it is determined that you are eligible, an award notification will be sent via email to your LACCD assigned email. You have the right to reduce or cancel the loan. Requests for reductions or cancellations must be submitted in writing to the Financial Aid Department within 30 days of the date that on the award notification.

## DROPPING BELOW HALF TIME

If you drop below half-time 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 loan disbursement. 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 enrolled in a program of more than one year.) Students at **Grade Level One** have an annual loan limit of up to \$9,500, while students at **Grade Level Two** have a loan limit of up to \$10,500. **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:

	Dependent Undergrad Student	Independent Undergrad Student
<b>Maximum Total Debt from Stafford Loans When You Graduate (aggregate loan limits)</b>	\$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.

**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 (600%).

## Application Process

- Complete the Student Loan Information Form
- Sign the Rights and Responsibilities Checklist
- Meet Entrance Counseling requirement(s)
- Complete your college's financial literacy requirement
- Bring the original signed Social Security card
- Bring a valid government issued photo-identification such as driver's license or U.S. passport
- New student loan borrowers: Complete the Master Promissory Note (MPN) at [www.studentloans.gov](http://www.studentloans.gov)
- Continuing borrowers: Attach a printout of my past loan history at [www.nslds.ed.gov](http://www.nslds.ed.gov)

# 2018-2019 Student Loan Information Form

**Section A** (Please print clearly. Do not leave any information blank)

Last Name	First Name	MI	Social Security Number:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			Student ID Number:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Mailing Address				City/State			Zip Code
Cell Phone Number			Alternative Phone #			Email Address	

**Section B**

Only borrow what you need (**we strongly encourage you to borrow less than the annual limit**). You should consider your expenses and your income (including financial aid) to determine this amount.

How much do you need to borrow? \$ \_\_\_\_\_ Expected Graduation Date: \_\_\_\_\_

What is your current educational goal/program of study (Major) at West Los Angeles College? \_\_\_\_\_

- *This information will be matched against your student record information on the Student Information System. If there is a conflict, you will need to resolve with your academic counselor).*

**Section C**

You **MUST** log in to the National Student Loan Data System (NSLDS) at [www.nslds.ed.gov](http://www.nslds.ed.gov) to retrieve your current student loan debt.

1. Your <b>current</b> student loan balance - refer to the NSLDS printout for your total student loan balance	\$
2. Loan amount you plan to request for the 2018-2019 academic year. (Only borrow what you need to pay for educational expenses during the academic year)	\$
3. This is the total student loan debt you will owe upon completion of your educational goal. (This is the amount that you need to repay after you complete your degree. Add #1 and #2)	\$

You then need to calculate your approximate monthly loan payment based on the estimated student loan debt you project to borrow to complete your degree. You will need the total from #3.

You must login to <https://studentaid.ed.gov/repay-loans/understand/plans/> and use the "Repayment Estimator".

You must attach the printout of the Repayment Estimator.

My anticipated monthly student loan payment is:	\$
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## Section D

Please initial after you have read the following statements below. I understand that . . .

- This is a loan and must be repaid with accrued interest. Initial: \_\_\_\_\_
- This loan is to be used for educationally related expenses. Initial: \_\_\_\_\_
- I must have a signed Master Promissory Note (MPN) to receive this loan and collection of all debts acquired under this MPN is fully enforceable in a court of law. Initial: \_\_\_\_\_
- I must immediately notify the holder of my loan if my status changes and that failure on my part to adhere to the terms and conditions of my loan may result in default and may affect my rights as a student loan borrower. Initial: \_\_\_\_\_
- My loan(s) will be originated for the loan period that I am eligible for and the loan(s) may be prorated if my educational goal at West Los Angeles College will be completed in less than a full academic year. Initial: \_\_\_\_\_
- I must be enrolled in at least six (6) approved units for my loan request to be certified. This means that if I am on a Petition Extension due to satisfactory academic progress, only the courses listed on my Student Educational Plan as approved by the Financial Aid Office will be counted in the approved units. Initial: \_\_\_\_\_
- My loan will be cancelled if my enrollment is less than six (6) approved units at the time of my first loan disbursement. Initial: \_\_\_\_\_
- I have submitted an original Social Security Card and valid government issued ID. Initial: \_\_\_\_\_
- **New borrowers only:** As a new loan borrower, I understand that my first loan disbursement will be delayed thirty (30) days from the first day of semester. Initial: \_\_\_\_\_
- **Continuing borrowers only:** I have visited the National Student Loan Data System at [www.nslds.ed.gov](http://www.nslds.ed.gov). I have attached a printout of my past loan activity and I am aware of my student loan balance. Initial: \_\_\_\_\_

### Borrower Request and Certification:

The information contained on this Student Loan Guide is true and correct to the best of my knowledge. I understand that **I must repay all of my student loans**, including any fees, interest rate and/or collection costs. I understand all the terms and conditions of this student loan and have read and understand the information on the Student Loan Guide and the eligibility requirements (see [www.wlac.edu](http://www.wlac.edu)) to apply for student loans. I understand the deadlines for the student loans, and that WLAC will not certify my student loans due to incomplete documents and not meeting eligibility requirements.

\_\_\_\_\_  
Student's Signature

\_\_\_\_\_  
Date

**Deadlines: Please be aware of the following deadlines. It is the student's responsibility to submit a completed Direct Loan Form with the required supporting documentation prior to the deadline.**

**For students enrolled in the Fall 2018 semester only: November 16, 2018.**

**For students enrolled in the Fall 2018 and Spring 2019 semesters, or the Spring 2019 semester only: May 10, 2019**

## Rights and Responsibilities

I understand that I have a right to the following: (Check off each box as you read.)

- Written information on my loan obligations and information on my rights and responsibilities as a borrower.
- A copy of my Master Promissory Note (MPN) either before or at the time my loan is disbursed.
- A grace period and an explanation of what this means.
- Notification, if I am in my grace period or repayment, no later than 45 days after a lender assigns, sells or transfers my loan to another lender.
- A disclosure statement, received before I begin to repay my loan, that includes information about interest rates, fees, the balance I owe, and a loan repayment schedule.
- Deferment or forbearance of repayment for certain defined periods, if I qualify and if I request it.
- Prepayment of my loan in whole or in part anytime without an early-repayment penalty.
- Documentation that my loan is paid in full.
- To cancel or reduce all or a portion of my loan by notifying the loan servicer within 120 days of disbursement.

I understand I am responsible for:

- Completing exit counseling before I leave school or drop below half-time enrollment.
- Repaying my loan according to my repayment schedule even if I do not complete my academic program, I am dissatisfied with the education I received, or I am unable to find employment after I graduate.
- Notifying my lender or loan servicer within 10 days if I:**
  - ✓ Move or change my address
  - ✓ Change my telephone number
  - ✓ Change my name
  - ✓ Change my social security number
  - ✓ Change employers or my employer's address or telephone number changes
- Making monthly payments on my loan after my grace period ends, unless I have a deferment or forbearance.
- Notifying my lender or loan servicer of anything that might alter my eligibility for an existing deferment or forbearance.

I have read the Rights and Responsibilities Checklist.

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Student's Signature

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Date