



**THE  
LOS ANGELES  
COMMUNITY COLLEGE  
DISTRICT**

**Financial Aid  
Student Loan Guide  
2012-2013**

DRAFT

City  
East Los Angeles  
Harbor  
Mission  
Pierce  
Southwest  
Trade-Tech  
Valley  
West Los Angeles

# 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](http://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](http://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.

### 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:

	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.

## Application Process

- Student Loan Request Form**
- Meet Entrance Counseling requirement(s)
- 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)
- Continuing borrowers: Attach a printout of my past loan history at [www.nslds.ed.gov](http://www.nslds.ed.gov)

Check with your college financial aid office for additional requirements

# Student Loan Request Form

2012-2013

## Section A

(Please print clearly)

\*Do not leave any information blank

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Social Security Number

Last Name	First Name	MI
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. You may wish to review the "Entrance Counseling Guide for Direct Loan Borrowers" to get a better idea of how much you will have to repay.

How much do you need to borrow? \$ \_\_\_\_\_

## Section C

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

\_\_\_ This is a loan and must be repaid with accrued interest.

\_\_\_ This loan is to be used for educationally related expenses .

\_\_\_ I must have a signed **and accepted** 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.

\_\_\_ 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.

\_\_\_ 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 \_\_\_\_\_ will be completed in less than a full academic year.

\_\_\_ 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.

\_\_\_ My loan will be cancelled If my enrollment is less than six (6) approved units at the time of my first loan disbursement.

\_\_\_ **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.

Signature

Date