

HILLSBOROUGH

Community College 

2008-2009

A Guide to Sensible Borrowing at HCC

- Pursue all other alternatives first
- Get the facts about each loan program
- Be aware of who's who in the student loan process and their language
- Budget before you borrow
- Estimate anticipated level of debt for your entire program of study
- Know manageable levels of debt
- Know the effects of multiple borrowing

STAFFORD LOANS

❖ DON'T SIGN ANYTHING YET

You want to get off to a good start. That is why it is important to become a well informed borrower before you take on the responsibilities that come with a loan.

❖ PURSUE ALL OTHER ALTERNATIVES FIRST

The federal government requires that you complete the FAFSA to determine eligibility for any need-based financial aid including Federal Stafford loans. You should also pursue any potential scholarships and grants from your school, as well as external sources. Part-time employment is a great alternative to borrowing while at the same time acquiring valuable experience.

❖ GET THE FACTS ABOUT EACH LOAN PROGRAM

What are the maximum loan amounts? What can the loan be used for? What fees are deducted from the loan check? When does the loan go into repayment? What is the interest rate? Does the interest accrue while I am in school? What is the cost of deferring interest payments? How much are monthly payments and how long do I have to pay? Under what conditions can the loan be deferred or cancelled? What are the consequences of default?

A loan is a legal binding obligation. Don't sign a promissory note until you know the answers to the above questions.

The answers to these questions are found in the Application and Promissory Note under the heading "Borrower's Rights and Responsibilities." If you have further questions about the terms of the loans, you may contact HCC's Financial Aid Office, the guarantee agency, or lender.

❖ TERMS TO KNOW

- ◆ **Interest rate:** The cost you pay to borrow money.
- ◆ **Accrued interest:** Interest that accumulates on the unpaid balance of your loan principal.
- ◆ **Principal:** Amount you borrow, which may increase as a result of capitalization of interest, and the amount on which you must pay interest.
- ◆ **Capitalization of interest:** Addition of accrued, unpaid interest to the principal of your loan.
- ◆ **Subsidized loan:** A need-based loan in which interest is paid by the federal government during the in-school, grace, and deferment periods.
- ◆ **Unsubsidized loan:** A non need-based loan on which interest is not paid by the federal government. Borrowers are responsible for interest on all unsubsidized loans from the date the loan is disbursed. Interest may be capitalized.
- ◆ **Grace period:** Specified period of time after you graduate or leave school during which you need not make payments on your loan.
- ◆ **Default:** Failure to repay your loan on time, or in accordance with other terms of the promissory note.
- ◆ **Deferment:** A period when a borrower who meets certain criteria may suspend loan payments.
- ◆ **Credit bureaus:** Organizations that track the manner in which borrowers repay credit obligations. This information becomes a part of each borrower's credit report and is available to other financial institutions.
- ◆ **Delivery Date:** Date on which the college sends the loan funds to the student.
- ◆ **Disbursement Date:** Date on which the bank sends student loan funds to the college.

❖ BE AWARE OF WHO'S WHO IN THE STUDENT LOAN PROCESS AND THEIR LANGUAGE

- ◆ **Lender:** Bank, credit union, or other financial institution that puts up the money when you take out a loan.
- ◆ **Guarantee Agency:** State agency or private non-profit institution that insures student loans for lenders and helps to administer the Federal Family Education Loan Program (Stafford Loans) for the federal government.
- ◆ **Secondary Market:** Institutions that buy student loans from originating lenders, therefore freeing up money for lenders to make loans to additional students.
- ◆ **Servicer:** Organizations that administer and collect loans, either the holder of the loan or an agent acting on behalf of the holder.

❖ HCC'S LOAN POLICY REQUIRES STUDENTS TO:

1. Have and maintain at least a cumulative GPA of 2.0 for each loan disbursement.
2. Have a completion ratio (credits earned/credits attempted) of 67% or higher and maintain at least 67% completion ratio for subsequent loan disbursements.
3. Maintain half-time enrollment (6-8 credit hours) to remain eligible for the second loan disbursement.
4. Have not exceeded the number of credit hours of their current program of study by more than 150%.
5. Have not exceeded the annual and aggregate loan limits. These limits include outstanding loans received prior to attending HCC.
6. Financial Aid unmet need must be no less than \$200.

❖ WHO IS ELIGIBLE?

- ◆ Students who are actively enrolled for a minimum of 6 credit hours per term at Hillsborough Community College.
- ◆ Citizens, permanent residents of the U.S., or permanent residents of an eligible trust territory.
- ◆ Students, not currently in default, or who do not owe a refund on any Title IV Program: Federal Pell, SEOG, ACG, SMART, FWS, Subsidized Stafford, Unsubsidized Stafford, PLUS, Perkins, or Consolidation Loan.
- ◆ Students who are maintaining satisfactory academic progress.
- ◆ Students who have satisfied all Selective Service Act requirements.
- ◆ Students who have a standard high school diploma or a GED.

❖ WHAT IS THE DIFFERENCE BETWEEN A SUBSIDIZED AND UNSUBSIDIZED STAFFORD LOAN?

THE SUBSIDIZED FEDERAL STAFFORD LOAN

This loan is based on financial need that is determined by using a federal formula. A loan is "subsidized" when the government pays the interest for students during the following periods:

- while students are enrolled in school at least half-time;
- during periods of authorized deferments;
- during the six-month grace period after the student stops attending school at least half-time.

THE UNSUBSIDIZED FEDERAL STAFFORD LOAN

This loan is not based on financial need and is available to all students regardless of income. Because this loan is not subsidized by the government, the student is responsible for any interest that accrues during in-school, grace and deferment periods. The student may choose to make all interest payments while in school or may defer and accumulate (capitalize) the interest until repayment

❖ SOME TERMS OF THE LOAN

- ◆ **Fees:** Although the lender charges no fees, two types of loan fees are deducted from the gross amount of each loan check. The U.S. Department of Education charges a 3% origination fee. (Currently HCC's guarantor, USA Funds, is not charging a guarantee fee.)
- ◆ **Repayment:** The repayment of principal begins automatically six months after the student drops below half-time attendance.
- ◆ **Interest Rate:** For Federal Stafford loans first disbursed on or after July 1, 1998, during in-school, deferment and grace periods, the annual variable rate is based on the 91-day T-bill + 1.7%; during repayment periods, the annual variable rate is based on the 91-day T-bill + 2.3%; adjusted annually, with a cap of 8.25%.

❖ WHICH LENDER SHOULD I CHOOSE?

HCC selected five lenders that provide excellent borrower's benefits to students. The interest rate is the same for all lenders; however, there are incentives and discounts for students who make their scheduled payments on-time. Below are the borrower's benefits for the five lenders recommended by Hillsborough Community College:

WACHOVIA BANK:

- Zero origination fee
- Immediate 1% principal rebate at the start of repayment.
- 1% principal rebate after the first 12 on-time payments.
- 1.5% principal reduction after the first 24 on-time payments.

EDAMERICA:

- Zero origination fee and Zero default fees.
- 1% interest rate reduction for graduation at repayment.
- .25% interest rate reduction for auto-debit.
- 1% rebate after first twelve on-time payments.
- 1% rebate after next twelve on-time payments.
- On-line repayment available for your convenience

BANK OF AMERICA:

- 1% rebate of the origination fee at repayment.
- Receive up to an additional 3% savings if you make your payments on time (1% savings per year for a 3 year period with a 15 day payment grace period).
- 0.25% interest rate reduction with auto debit.

SUNTRUST:

- Zero origination fee for loans guaranteed on or after April 1, 2006.
- Zero Default Fees
- 3.33% principal reduction after the first 30 consecutive, on-time payments.
- 0.25% interest rate reduction with Auto Debit.

CITIBANK:

- Zero origination fee.
- 1.00% interest rate reduction for borrowers who make their first 36 consecutive monthly payments on time.
- 0.25% interest rate reduction with Citibank E-Z Pay for borrowers who have their loan payments automatically deducted from their bank accounts and receive electronic statements only.
- An additional 1.00% interest rate reduction for borrowers who make their first 48 consecutive monthly payments on time.

❖ LOAN COUNSELING REQUIREMENTS AT HCC

The Federal Department of Education requires students who request a Federal Stafford loan to complete Entrance and Exit Counseling. This is a requirement whether or not you completed a loan counseling session at another school.

Students can access Online Entrance and Exit Counseling through Hillsborough Community College's Financial Aid web site www.hccfl.edu/aid/counseling 7 days a week, 24 hours a day. See steps on page 4.

In order to fulfill the Online Entrance or Exit requirements, students may access the internet by utilizing computers at any campus library, learning lab, or in the convenience of their home.

ENTRANCE COUNSELING

Students who are borrowing for the first time at HCC or reentering HCC after two years of non-attendance can fulfill this requirement by using the Online Entrance Counseling.

1. Go to www.hccfl.edu
2. Click on *Prospective or Current Students*
3. Click on *Financial Aid*
4. Click on *Entrance/Exit Counseling*
(located in the menu on the left hand column)
5. Click on *Entrance Counseling*
6. After you complete the quiz, print the Entrance Counseling Completed screen.
7. Submit the completed form to your campus Financial Aid Office.

EXIT COUNSELING

Students are required to complete Loan Exit Counseling during the last semester of enrollment or when they cease to attend on at least a halftime basis, whichever comes first. Students may fulfill this requirement by using the Online Exit Counseling:

1. Go to www.hccfl.edu
2. Click on *Prospective or Current Student*
3. Click on *Financial Aid*
4. Click on *Entrance/Exit Counseling*
(located in the menu on the left hand column)
5. Click on *Exit Counseling*
6. After you complete the quiz, print the Exit Counseling Completed screen.
7. Submit the completed form to your campus Financial Aid Office.

❖ HOW THE LOAN PROCESS WORKS AT HCC

I. In order to apply for the Federal Stafford Loan, your financial aid file must be complete for the current academic year. In order to complete your file, you must have filled out the following forms:

- FAFSA Application
- Student Data Form
- Loan Entrance Counseling Session
- Other forms as requested by the Financial Aid Office (contact your home campus FA Office to confirm if additional forms are required)

II. Once your financial aid file is complete, you may submit your Loan Request Form.

- HCC will begin processing loans in late May 2007.
- The Financial Aid Office determines the amount of your eligibility based on federal law, information you provide, the cost of attendance, and other financial aid you may receive.
- The Financial Aid Office will transmit your loan certification to SALLIE MAE, your Guarantee Agency, for loan approval with your lender.

III. Electronic Disbursements

Hillsborough Community College (HCC) is offers you an easier, more efficient way to both complete your promissory note and for HCC to receive the disbursement of funds electronically:

- **No more endorsing Stafford Loan checks!!!**
- **Use Stafford Loan funds to directly pay for tuition!!!**
- **Use Stafford Loan funds to purchase books!!!**
- **HCC will now be using the Master Promissory Note!!!**

❖ WHAT IS AN MPN?

The Master Promissory Note (MPN) is designed to make the loan process simple and straightforward. Students who attend HCC most likely will only need to complete the MPN one time during their total enrollment. Students who are transferring, in the process of choosing a new lender, or who are past borrowers and want to change their lender, will need to complete a new MPN. Use your MPN for multiple loans for up to 10 years. Your chosen lender listed on your MPN is the lender you will use for the duration of your education at HCC.

❖ HOW DOES THE NEW ONLINE PROCESS WORK?

- HCC gathers your loan information and transmits the request to SALLIE MAE.
- SALLIE MAE sends you an email message confirming your loan amount and step-by-step instructions on how to access your MPN online. If you do not have an email address, SALLIE MAE will mail you a confirmation letter with this information and how to request a paper MPN.
- Once online, you will be able to complete, sign, and submit your own MPN. By processing your MPN online, the delivery of funds to HCC can turn around as quickly as 48 hours. If you complete the paper MPN and mail it, the delivery of funds to HCC may take up to 14 days.

❖ HOW WILL MY LOAN FUNDS BE DISBURSED?

- Loan funds are disbursed to the Bursar's Office via Electronic Funds Transfer (EFT). HCC receives the funds weekly, beginning 10 days prior to the first day of classes each semester.
- You will receive a Notice of Disbursement from SALLIE MAE once funds are transmitted to HCC. This notice discloses information regarding the date HCC received your loan funds (the disbursement date), your loan amount and any information regarding cancellation. Please review this document carefully.

❖ WHEN WILL I ACTUALLY RECEIVE MY LOAN FUNDS?

- If your loan funds are received by the college prior to the drop/add date, and if funds remain after institutional charges are paid, your balance will be placed on your HCC OneCard seven days from drop/ add date.
- If your funds are received by the college after the drop/add date, your loan funds will be placed on your HCC OneCard within 10 days from the date the college credits your account.

❖ CAN I CANCEL MY STAFFORD LOAN?

- You may cancel the Stafford Loan at any time within 14 days from the date the college credits your student account.

Please contact your Campus Financial Aid Office for any questions or if you need special assistance in understanding the new Stafford Loan process.

- Brandon, 813-253-7835
- Dale Mabry, 813-253-7235
- Plant City, 813-757-2105
- Ybor City, 813-253-7635

❖ NATIONAL STUDENT LOAN DATA SYSTEM

You may access your student loan(s) borrowing history by accessing the U.S. Department of Education's National Student Loan Data Systems (NSLDS) at www.nslds.ed.gov. NSLDS is the U.S. Department of Education's central database for student aid. This website tracks each student loan that you borrowed at any school that participates in the Federal Loan Program. You will need to use your PIN number that was provided by the Department of Education, to access your information. You may apply for a PIN number at www.pin.ed.gov.

Complete and submit this form to your home campus Financial Aid Office to apply for a Federal Stafford Loan (Subsidized and/or Unsubsidized). The Loan Request Statement (LRS) is your written permission for the Financial Aid Office to transmit all the information necessary to process your Federal Stafford Loan to your specific lender and guarantor. **Please refer to the 2008-2009 Financial Aid Guide for additional information on the federal loan program.**

PLEASE PRINT CLEARLY. YOUR APPLICATION WILL NOT BE PROCESSED UNLESS COMPLETED AND SIGNED. YOU MUST BE ENROLLED IN AT LEAST 6 CREDIT HOURS TO PROCESS YOUR LOAN(S) AND AVOID CANCELLATION.

1. Student Name Last First MI			2. Social Security Number		
3. Permanent Street Address (If P.O. Box, you must provide your street address)			4. Telephone Number		5. Date of Birth (MM/DD/YY)
City	State	Zip Code	6. Driver's License Number & State of Issuance State Number		

7. Borrower E-mail Address (If available, please provide. This will expedite the delivery of your Stafford Loan Funds.)

8. Loan Period – Select Terms you wish your loans to cover:
 Fall & Spring OR Spring & Summer

9. Anticipated Enrollment Status
 6-8 credit hours 9-11 credit hours 12 or more credit hours

10. I request the following loan type(s), to the extent I am eligible. If you are requesting the unsubsidized loan, please check.
 Subsidized Federal Stafford Loan Unsubsidized Federal Stafford Loan

(Note: The Unsubsidized Federal Stafford Loan is not based on financial need and is available to eligible students regardless of income. Please see page 4 for more details.)

Maximum Annual Stafford Loan Limits		
	Dependent Students Subsidized & Unsubsidized Stafford Combined Max*	Independent Students Subsidized & Unsubsidized Stafford Combined Max*
1st Year (0-30 credit hours)	\$3,500	\$7,500
2nd Year (31+ credit hours)	\$4,500	\$8,500

*The amounts given above are the maximum yearly amounts you can borrow in both subsidized and unsubsidized loans. You may receive less than these yearly maximum amounts if you receive other financial aid that is used to cover a portion of your cost of attendance.

11. Loan Amount Requested - Enter the combined amount of Subsidized and/or Unsubsidized Federal Stafford loans you wish to borrow. \$ _____	12. Expected Graduation Date from HCC: Month _____ Year _____
--	--

13. Borrower History – Check the appropriate box. This is my first Federal Stafford Loan. I have previously borrowed a Federal Stafford Loan.

(Note: If you are a first time borrower at HCC, you are required to complete and print confirmation of the ENTRANCE LOAN COUNSELING *before* submitting the Loan Request Statement. Please see page 3 for more details.)

14. Lender Selection/Lender Name – Select a lender below or write in a lender of your choice.
 Wachovia Ed America Bank of America Sun Trust Citibank OTHER: _____
 (Note: Refer to "Which Lender Should I Choose" section on page 3 for assistance.) Lender Name and Code

15. Borrower Certification – I request that the Financial Aid Office forward to my lender and guarantor the data required to process my Master Promissory Note (MPN) for the loan period indicated above. I understand that to obtain a loan through this process I must: 1) complete the MPN that Sallie Mae will send to me; and 2) promptly return that form to them. Additional information will be provided to you when you receive the MPN.

I request a Subsidized and/or Unsubsidized Federal Stafford Loan in the amount I have indicated above not to exceed the maximum amount for which I am eligible to borrow. I understand that HCC will determine what portion of the loan, if any, is eligible for federal interest subsidized and that amount will be indicated on my 2008-2009 Financial Aid Award Notification. I certify that all information provided is true and correct.

- I understand that I am giving authorization to HCC to pay for any unpaid institutional charges.
- I request a Subsidized and/or Unsubsidized Federal Stafford Loan in the amount I have indicated above not to exceed the maximum amount for which I am eligible to receive.
- I understand that HCC will determine my Subsidized Stafford Loan eligibility prior to determining my eligibility for the Unsubsidized Stafford Loan program.
- I understand that HCC will forward a Financial Aid Award Notification to me that will reflect the amount of the loan(s) for which I am qualified.
- I understand that I may cancel my loan within 14 days from the date the college credits my account.
- I understand that if I am a first time borrower, my loan funds will not be available for delivery until the 31st day after the first day of classes.
- I have read and understand all of the information provided on the previous pages.

Borrower's Signature _____ Date _____