

Guide to Federal Direct Student Loans 2011–2012

Pensacola State College

Office of Financial Aid/Veteran Services/Scholarships

1000 College Blvd.

Pensacola, FL 32504

FEDERAL DIRECT LOAN PROGRAM 2011-2012

General information on the Federal Direct Loan Program (FDLP) and detailed instructions for completing the loan process at Pensacola State College are provided in this guide.

Are you pursuing a degree/certificate at Pensacola State College? If not, please contact the college from which you plan to graduate for financial aid assistance.

Some questions to consider before beginning this process and completing the loan request form are:

- What is my educational goal? Do I plan to transfer to a college or a university to complete a four-year degree? If so, will I have enough loan eligibility remaining when the costs are higher?
- How much can I expect to earn after graduation based on my career research? What does my future job market look like?
- Have I found and exhausted all other sources of financial assistance before requesting a loan and have I reported that assistance to the Financial Aid Office?
- Have I limited my enrollment to classes required for my declared program of study on file with the Pensacola State College Admissions/Registration Office?

Answers to these questions will assist you to determine how much loan debt you want to have to repay.

Educational loans are legally binding contracts for funds that result in debts that must be repaid. These funds and the interest must be repaid even if you do not graduate, are dissatisfied with the education or training you received, or if you are unable to find employment.

Remember, your lifestyle may be adversely impacted by a large student loan debt!

PLANNING TODAY MEANS MORE MONEY FOR TOMORROW

WHAT IS A MANAGEABLE LEVEL OF DEBT?

Your ability or inability and/or willingness to repay your student loan will affect your creditworthiness and credit rating for years to come. Federal guidelines state that you, the student, should have repayment on student loans of no greater than 8% of your total yearly income. If your first year's total salary is \$28,000, for example, 8% equals \$2,240 per year or a \$187 monthly payment. A manageable level of debt is one that you must plan for in advance. Consider the amount you will have to pay back before you begin borrowing because loans are obligations that must be repaid. Students with prior loans, check www.nslds.ed.gov for outstanding loan information.

SAMPLE MAXIMUM MONTHLY REPAYMENT SCHEDULE FOR WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM (FDLP)

| Amount Borrowed | # of Payments | 6.8% Interest Rate | 7% Interest Rate | 8% Interest Rate | 9% Interest Rate |
|-----------------|---------------|--------------------|------------------|------------------|------------------|
| \$3,500 | 75 | \$ 50 | \$ 50 | \$ 50 | \$ 50 |
| \$4,500 | 120 | \$ 52 | \$ 53 | \$ 55 | \$ 57 |
| \$5,000 | 120 | \$ 58 | \$ 59 | \$ 61 | \$ 64 |
| \$8,000 | 120 | \$ 93 | \$ 94 | \$ 98 | \$106 |
| \$10,000 | 120 | \$116 | \$117 | \$122 | \$127 |

TERMS TO KNOW

- **Capitalization:** Adding unpaid interest to the principal loan amount which will increase the balance on which future interest accrues and also the total amount to finally be repaid.
- **Cost of Attendance (COA):** The COA is an estimated budget which includes tuition and fees, room and board, books and supplies, transportation, and miscellaneous expenses.
- **Default:** Failure to pay your loan according to the terms of your promissory note. Defaults will have an adverse affect on your ability to obtain credit in the future and receive future financial aid.
- **Deferment:** An authorized period of time during which you may postpone payment on your loan.
- **EFC:** Expected Family Contribution
- **ELC:** Entrance Loan Counseling
- **E-sign:** Electronic signature
- **FA:** Financial Aid/Veteran Services/Scholarship Office
- **FDL:** Federal Direct Loan
- **FDLP:** Federal Direct Loan Program
- **Forbearance:** An authorized period of time during which the holder of your loan allows you to postpone repayment because of financial difficulty. Interest continues to accrue if not paid on a monthly basis.
- **Grace Period:** Specified period of time after you graduate or leave school during which you need not make principal payments on your loan.
- **Holder:** The United States Department of Education has legal title to all direct loans.
- **Interest:** A fee charged in exchange for borrowing money.
- **Interest Rebate:** This rebate reduces the origination fee. To retain the up-front rebate, borrowers who are in repayment will need to make the initial 12 consecutive monthly payments on time or the rebate will be added back to the principal balance.
- **Loan Fee:** A fee payable by the borrower that is deducted proportionately by USDOE from each loan disbursement.
- **MPN:** A Master Promissory Note is the legal document listing the terms and conditions for repayment of the loan.
- **NSLDS:** National Student Loan Data System.
- **OneCard:** The method by which you will receive any financial aid disbursement, including FDLP funds, or tuition refund from the College.
- **Origination Fee:** A fee charged by USDOE to offset the cost of administering the student loan program.
- **PLUS:** Parent Loan for Undergraduate Students.
- **Principal:** The amount borrowed. Interest is charged on this amount.
- **Remaining Need:** This is the difference between the Cost of Attendance and what the family is expected to pay (EFC) towards the student's education.
- **Subsidized Loan:** A need-based loan for which the interest is paid by the federal government during the in-school grace and deferment periods.
- **Unsubsidized Loan:** A loan for which borrowers are responsible for interest from the date the loan is disbursed. Interest may be capitalized.
- **USDOE:** United States Department of Education

THE FEDERAL DIRECT LOAN PROGRAM (FDLP) PROCESS AT PENSACOLA STATE COLLEGE

WHAT MUST I DO FIRST?

- **READ and follow the steps in this guide. Failure to complete each step in the order given will cause your loan to be delayed or denied.**
- Confirm that your 2011-2012 financial aid file is complete and correct with the College's Financial Aid Office.
- Complete the required (ELC) and (MPN) at www.studentloans.gov. You must select Pensacola State College as the school you plan to attend.
- Computer access is available on each campus. (Career Connection, computer labs, kiosks, and libraries.)
- To successfully complete your MPN, be sure to have available your Social Security Number and the name, address, and telephone number of two (2) references not living at the same address with whom you will keep in contact for the next five years.
- Print, complete, and return the "2011-2012 Federal Direct Loan Program (FDLP) Request Form" located inside this publication.

WHAT ARE THE ENROLLMENT REQUIREMENTS?

- Enroll only in courses required to complete your declared program of study. Verify your current declared program and course requirements on your Spyglass Degree Audit.
- To receive assistance with selecting courses that are required for your program of study, see an academic advisor or go to your Spyglass Degree Audit before and after registering.
- Enroll in 6 or more credits each semester.
- Select a combination of courses that require you to attend from the first day to the last day of the semester:
FALL: August 22 - December 15, 2011 **SPRING:** January 6 - May 4, 2012 **SUMMER:** May 10 - August 6, 2012
- Enrollment in preparatory coursework is limited to 50% of the total enrollment for each semester of the loan period.
- A student may attempt no more than 30 preparatory credits using federal financial aid of any type including FDLP.
- Courses identified at the College as pre-requisites will count toward loan eligibility.
- Eligibility for each disbursement will be determined, in part, by the student's official enrollment record and academic program as of the published last day of Schedule Adjustment for Session A.
- Failure to enroll appropriately each semester will result in cancellation of loan funds.

WHAT HAPPENS NEXT?

- You will receive an FDLP award letter listing tentative approved loan amounts and tentative semester disbursement dates.
- Your federal student loan award amounts will be listed on your Spyglass Financial Aid Summary.
- Loan funds for each of the three semesters (Fall, Spring, & Summer) are subject to a minimum 30-day delay before release to student accounts.
- No loan funds will be disbursed to your account until your enrollment indicates you are eligible. Students only enrolled for “B” session plus “D” session first become eligible for their FDL funds after they begin attendance in “D” session. Their funds will be deposited in their college account on the first transfer of funds date after session “D” schedule adjustment ends.
- Loan funds are not available to purchase or rent books.
- The college will deduct all outstanding charges including tuition deferments prior to making your loan funds available to you.
- **You must activate your OneCard in order to receive your loan funds (see “Students” link at www.pensacolastate.edu).**

WHAT ARE MY RESPONSIBILITIES?

YOU MUST:

- Have and maintain an overall minimum 2.0 grade point average as listed on your Spyglass Degree Audit.
- Attend ALL of your classes for the entire semester.
- Maintain Financial Aid Satisfactory Academic Progress as described in this publication.
- Maintain a current mailing address with the Admissions/Registrar’s office. All correspondence will be mailed to the address you have on file with that office or to your Pirate Mail account. If mail sent to you is undeliverable, your loan disbursement will be cancelled. See <http://piratemail.pensacolastate.edu/> for details.
- Report to the FA Office any additional aid you receive during the school year for educational purposes and living expenses due to attending Pensacola State College. Examples of aid include, but are not limited to, scholarships, WIA, VA benefits, Vocational Rehabilitation funds, transportation assistance (bus passes, gas cards, fee waivers, and aid from any other donor agency).
- Contact the FA Office when changes occur in your enrollment (i.e., withdrawals, cancellations, new registrations).
- If otherwise eligible and your loan has been originated for the current semester, you may be eligible for a deferment of tuition not to exceed your anticipated disbursement amount. Each semester, after you have registered and prior to the date your tuition is due to be paid, it is your responsibility to request and process the FDLP tuition deferment promissory note in any campus FA office.

IMPORTANT LOAN INFORMATION

MAXIMUM ACADEMIC SCHOOL YEAR FDLP LIMITS

| Independent/Dependent Students | Total Subsidized & Unsubsidized |
|--------------------------------|---------------------------------|
| 1st Year (0-30 CR)* | Up to \$3,500 |
| 2nd Year (31+ CR)* | Up to \$4,500 |

- Maximum loan limit for a graduating semester or a summer loan only loan period is limited to 50% of grade level awarded.
- Credits used to determine 1st or 2nd year FDLP eligibility are those required for your declared program of study as listed on your Spyglass Degree Audit at www.pensacolastate.edu.
- Independent students may borrow additional unsubsidized funds for documented childcare expenses, out-of-state fees, and additional documented program expenses. A “Request for Additional Loan Funds” form is required and should be attached to the FDLP Request Form with supporting documentation. Forms are available at all FA offices.
- For students pursuing a two year, or less, program, the recommended aggregate (total) loan limit for dependent and independent students attending the College is **\$12,000**. This limit includes loans received from prior schools. The minimum Federal Direct Loan at the College is \$500.

IMPORTANT LOAN DATES

| Priority Dates to Submit a Federal Direct Student Loan Request for Tuition Deferment Consideration | |
|--|-------------------|
| FALL SEMESTER | July 18, 2011 |
| SPRING SEMESTER | November 18, 2011 |
| SUMMER SEMESTER | April 13, 2012 |
| Deadlines to Submit a Federal Direct Student Loan Request for Sessions A, B, C, D | |
| FALL SEMESTER | November 4, 2011 |
| SPRING SEMESTER | March 9, 2012 |
| SUMMER SEMESTER | June 21, 2012 |

FINANCIAL AID SATISFACTORY ACADEMIC PROGRESS

Financial Aid Satisfactory Academic Progress (FASAP) will be monitored at the end of each semester of enrollment. To be eligible to receive Federal and State financial aid, including Federal Direct Loans, students must maintain Financial Aid Satisfactory Academic Progress (FASAP). FASAP will be evaluated prior to awarding all financial aid and each semester after end-of-term reports are finalized on the following standards:

- **Students must have attained a cumulative grade point average (GPA) as follows:**

| Cumulative Credits Attempted | Minimum Required Cumulative GPA |
|------------------------------|---------------------------------|
| 1-24 | 1.50 |
| 25-48 | 1.75 |
| 49+ | 2.00 |

- Students must complete a minimum of 67% of **ALL** credit hours attempted including preparatory courses.
- A maximum time frame exists during which a student may be eligible for financial aid, including FDL. Maximum time frame includes all credits attempted at Pensacola State College and all prior colleges.
- The maximum time frame limit is 150% of the students' program length. See the following:

| Program Type | Length of Program | Maximum Hours Attempted |
|----------------------|-------------------|-------------------------|
| Two-year Degree | 60 credit hours | 90 |
| One-year certificate | 45 credit hours | 68 |
| Bachelor's Degree | 120 credit hours | 180 |

REGARDLESS OF YOUR FASAP:

ALL STUDENTS, INCLUDING TRANSFER STUDENTS, MUST HAVE A MINIMUM 2.0 GPA TO BE CONSIDERED FOR A FDL. NO EXCEPTIONS. (Check the left side of your Degree Audit page on Spyglass.)

TRANSFER STUDENTS MUST HAVE A MINIMUM 67% COMPLETION RATE ON THEIR PRIOR TRANSFER CREDITS TO APPLY FOR A FEDERAL DIRECT STUDENT LOAN. NO EXCEPTIONS.

Students with previously defaulted federal student loans:

- If your loans were repaid or rehabilitated with volunteer payments, you must provide a written explanation of the circumstances which resulted in the defaulted status of your prior loans with your completed Pensacola State College Direct Loan Request Form. The Director of Financial Aid will review each student on a case-by-case basis. Providing the statement does not automatically result in an approved loan request.
- If your loans were repaid through a means that demonstrated an unwillingness to repay your loans, such as wage garnishment or repayment by income tax refund, you will not be initially approved for federal direct loan consideration. At such time as you successfully complete 12 credit hours with a FASAP "OK" status, you may request a FDL. In addition to the FDL request form, you will need to submit a statement that you have successfully completed 12 credits and are maintaining a FASAP "OK" status.

All students must maintain a minimum overall 2.0 GPA each semester to receive FDL funds. NO EXCEPTIONS. (Check the left side of your Degree Audit page on Spyglass.)

Pensacola State College Financial Aid Campus Offices

| | | |
|-------------------|----------|---------------------------------|
| Milton Campus | 484-4412 | Student Services, Building 4200 |
| Pensacola Campus | 484-1680 | Registration Center, Building 2 |
| Warrington Campus | 484-2349 | Student Affairs, Building 3600 |

PENSACOLA STATE COLLEGE

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