

# City College of San Francisco

## William D. Ford Federal Direct Loan Program

### 2018 - 2019 Information and Application Process

City College of San Francisco (CCSF) endorses the philosophy of assisting students in maintaining a low level of loan debt. Receiving a student loan is a serious matter and when you accept a student loan you accept the responsibility and obligation of repayment. Therefore, we have provided the following information to assist you in understanding the federal student loan program and the process at CCSF.

**\*\*Note CCSF does not participate in Direct PLUS loans, Alternative and/or Private Loans. \*\***

### Federal Regulation Affecting Direct Subsidized Loans

**Public Law 112-141, Moving Ahead for Progress in the 21st Century ACT (MAP 21)**, enacted July 6, 2012, **limits** Direct Subsidized Loan eligibility for first-time borrowers as of July 1, 2013 to **150%** of the published length of the educational program in which the borrower is currently enrolled.

A first-time borrower is a borrower who either did not receive loans, or had loans paid off in full prior to receiving loans on/after July 1, 2013.

For example:

- If a student is enrolled in a 2-year associate degree program, the student has 2 years x 150% = 3 years of eligibility
- If a student is enrolled in a 1-year certificate program, the student has 1 year x 150% = 1.5 years of eligibility

A first-time borrower, who loses interest subsidy for additional subsidized loans, also **loses interest subsidy** on subsidized loans received from July 1, 2013 if:

- The borrower did not complete the program within the maximum eligibility timeframe, **and**
- Continues enrollment in the same program, **or**
- Enrolls in another program of the same or shorter length.

The loss of interest subsidy is effective from the date of the continuing or new enrollment.

### 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 Direct Loans Maximum Annual Limits

Independent Student			Dependent Student		
Academic level	Subsidized	Unsubsidized	Academic level	Subsidized	Unsubsidized
Grade Level 1: <b>0-29.5</b> units earned	\$3,500	\$6,000	Grade Level 1 - <b>0-29.5</b> units earned	\$3,500	\$2,000
Grade Level 2 : <b>30</b> + units earned	\$4,500	\$6,000	Grade Level 2 - <b>30</b> + units earned	\$4,500	\$2,000

**\*\*Note that CCSF maintains a loan denial policy, which is conducted on an individual basis. \*\***

*See loan request form for common reasons for denial.*

## Federal Direct Loan Application Process

### To Be Eligible To Request a Federal Direct Loan You Must:

1. Have submitted a 2018-2019 FAFSA application which included CCSF Federal School code (012874) **and** whose file is completed by CCSF FA office prior to submitting Direct Loan Request Form.
2. Enroll at CCSF in at least (6) units per semester in a program leading to a degree, certificate, and/or transfer.
3. Meet and maintain Satisfactory Academic Progress (SAP) as determined by CCSF.
4. You must not be delinquent or in default on any Federal Student Loan or owe a refund on Federal/State grant.
5. You may not exceed annual borrowing limits nor can you exceed the aggregate borrowing limits. Aggregate undergraduate loan limits are available online at [www.finaid.org/loans/historicallimits.phtml](http://www.finaid.org/loans/historicallimits.phtml)
6. Before you can be considered for a Direct Loan, you must be considered for other Title IV funds first and must have remaining unmet need after other grants, scholarships, work study programs have been considered.

**\*Note: Students who have more than 120 attempted units are not eligible for any type of Title IV aid which include Direct Loans. Please refer to CCSF SAP Policy <http://www.ccsf.edu/en/student-services/financial-aid/SAP.html>**

## Federal Direct Loan Process

1. Complete an online Financial Literacy Workshop – Upon request, please contact the Financial Aid Office at 415-239-3577 to add requirement to your student record.
2. Complete an online Loan Entrance Counseling at [www.studentloans.gov](http://www.studentloans.gov)
3. Complete and submit a Federal Direct Loan Request Form (*available at the Financial Aid Office – Cloud Hall 324*) in person to the Financial Aid Office along with the following documentation:
  - a. Copy of unexpired Driver's License or State ID – Original picture ID will need to be presented at the time of submission.
  - b. **Continuing Borrowers Only (including loans received from other institutions):** Attach a printout of your past loan activity from the National Student Loan Data System at [www.nslds.ed.gov](http://www.nslds.ed.gov).

## Federal Direct Loan Processing Timeline

- Processing time is approximately **four to six** weeks after all requested loan documents are received.
- After your loan origination has been accepted by the Department of Education, the Financial Aid Office will notify you via CCSF Gmail that you can complete your Master Promissory Note (MPN) online at [www.StudentLoans.gov](http://www.StudentLoans.gov) , if required.
- Once CCSF releases loan funds to your student account; you have **30 days to request a cancellation of your loan**

# Important Information

## **Loan Entrance Counseling**

Entrance counseling **must be completed every year by borrowers at City College of San Francisco**. This helps you to understand your responsibilities regarding your loan. You can complete the Federal Direct Loan Entrance interview on line at [www.StudentLoans.gov](http://www.StudentLoans.gov).

## **Financial Literacy Workshop (FLW)**

All students are required to complete an online Financial Literacy Workshop before submitting a Direct Loan Request Form.

## **Loan Exit Counseling**

You must complete Federal Direct Exit Interview online at [www.StudentLoans.gov](http://www.StudentLoans.gov) prior to transferring, withdrawing, graduating, or dropping below half-time enrollment.

## **Disbursements**

- ◆ Disbursements of loan funds will begin 30 days after the start of the semester. Disbursement schedules are available on the financial aid website.
- ◆ All loan disbursements will be made in two installments during each semester. The second installment will be disbursed after you have completed half of the semester.

## **Proration**

Students attending CCSF for one term ONLY are subject to prorated loan amounts. This calculation is the number of units enrolled in divided by 24 and multiplied by grade level loan amounts.

## **Satisfactory Academic Progress (SAP)**

Students receiving financial aid enter into an agreement to make Satisfactory Academic Progress (SAP) toward their educational goal. Failure to maintain these standards will result in the loss of financial assistance. The SAP standards can be reviewed online.

## **Master Promissory Note (MPN)**

The MPN is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the Department of Education. It also explains the terms and conditions of your loan(s).

- ◆ To complete an MPN online at [www.studentloans.gov](http://www.studentloans.gov), you will be required to use your Department of Education-issued FSA ID. If you do not have an FSA ID, you may create one online at [www.fsaaid.ed.gov/npas/indez.htm](http://www.fsaaid.ed.gov/npas/indez.htm).
- ◆ Once the MPN is submitted and accepted, you will not be required to complete a new MPN for future loans. You can borrow additional Direct Loans on a single MPN for up to 10 years.

- ❖ CCSF offers Direct Subsidized and Unsubsidized Loans through the William D. Ford Federal Direct Loan Program.
- ❖ CCSF does not participate in Direct PLUS loans, Alternative and/or Private Loans.
- ❖ Students applying for a loan no longer need to select a lender. The U.S Department of Education will be the lender.
- ❖ Evaluate your needs and borrow only what is essential. Loans are monies that must be paid back with interest!
- ❖ Keep record of all amounts that you borrow.
- ❖ Update your guarantor with changes in your name, address, phone number, school, and references.

# Terms to Know When Borrowing Federal Direct Loans

**Federal Direct Subsidized Loans** The Federal Direct Subsidized Student Loan is a need-based student loan program designed to assist students with educational expenses while attending at least half-time (6 units) in an eligible program of study. Remaining need must be available after all aid is considered.

The subsidized student loan is based on unmet need after subtracting grants, work-study, and other resources such as scholarships from the cost of attendance. The interest is subsidized (paid) by the federal government as long as the student is enrolled at least half-time. The interest for subsidized loan begins to accrue during the grace period. Eligibility for financial subsidized student loans will be reviewed before the unsubsidized loan. There is a limit of 150% of the length of your program to receive subsidized loan.

**Federal Direct Unsubsidized Loans** 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).

**Principal Balance** The original amount of student's loan debt or the amount of debt the student owes after accrued interest has been capitalized.

**Capitalize** A process by which accrued interest is added to the principal balance of the student's loan.

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

**Interest Rate** The Interest Rate for Direct Loans First Disbursed between July 1, 2018 and June 30, 2019 is 5.05%

**Origination Fee** All Federal Direct Loans are subject to origination fees. This fee will be deducted from your loan each time the loan is disbursed. A 1.066% fee is currently charged to the borrower. On October 1, 2018 the fee will decrease to 1.062%.

**Grace Period** The period during which payments of principal are not required. Grace period begins the day after a Direct loan borrower ceases to be enrolled at least half-time at an eligible school, ends the day before the repayment period begins. If the student re-enrolls in school at least half time before the end of 6-month grace period, the student will receive the full 6-month grace period when she/he stops attending school or drops below half-time enrollment.

**Deferment** Postponement of payments during which time interest does not accrue if the loan is subsidized. However, interest will accrue if the student has reached the 150% limit on subsidized 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, unemployment, or qualifying active duty service.

**Forbearance** A postponement of payments. For more information call Direct Loan Servicing Center at 1-800-848-0979.

**NSLDS** Students can access the Government system to check on their loan information at [www.nslsds.ed.gov](http://www.nslsds.ed.gov)  
\*\*National Student Loan Data System

Please visit the Federal Direct Loan Website at [www.direct.ed.gov](http://www.direct.ed.gov) OR <http://www.ccsf.edu/en/student-services/financial-aid/Loans.html> for more information.