



Dreams. Delivered.

Loan Advising Session

For Student Borrowers

Presented by: Priscilla Ibarra



Financial Aid Office Locations

▶ East Campus

- ▶ 101 Baldwin Blvd
- ▶ Harvin Center Second Floor Rm 263
- ▶ Phone: 361-698-1293

▶ West Campus

- ▶ 4101 Old Brownsville Rd
- ▶ Coleman Center, Rm 140
- ▶ Phone: 361-698-1726

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About the Session

This informative session will provide an overview of the Direct Student loan process and requirements.

It's important to understand your rights and responsibilities as a student loan borrower.



What Will We Cover Today?

- ▶ Loan Requirements
- ▶ Loan Process
- ▶ Your Rights and Responsibilities
- ▶ Alternative Options

Why are You Here?

- ▶ This session is part of the DMC Default Prevention Plan
- ▶ What is a default rate?

Results of High Default Rate

- ▶ For three years in a row... If 30% or more of our previous students default we will

no longer offer grants or loans!

Results of High Default Rate

- ▶ Why do we hold refunds until after you start classes?
 - ▶ 30 day delayed disbursement for new borrowers at DMC
- ▶ Do you have to complete a loan appeal?
- ▶ What other workshops do you need to attend?

FAFSA
SAP

2 Online Requirements!!!

- ▶ Master Promissory Note
- ▶ Loan Entrance Counseling

Do NOT complete until you accept a loan on WebDMC

For LEC, MUST complete one each academic year that you accept a student loan (usually every August)

For MPN, valid for 10 years.



Effective for Fall 2021:


- ▶ Informed Borrowing Tool (IBT) Confirmation



Studentaid.gov



Welcome to the new look of StudentAid.gov, the official federal student aid website. We've combined content and features from StudentLoans.gov, fsaid.ed.gov, and nslds.ed.gov to enhance your experience. [Learn how the changes impact you.](#)

 An official website of the United States government.

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You Are America's Smartest Investment

The U.S. Department of Education's office of Federal Student Aid provides more than \$120 billion in financial aid to help pay for college each year.

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Considering School

I'm thinking about going to college or a career school.

In School

I'm in the process of earning a degree or certificate.

Parent

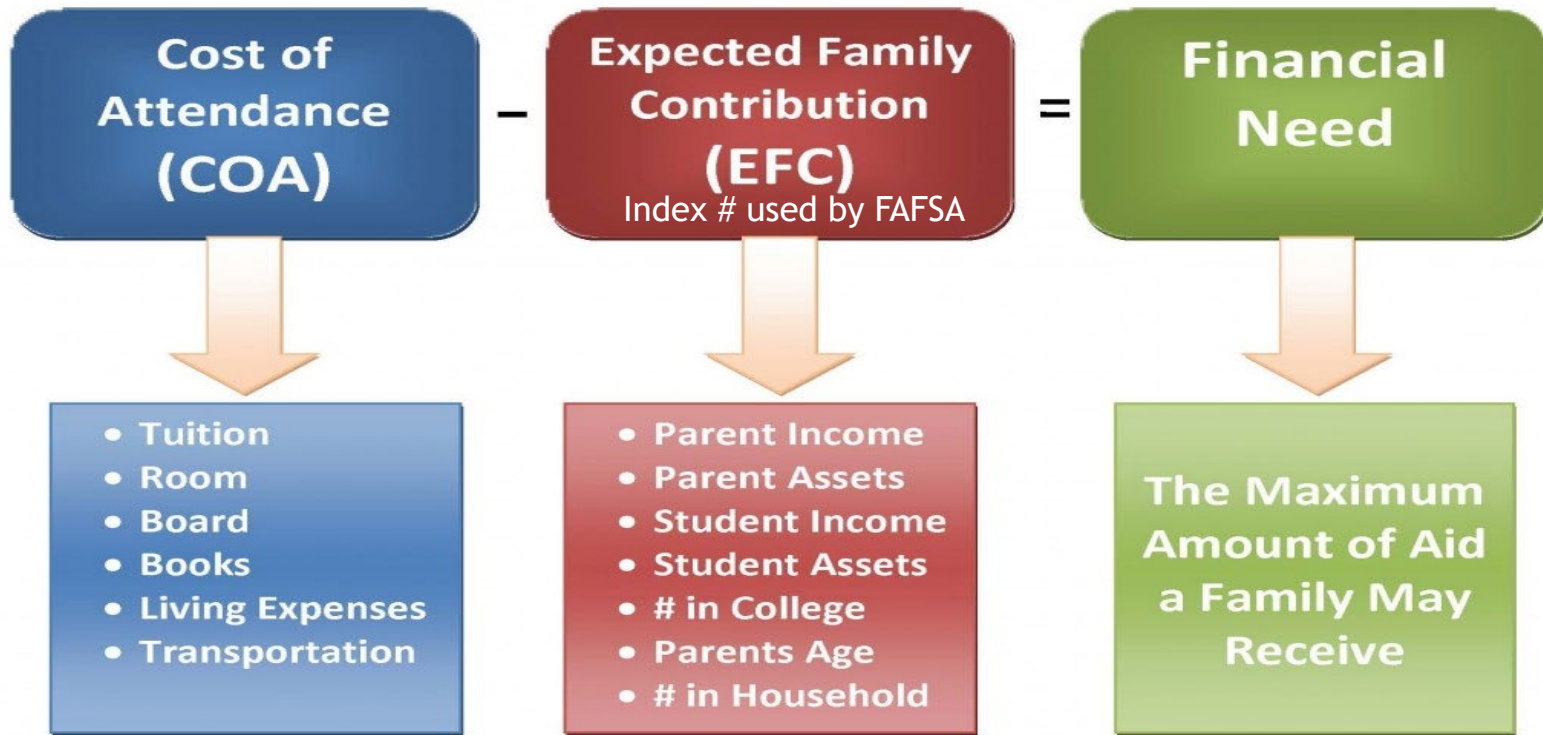
I want to help my child pay for college.

In Repayment

I have loans I need to repay.

Cost of Attendance (COA)

Can You Really Borrow that Much?



Subsidized vs. Unsubsidized

- ▶ Subsidized loan funds are **NEED BASED**
 - ▶ You must qualify financially to receive one
 - ▶ The government pays the interest while you are enrolled at least half time (6 credit hours)
- ▶ Unsubsidized loan funds are **NOT need based**
 - ▶ Can borrow up to your EFC but not more than your COA
 - ▶ You are responsible for ALL interest - You can pay interest while in school or wait until you finish
- ▶ **MUST BE ENROLLED AT LEAST HALF-TIME (6) credit hours to receive loan!!!**
 - ▶ Ex) English 1301
 - ▶ History 1301

Dependent Undergraduate Annual Limits

- ▶ What is a dependent student?

Subsidized and Unsubsidized

GRADE LEVEL	ANNUAL LIMIT	SUBSIDIZED	UNSUBSIDIZED
FIRST YEAR (less than 30 completed credits)	\$5,500	\$3,500	\$2,000
SECOND YEAR (more than 30 completed credits)	\$6,500	\$4,500	\$2,000

Independent Undergraduate Annual Limits

- ▶ What is an independent student?

Subsidized and Unsubsidized

GRADE LEVEL	ANNUAL LIMIT	SUBSIDIZED	UNSUBSIDIZED
FIRST YEAR (less than 30 completed credits)	\$9,500	\$3,500	\$6,000* *appeal process
SECOND YEAR (more than 30 completed credits)	\$10,500	\$4,500	\$6,000* *appeal process

Aggregate Loan Limits

What does aggregate mean?

TYPE OF STUDENT	AGGREGATE LIMIT	SUBSIDIZED LIMIT	UNSUBSIDIZED LIMIT
Undergraduate and Dependent	\$31,000	\$23,000	\$8,000
Undergraduate and Independent	\$57,500	\$23,000	\$34,500
Graduate and Professional	\$138,500	\$65,500	\$73,000



Other Loan Limits

150% Subsidy Rule



- ▶ In an effort to increase timely completion, new borrowers who receive their first disbursements on or after July 1, 2016, are bound by the new MAP-21:150 percent subsidy rule.
- ▶ In general, the rule limits Direct Subsidized loan eligibility and the subsidies with such loans for new borrowers to no more than 150 percent of the published length of the borrower's educational program
- ▶ Once maximum eligibility is reached, the interest is no longer paid for you while you are in school half time!

Maximum Eligibility Period Examples

DONE!

- ▶ If you are enrolled in a **2-year** associate degree program, the maximum period for which you can receive the Direct Subsidized Loan is **3 years** (150% of two years = 3 years)
- ▶ If you are enrolled half-time and receive a Direct Subsidized Loan for fall/spring enrollment, this will count as **one-half of a year (1.5)** against your maximum eligibility period

Loan Origination Fee

Loan Type	First Disbursement Date	Loan Fee
Direct Subsidized Loans and Direct Unsubsidized Loans	On or after 10/1/18 and before 10/1/19	1.062%
	On or after 10/1/19 and before 10/1/20	1.059%
Direct PLUS Loans	On or after 10/1/18 and before 10/1/19	4.248%
	On or after 10/1/19 and before 10/1/20	4.236%

\$1,750 loan will disburse \$1,732 (\$18 fee)

Interest Rate

Rate Changed July 1, 2019

<u>Loan</u>	<u>Interest Rate</u>
Direct Subsidized Loans (Undergraduates)	4.53%
Direct Unsubsidized Loans (Undergraduates)	4.53%
Direct Unsubsidized Loans (Graduate or Professional Students)	6.08%
Direct PLUS Loans (Parents and Graduate or Professional Students)	7.08%

Loans **MUST** be Repaid, REGARDLESS!!!

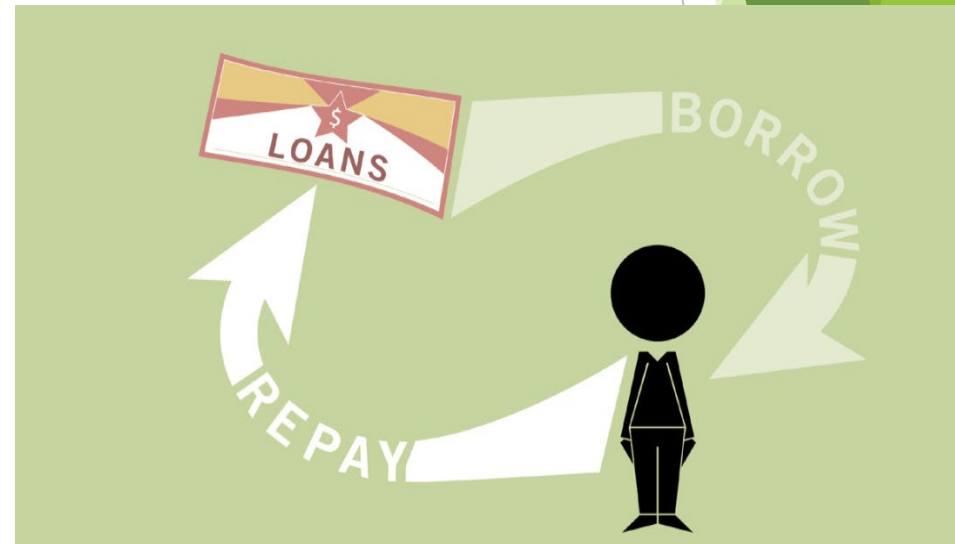
Students are responsible to repay loan even if...

- ✓ You don't find a job
- ✓ You are dissatisfied with the school
- ✓ You don't graduate

Research!

(salary.com)

Plan, Plan, Plan!!!



When Do You Repay?



Direct Subsidized/Unsubsidized loans have a grace period.

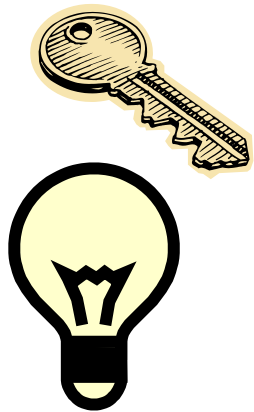
Your first payment is due six months after:

- ▶ You graduate
- ▶ Completely withdraw (if you did not earn all of your aid, some of the funds will be returned)
- ▶ Drop below half-time enrollment

You get another 6 month grace period on new loans

Educational Expenses

STUDENT LOAN MONEY MUST BE
USED FOR CERTAIN EXPENSES



Disbursements

LOANS ARE ALWAYS RELEASED IN AT LEAST
TWO DISBURSEMENTS

Examples:

Fall	Spring
\$1,750 (MINUS LOAN FEE)	\$1,750 (MINUS LOAN FEE)
Spring Only	Spring Only
\$875 Feb. (MINUS LOAN FEE)	\$875 March (MINUS LOAN FEE)

Summer Scenarios

Scenario 1

3 hours in summer 1 & 3 hours in summer 2

½ refunded summer I

½ refunded summer II

Scenario 2

6 hours in summer 1 (six weeks)

½ refunded summer I

No summer II refund

Scenario 3

6 hours summer 1 (nine weeks)

½ refunded summer I

½ refunded summer II if student requests by 06/17/20

Scenario 4

6 hours summer I (twelve weeks)

½ refunded summer I

½ refunded summer II if student requests by 06/17/20

Scenario 5

3 hours summer I (6 weeks) & 3 hours summer I (12 weeks)

½ refunded summer 1

½ refunded summer II if student requests by 06/17/20

Scenario 6

6 hours summer II (6 weeks)

No loan refund

Scenario 7

3+ hours summer I (any length)

3+ hours summer II (any length)

½ refunded summer I

½ refunded summer II

Scenario 8

5 hours summer I (6 weeks) & 1 hour summer 2 (6 weeks)

½ refunded summer I

No summer II refund

Scenario 9

5 hours summer I (9 week/12 week only) & 1 hour summer 2 (6 weeks)

½ refunded summer I

½ refunded summer II

Must be in 6 hours entire summer to get loan!!!

No Summer 2 ONLY Loans or Maymester ONLY

Example

- ▶ Summer loan award: \$1,750
- ▶ Summer 1: 875
- ▶ Summer 2: 875

- ▶ If entitled to full amount, student needs to request by June 17th!!!

Loans can be Delayed

If you're enrolled in regular classes in combination with Rapid Track classes your refund may/will be delayed until they all have started.



Loans CAN be Cancelled

BEFORE your loan is disbursed you can cancel

AFTER your loan has disbursed you can cancel* (within 120 days of disb.)

WE CANCEL AFTER 2 WEEKS

*within 14 days



Deadlines



Fall
October 1

Spring
March 1

Summer
June 1

Know Who You Owe and How Much

National Student Loan Database System

- ▶ Check out your total student loan debt

Visit: <https://nsls.ed.gov>

START HERE GO FURTHER FEDERAL STUDENT AID

National Student Loan Data System (NSLDS) for Students

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Aid Summary for _____ Your enrollment status is **FULL TIME**, effective _____

[Click here for Grant Information](#)

Loans

Please click on number in first column to see details

	Type of Loan	Loan Amount	Loan Date	Disbursed Amount	Canceled Amount	Outstanding Principal	Outstanding Interest
1	DIRECT STAFFORD SUBSIDIZED	\$3,500		\$1,750	\$0	\$1,750	\$0
2	STAFFORD SUBSIDIZED	\$2,000		\$2,000	\$0	\$2,000	\$0
3	STAFFORD SUBSIDIZED	\$2,000		\$2,000	\$0	\$2,000	\$0
Total DIRECT STAFFORD SUBSIDIZED						\$1,750	\$0
Total STAFFORD SUBSIDIZED						\$4,000	\$0
Total All Loans						\$5,750	\$0

[Click here for Loan Information](#)

Grants

Please click on number in first column to see details

	Award Year	Type Of Grant:	School	Scheduled Amount
1	2008 - 2009	FEDERAL PELL GRANT		\$3,081
2		FEDERAL PELL GRANT		
3		FEDERAL PELL GRANT		
Total All Grants				

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Build a Relationship with Servicer

Best Friends!!

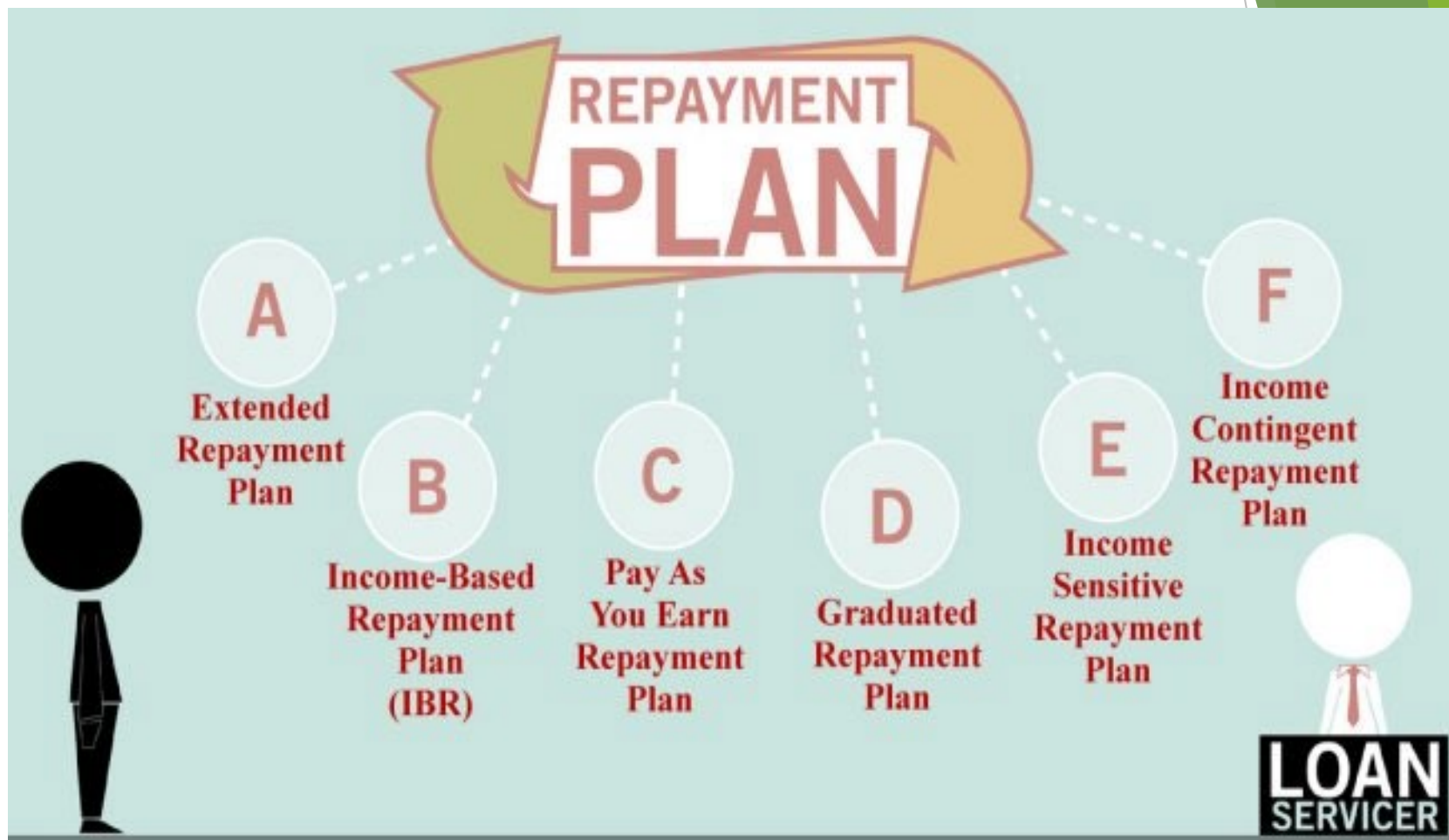


Servicers are paid to work on your behalf!!

Contact them immediately if...

- ▶ You have trouble making payments
- ▶ You change your address or phone number

REPAYMENT PLANS



****All students entering repayment go on a Standard Repayment Plan****



- Standard Repayment Plan
- Graduated Repayment Plan
- Extended Repayment Plan
- Revised Pay As You Earn Repayment Plan (REPAYE)
- Pay As You Earn Repayment Plan (PAYE)
- Income-Based Repayment Plan (IBR)
- Income-Contingent Repayment Plan (ICR)
- Income-Sensitive Repayment Plan

****Refer to student loan repayment calculator on studentaid.gov or finaid.org**

Standard Repayment (subsidized loan)

Total Loan Amount	Interest Rate	Accrued Interest	Payment Details
\$15,000	4.53%	\$3,880	About \$160 per month for 120 months (10yrs)

Loan Balance:

Interest Rate: [choose rate](#)

Loan Fees:

Loan Term (Years): [choose extended term](#)

Minimum Payment:

Enrollment Status:

Degree Program:

Total Years in College:

Print payment schedule? Yes No

CALCULATE



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SEARCH

Loan Calculator

Loan Balance: \$15,000.00
 Adjusted Loan Balance: \$15,160.55
 Loan Interest Rate: 4.53%
 Loan Fees: 1.06%
 Loan Term: 10 years
 Minimum Payment: \$50.00
 Enrollment Status: In Repayment
 Degree Program: Associate's Degree

Monthly Loan Payment: \$157.34
 Number of Payments: 120

Cumulative Payments: \$18,880.93
 Total Interest Paid: \$3,880.93

Graduated Repayment (subsidized loan)

- ▶ Payments gradually increase each year
- ▶ Payments are lower at first and then increase, usually every two years, and are for an amount that will ensure your loans are paid off within 10 years
- ▶ More costly to repay the loan(s)

Extended Repayment

- ▶ Payments may be fixed or graduated, and will ensure that your loans are paid off within 25 years.
- ▶ If you're a Direct Loan borrower, you must have more than \$30,000 in outstanding Direct Loans.

REPAYE / PAYE

Generally 10 percent of your discretionary income.

Income Based, Income- Contingent, Income- Sensitive Repayment

- ▶ Payments based on income and household size
- ▶ Adjusted annually
- ▶ Must provide documentation annually
- ▶ Up to 25 years to repay*
- ▶ Pay more interest
- ▶ Unpaid loans could be forgiven (Public Service Loan Forgiveness after 10 years)

Loan Forgiveness



In some instances, student loans can be discharged or forgiven

- ▶ **Public Service Loan Forgiveness**
- ▶ **Total and permanent disability of student**
- ▶ **Death of borrower**
- ▶ **Identity Theft**
- ▶ **School closes before you can finish**



Deferments and Forbearances

	<i>DEFERMENT</i>	<i>FORBEARANCE</i>
<i>*POSTPONES YOUR LOAN PAYMENTS</i>	X	X
<i>*ACCRUES INTEREST</i>		X
<i>*APPLIES TO STUDENTS GOING BACK TO SCHOOL</i>	X	
<i>*EASIEST TO QUALIFY FOR</i>		X
<i>*AUTOMATIC APPROVAL CRITERIA</i>	X	
<i>*BORROWER PAYS MORE MONEY IN LONG RUN</i>		X



Do NOT Default!!



- ▶ No longer eligible for deferment options
- ▶ Garnishment of wages and tax refund
- ▶ Negative credit reporting
- ▶ Problems renting an apartment
- ▶ Difficulty getting a good job
- ▶ Loss of ability to apply for other financial aid
- ▶ Renewal of professional license denied
- ▶ Student record holds
- ▶ Affects your college or university too
- no more grants or loans!!



Attend Exit Counseling

Must complete EXIT COUNSELING online as soon as you...

- ▶ Graduate
- ▶ Transfer to another institution
- ▶ Drop below half time enrollment



Alternative Student Loans

- ▶ Credit based - may need a cosigner
- ▶ Competitive interest rates
- ▶ May not exceed COA
- ▶ Must be certified by the school
- ▶ <http://www.finaid.org/loans/privatestudentloans.phtml>

Other Options

- ▶ Loans should be your last resort!!
 - ▶ Apply for scholarships often (delmar.edu)
 - ▶ Look for on campus employment
 - ▶ Look for part-time or weekend jobs
 - ▶ Look for seasonal jobs
 - ▶ Raise money
 - ▶ Have a garage sale!
 - ▶ Fundraisers

2019-2020 Bookstore Charging

Fall 2019: August 21, 2019- September 6, 2019

Spring 2020: January 6, 2020- January 20, 2020

Summer I 2020: May 19, 2020- June 2, 2020

Summer II 2020: June 29, 2020- July 13, 2020

2020-2021 Bookstore Charging

Fall 2020: August 17- August 31, 2020

Spring 2021: January 12 - January 26, 2021

Summer I 2021: May 25 - June 8, 2021

Summer II 2021: July 5- July 19, 2021

Financial Aid

Disbursement Schedule

Spring 2020

Financial Aid/ Business Office Processes	Refunds Deposited Touchnet
Wednesday, January 29, 2020	*Thursday, February 6, 2020
First Time Loan Borrowers Wednesday, February 12, 2020	*Thursday, February 20, 2020
Monday, March 02, 2020	* Monday, March 9, 2020
Monday, March 16, 2020	* Monday, March 23, 2020
Monday, March 30, 2020	* Monday, April 6, 2020
Monday, April 13, 2020	*Monday, April 20, 2020
Monday, May 4, 2020	*Monday, May 11, 2020
Monday, May 18, 2020	*Monday, May 25, 2020
*Disbursements may occur up to one additional business day or may vary on disbursement preference selected on WebDMC Vikingpay.	

Financial Aid

Disbursement Schedule

Summer 2020

1st Summer Session

Financial Aid/ Business Office Processes	Refunds Deposited Touchnet
Wednesday, June 10, 2020	* Wednesday, June 17, 2020
1st Time Loan Borrowers Friday, June 26, 2020	*Thursday, July 2, 2020

2nd Summer Session

Tuesday, July 14, 2020	*Tuesday, July 21, 2020
Tuesday, July 28, 2020	*Tuesday, August 4, 2020
Thursday, August 6, 2020	*Thursday, August 13, 2020

*Disbursements may occur up to one additional business day or may vary on disbursement preference selected on WebDMC Vikingpay.

Financial Aid Disbursement Schedules

FALL 2020

Financial Aid/ Business Office Processes	Disbursement Dates
Thursday, September 10	*Friday, September 18
First Time Loan Borrowers Thursday, September 24	*Friday, October 2
Friday, October 9	*Friday, October 16
Tuesday, October 27	*Tuesday, November 3
Tuesday, November 10	*Tuesday, November 17

SPRING 2021

Thursday, February 4	*Friday, February 12
First Time Loan Borrowers Friday, February 19	*Friday, February 26
Friday, March 5	*Friday, March 12
Tuesday, March 23	*Tuesday, March 30
Tuesday, April 13	*Tuesday, April 20

SUMMER 2021

Tuesday, June 8	*Tuesday, June 15
First Time Loan Borrowers Thursday, July 1	*Thursday, July 8
Tuesday, July 13	*Tuesday, July 20
Tuesday, July 27	*Tuesday, August 3

*Disbursements may occur up to one or more additional business days depending on the disbursement method preference selected on WebDMC through Vikingpay.


Disbursement Selection

- ▶ Log in to Webdmc
- ▶ Select : Viking Pay
- ▶ Choose Refund
 - ▶ Direct Deposit (3-5 business days from scheduled disbursement date)
 - ▶ Check (7 business days from scheduled disbursement date)

- ▶ Disbursements will not occur until after 3 pm.

Questions?



Financial Aid Services Phone:
(361) 698-1293 or (361) 698-1726
 financialaid@delmar.edu



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