

How to apply for your Stafford Loan

2009 - 2010



Terms to Know When Borrowing Federal Stafford Loans

Federal Subsidized Student Loans

The Federal Subsidized Student Loan is a need-based student loan program designed to assist students with educational expenses while attending at least half-time in an eligible program of study. This student loan is insured by the federal government and guaranteed by a Guarantor, such as the California Student Aid Commission (CSAC) via EdFund, an auxiliary servicer.

The subsidized student loan is based on unmet need after subtracting out grants, work-study, and other resources such as scholarships. The interest is subsidized (paid) by the federal government as long as the student is enrolled at least half-time. The interest is also paid for the student during the six-month grace period. The grace period begins the day the student drops below half-time status.

Eligibility for subsidized student loans will be reviewed first. The unsubsidized student loan does not require need to qualify. The interest on this loan begins to accrue (be charged) to the borrower when it is funded. Students have the option of making interest payments or capitalizing the interest (adding to the principal amount borrowed).

The original amount of your loan debt or the amount of debt the student owes after accrued interest has been capitalized.

A process by which accrued interest is added to the principal balance of the student's loan. For Stafford Loans, accrued interest is added at repayment.

Interest that has accumulated at a given time. When a borrower is not making interest payments on Unsubsidized Stafford, the interest on the loan accrues and is then capitalized.

A 1% fee that is charged to a borrower by the guarantee agency.

A 0.5 % fee charged to a borrower that is paid to the Federal Government.

The period during which payments of principal are not required. Grace period begins the day after a Stafford loan borrower ceases to be enrolled at least half-time at an eligible school, ends the day before the repayment period begins.

Postponement of payments during which time interest is paid by the Federal Government for Subsidized Stafford loans. An automatic deferment is given to a student based on an in-school status. A student may also request a deferment based on economic hardship or unemployment.

A postponement of payments which is granted at the lender's discretion.

Students can access the Government system to check on their loan information at www.nslds.ed.gov

Federal Unsubsidized Stafford Loans

Principal Balance

Capitalize

Accrued Interest

Default Fee

Origination Fee

Grace Period

Deferment

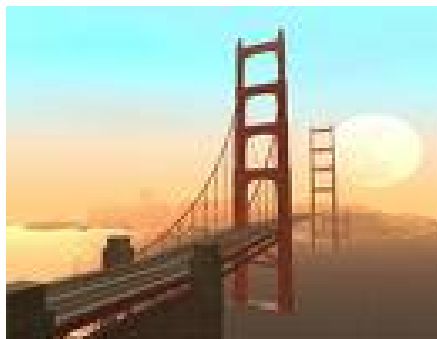
Forbearance

NSLDS

National Student Loan Data System

Federal Stafford Loan Application Process

This packet provides you with information about the Federal Stafford Loan program. Taking the time now to review this information carefully will help you avoid delays. Evaluate your needs and borrow only what is essential. Loans are monies you must pay back! Keep in mind you must meet Financial Aid Satisfactory Academic Progress requirements and be enrolled at least half-time (6 units) in order to receive your loan.



1. You (the student) must obtain, complete and submit to the Financial office – **in person** – the following documents:
 - ◆ **Federal Stafford Loan Request Form**
 - ◆ **A Copy of your Drivers License or State ID**
 - ◆ **Proof of Entrance Counseling (see next page for details)**
 - ◆ **Proof of Financial Literacy Workshop (see next page for details)**
2. The Financial Aid Office certifies the loan and sends the loan information electronically to EDFUND* through ELM.
3. EDFUND guarantees the loan and sends a Master Promissory Note (MPN) to you electronically.**
4. Complete and submit the MPN back to EDFUND. Your MPN will be forwarded to the lender of your choice.
5. The lender will send your loan funds electronically to City College through the National Disbursement Network (NDN). You will receive a Disclosure Statement from your lender.
6. Upon verification of attendance, City College will credit loan funds to your student account. At this point, you have 30 days to request cancellation of your loan. The disbursement of your Federal stafford Loan will follow the regular financial aid disbursement schedule.
7. Prior to leaving City College, you must complete Exit Counseling (see next page for details)

* EDFUND is acting on behalf of the California student Aid Commission – The California Guarantee Agency

** Fully complete the Promissory Note, especially the references. Do not use abbreviations.

IMPORTANT INFORMATION

Entrance Counseling

Entrance Counseling must be completed every year by borrowers of Federal Stafford Loans at City College of San Francisco. Borrowers must complete an on-line [Federal Stafford Entrance Interview](#). The staff is available to answer questions.

Financial Literacy Workshop

In addition to an Entrance Counseling, all students are required to attend a [Financial Literacy Workshop](#) in person.

Exit Counseling must be completed by all student loan recipients prior to transferring, withdrawing, graduating, or dropping below half-time enrollment (6units). Borrowers should complete a [Federal Stafford Exit Interview](#). The Financial Aid Office also provides the exit interview materials needed. The staff is available to answer questions

Disbursements

- ◆ Disbursements of Federal Stafford Loan funds will begin 30 days after the start of the semester and will follow the regular disbursement schedule. Schedules are available at the Financial Aid Office or online.
- ◆ If your loan covers more than one semester, your loan will be disbursed in two installments: one during the fall semester and one during the spring semester.
- ◆ If your loan only covers one semester, your loan will also be disbursed in two installments. The second installment will be disbursed after you have completed half of the semester.

Master Promissory Note

- ◆ The Master Promissory Note (MPN) is a legally binding agreement between you and your lender under which you promise to repay the loan, with interest, in periodic installments. With a MPN you may receive a loan for a single academic year or multiple academic years. Your MPN will be valid for 10 years from the date you sign the note.

Repayment

- ◆ Repayment begins after the 6-month grace period. The minimum monthly payments may be as low as \$50. However, the amount will increase as the total amount of your debt increases. The Standard Repayment Plan gives you up to 10 years to repay your student loan.

CCSF Loan Cancellation Policy

If you have received loan funds for the fall semester, your loan application will be cancelled by CCSF Financial Aid for the remainder of the award year if:

- ◆ You dropped below half-time in the fall term.
OR

- ◆ You are disqualified as of the start of spring term.

You will need to submit a new loan application for the spring term to receive the spring portion of loan funds (assuming you are enrolled in at least 6 units that term and/or an appeal has been approved).

Deadline to Apply

The deadline to submit Stafford Loan request forms is 10 work days before the end of the semester in which you are enrolled.

HOW MUCH CAN I BORROW?

The actual loan amount is determined by individual eligibility, not to exceed the maximum loan limits indicated below. You can always request a reduced loan amount if the full eligibility is not needed.

Federal Stafford Maximum Annual Limits	
BORROWER ACADEMIC LEVEL	SUBSIDIZED STAFFORD
Grade Level 1: 0-29.5 units earned	\$3,500 per academic year
Grade Level 2: 30 + units earned	\$4,500 per academic year

Dependent students may be eligible for an additional \$2,000 in Unsubsidized Loan. Independent students may be eligible for an additional \$6,000 in unsubsidized loans. You are an independent student if you were not required to provide parental information when completing the 2009-2010 Free Application for Federal Student Aid (FAFSA).

Aggregate Borrowing Limits		
Dependent Undergraduate	\$31,000	\$31,000 of which \$23,000 is maximum Subsidized
Independent Undergraduate	\$57,500	\$57,500 of which \$23,000 is maximum Subsidized
Graduate, Professional including Undergraduate loans	\$138,500	\$138,500 of which \$65,000 is maximum Subsidized