



Student Financial Services Office

Student Step by Step Guide for Direct Loan Processing

2015-2016

2015-2016 Loan Request Deadlines:

Fall 2015: Friday, November 20, 2015

Spring 2016: Friday, May 13, 2016

-
1. Create a **Federal Student Aid ID Username and Password** at www.studentloans.gov.
 2. Complete the 2015-2016 Free Application for Federal Student Aid (FAFSA) at www.fafsa.ed.gov.
 3. Be enrolled in at least 6 or more degree applicable units.
 4. Complete your MPC financial aid file by submitting all required requested documentation. (Your file must be awarded for free monies that you are eligible for, before your loans can be processed.)
 5. Create an account at the student loans website: www.studentloans.gov:
 - A. Select the **Undergraduate Students** box then click on the “**Log In**” button. You will need to enter your FSA ID Username or E-mail Address and FSA ID Password.
 6. Once signed into www.studentloans.gov:
 - A. Click on the heading “**Complete Counseling**” There are four types, choose the ***Entrance Counseling**.
 - B. MPC recommends that you complete the *Entrance Counseling each year you apply for a student loan.
 - C. Click on the heading “**Complete the Master Promissory Note**”. Follow the directions carefully. Your FSA ID Username and Password will act as your electronic signature and is your promise to repay the loan. After you have completed the MPN and submitted it to the Department of Ed, you will be able to print a copy for your records.
 7. You **must submit** to the Financial Aid Office : (Submitting the Loan Request Form does not guarantee eligibility.)
 - A. The Loan Request Form (pages 3 & 4)
 - B. The Budget Form (page 5)
 8. A 1.073% origination fee will be charged to all loans by the Department of Education. This fee will be deducted from the proceeds of your loan.

*Loan processing and origination can take 3-4 weeks from the time your loan application is submitted,
provided you have been awarded your “free” financial aid.*

First time borrowers must wait 30 days after the start of the semester for loan disbursements to be processed.

Loan Disbursements: Full Year loans are disbursed twice during the fall and spring semesters

One semester loans are disbursed twice during that semester.

***First time borrowers are required to complete both Entrance Counseling and Exit Counseling. Students who have borrowed student loans in the past are not required to go through the Entrance Counseling and Exit Counseling process. However, they are encouraged to do so. It is important for all student borrowers to understand their rights, responsibilities, and obligations in regard to repaying their loan debt.**

Monterey Peninsula College participates in the William D. Ford Federal Direct Loan Program. Direct loans are low interest loans for students to help pay for your cost of education. Direct loans are a form of financial aid and **must be repaid**. We recommend that students borrow only when it is absolutely necessary. Students who are planning to transfer should be aware that loans are generally the largest portion of a financial aid package at four year colleges and should consider total educational indebtedness before borrowing at Monterey Peninsula College.

Subsidized Direct Loan

While you are in school at least half-time, the Department of Education will pay the interest on your subsidized loans. After you graduate, withdraw from school, or drop below half-time, there is a 6 month grace period before repayment of the loans begin. When you enter repayment, you are responsible to begin repaying the amount you borrowed as well as the interest that will accrue during the grace period, deferment periods and the repayment period. Subsidized loans with a first disbursement from July 1, 2015 to June 30, 2016 will have a fixed interest rate of 4.29%

For **First-Time Borrowers of Federal Direct Subsidized Loans** there is a New Federal Time Limitation. Those student who borrow subsidized loan on or after July 1, 2013 are permanently limited to 150% of the length of the student’s academic program. Students will be limited to receiving subsidized loans for 3 years in a 2-year program or 6 years if in a 4-year program. Students reaching this limitation could receive unsubsidized loans if otherwise eligible including meeting satisfactory academic progress requirements.

Additionally, the first-time borrower who reaches the 150% limitation will have their interest subsidy end for all outstanding subsidized loans that were disbursed on or after July 1, 2013. Repayment does not begin, but like unsubsidized loans, the student (rather than the government) would become responsible for interest accumulation at this point.

Unsubsidized Direct Loan

This should be a loan of last resort—the Department of Education DOES NOT PAY the interest.

Interest accrues immediately after disbursement. If you opt out of paying the interest while your are in school, the interest will accrue and is added (capitalized) to your principal loan balance at repayment. When interest capitalization occurs, you will then be paying interest on top of interest which greatly increases the amount of your loan and the total amount your will be repaying. Unsubsidized loans with a first disbursement from July 1, 2015 to June 30, 2016 will have a fixed interest rate of 4.29%.

Parent Loan for Undergraduate Students (PLUS)

This loan allows parents with a good credit rating to borrow up to the total cost of their dependent student’s education minus any other aid for which the student is eligible. Before a parent can apply for a PLUS loan, the student must have met all of the Direct Loan Application Requirements. The PLUS loan has no grace period and interest will begin to accrue when the loan is first disbursed. This loan is disbursed to the parent, not the student. Repayment of a PLUS loan begins 60 days after final disbursement. Dependent students whose parents do not qualify for a PLUS loan can borrow the same amount as independent students in the form of an unsubsidized loan. PLUS loans have a fixed interest rate of 6.84%. For more information on PLUS loans, visit www.studentloans.gov.

Direct Loan Application Requirements:

In order to be eligible to request a Direct Loan, you must meet all of the criteria listed below:

- A 2015-2016 FAFSA must be submitted.
- Be enrolled in, and continue enrollment in at least 6 or more degree applicable units.
- Be in good Satisfactory Academic Progress (SAP) standing.
- Submit all required Financial Aid documentation and be awarded any free aid.
- Submit all required Direct Loan documentation.
- Complete the Entrance Counseling and Master Promissory Note
- Have a financial aid need for a student loan.

By signing the loan request form, applicants agree to all the terms and conditions for the Federal Direct Student Loans. Eligibility requires the applicant to maintain at least half-time status throughout the period of the loan.

Direct Loan Application Requirements:

It is also the responsibility of the student to notify MPC and the Federal Direct Loan Servicing Center (www.direct.ed.gov) of any changes in status such as name, address, phone number, enrollment status, or change in college. Loans must be paid back even if you don’t graduate, transfer, are discontent with your education or training, or unable to obtain employment.

Mid-Term Loan Disbursement

Eligibility for Federal Direct Loans require that you maintain at least half-time status. Failure to maintain this enrollment status will result in a charge (plus interest that may have accrued) for the amount disbursed to be paid back to the Department of Education within 45 days.

Entrance/Exit Counseling

Federal regulations require all first-time borrowers to participate in Loan Entrance Counseling. The loan counseling explains the terms and conditions for the loan. It also provides borrowers with information about the various direct loan repayment options. This can be done at www.studentloans.gov.

Exit counseling is required for all first-time borrowers at the end of the academic year, or if you drop below half-time status. This counseling session explains what will occur before and after loan repayment. This can be done at www.studentloans.gov.

Proration

MPC is required to prorate Direct Student Loans for students who:

- The student’s program of study is shorter than the school’s defined academic year; or
- The student’s program of study is equal to or longer then the school’s academic year, but the student’s final period of enrollment is shorter than an academic year .

Correspondence

The Loan Coordinator, Patricia Chapman, will corresponded with students via their MPC email account. Ms. Chapman can be emailed at pchapman@mpc.edu.

Direct Loan Annual/Aggregate Limits

	Subsidized Loans	Unsubsidized Loans	Aggregate Sub Loans	Aggregate Total of both Sub & Unsub
Dependent 1st year 0–29.5 Units	\$3,500.00	\$2,000.00	\$23,000.00	\$31,000.00
Dependent 2nd year 30+ Units	\$4,500.00	\$2,000.00	\$23,000.00	\$31,000.00
Independent 1st year 0-29.5 Units	\$3,500.00	\$6,000.00	\$23,000.00	\$57,500.00
Independent 2nd 30+ Units	\$4,500.00	\$6,000.00	\$23,000.00	\$57,500.00

Loan Request Form 2015—2016

Student Borrowers Information: (please print)

 Name: _____

Last
First
Middle
Current Address:

Street: _____ Apt # _____

City: _____ State/Zip Code: _____

Home Phone: _____ Cell Phone: _____

Email #1: _____ Email #2: _____

Date of Birth: _____ Drivers License State/Number: _____

Permanent Address: (if different than current address)

Street: _____ Apt # _____

City: _____ State/Zip Code: _____

I will be attending MPC for the following time period:

 Fall 2015 and Spring 2016

 Fall 2015 Only

 Spring 2016 Only

 For **First-Time Borrowers** only. Please initial box after you have read the information on **Time Limitation of Direct Subsidized Loans.**

 For Subsidized loans taken out on or after July 1, 2013, I have read and understand the guidelines on Federal Time Limitation on Direct Subsidized Loans for first-time borrowers. I understand the loans are limited to 150% of the length of my academic program.

Maximum Loan Amounts

	<u>Dependent</u>			<u>Independent</u>	
	Subsidized	Unsubsidized		Subsidized	Unsubsidized
1st Year	\$3500	\$2000	1st Year	\$3500	\$6000
2nd Year	\$4500	\$2000	2nd Year	\$4500	\$6000

 Subsidized: Available for students who demonstrated financial need, as determined by the federal regulations. No interest is charged while a student is in school at least half-time.

Subsidized Loan Requested Amount: \$ _____

 Unsubsidized: If you do not make interest payments while your are in school, the interest continues to accrue and is added (capitalized) to your principle loan balance at repayment.

Unsubsidized Loan Requested Amount: \$ _____

Expected date of graduation/completion at MPC: _____ **Month** _____ **Year** _____

Your current Employer (if employed):

Company: _____ Address: _____
 Telephone Number: (____) _____

Mother or Guardian's Name and Address (required)

Last Name: _____ First: _____
 Street: _____ City: _____
 State/Zip: _____
 Home Phone: (____) _____ Cell: (____) _____
 Email: _____

_____ **Check here if Mother/Guardian is Deceased.**

Mother/Guardian's Employer:

Company: _____ Phone: (____) _____
 Address: _____

Father or Guardian's Name and Address (required)

Last Name: _____ First: _____
 Street: _____ City: _____
 State/Zip: _____
 Home Phone: (____) _____ Cell: (____) _____
 Email: _____

_____ **Check here if Father/Guardian is Deceased.**

Father/Guardian's Employer:

Company: _____ Phone: (____) _____
 Address: _____

***You must* list 2 friends and/or relatives who will know how to reach you.**
 (Must have a different address than yours and different addresses from each other.):

1. Last Name: _____ First: _____
 Address: _____ City: _____
 State/Zip: _____ Cell: (____) _____
 Home Phone: (____) _____
 Email: _____

2. Last Name: _____ First: _____
 Address: _____ City: _____
 State/Zip: _____ Cell: (____) _____
 Home Phone: (____) _____
 Email: _____

Please list below brothers and sisters over age 18 and not living at home:

Last Name: _____ First: _____
 Address: _____ City: _____
 State/Zip: _____ Cell: (____) _____
 Home Phone: (____) _____
 Email: _____

Last Name: _____ First: _____
 Address: _____ City: _____
 State/Zip: _____ Cell: (____) _____
 Home Phone: (____) _____
 Email: _____

Student Loan Request Statement for Automated Federal Direct Loan Application Processing

I request that Monterey Peninsula College Student Financial Services forward to the William D. Ford Federal Direct Loan Program, which is administered by the U.S. Department of Education, the data required to process my application for a Federal Direct Student Loan.

I am requesting a loan for the enrollment period and the lesser of the amounts indicated on the front page, or the amounts for which I am eligible to borrow. I understand that any interest that accrues on my Federal Direct Unsubsidized Loan, which is not eligible for interest subsidies, will not be paid by the federal government. I also request that the guaranty agency forward to the Department of Education, the data necessary to complete the processing of my application for a Federal Direct Student Loan.

I understand that in order to obtain a loan through this process, I must complete the Loan Request form, Loan Entrance Counseling, Loan Budget form, and the Master Promissory Note which contains my promise to pay the loan. Prior to the end of the academic year, I will also need to complete Loan Exit Counseling.

 Student Name (Please Print)

 Student's Signature

 Student's Social Security Number

 Date

2015—2016

Loan Entrance Budget Form for One Semester

Session: 2151	<input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"><input type="text"/><input type="text"/></input>
	SOCIAL SECURITY NUMBER
Track Code: LA	<input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"><input type="text"/></input>
	MPC STUDENT'S ID NUMBER

This budget sheet represents one semester. You will need to figure out what your income and expenses are for one month. Then take that figure and multiply by 5 to get the amount of income and expenses for the semester. Then take the total income (A) and subtract the total expenses (B) to come up with your balance for the semester. This is to help you decide how much in loan funding you may want to request.

Income (Section A)

	Per Month		Per Semester
Grants/Scholarships	_____	X1	_____
Student Loans	_____	X1	_____
Employment/Income	_____	X5	_____
Other Income	_____	X5	_____
Total Income			_____ (A)

Expenses (Section B)

	Per Month		Per Semester
Tuition & Fees	_____	X1	_____
Books & Supplies	_____	X1	_____
Rent/Housing	_____	X5	_____
Utilities	_____	X5	_____
Phone	_____	X5	_____
Food	_____	X5	_____
Clothes	_____	X5	_____
Laundry	_____	X5	_____
Car/Gas/Maintenance	_____	X5	_____
Insurance	_____	X5	_____
Credit Card	_____	X5	_____
Miscellaneous	_____	X5	_____
Total Expenses			_____ (B)

Total Income (Section A) _____ **(A)**

Minus Total Expenses (Section B) _____ **(B)**

Balance _____

Print Name

Date