Santiago Canyon College

Financial Aid Office

Direct Loan Information Packet

The following steps are required to complete the Direct Loan process. Failure to complete any required component will result in an incomplete loan request, and loan funds will not be disbursed. Students must also complete Exit Counseling when they drop below half-time enrollment, completely withdraw from school, or complete their educational program. A hold will be placed on the student's records and will remain until the required Exit Counseling is completed.

DIRECT LOAN APPLICATION REQUIREMENTS

Students must meet all eligibility requirements for federal student aid and complete the following steps:

1. Complete the FAFSA online at www.studentaid.gov
2. Receive a Financial Aid Award Offer.
3. Review this informational packet
4. Complete the Student Survey Loan Request on our website
5. Once the loan is requested, the Loan Analyst will review your request and will follow up with you.
6. Complete Direct Loan Entrance Counseling:
   - **New SCC borrowers** must complete Online Entrance Counseling at this link.
   - **Returning borrowers** that have borrowed at another institution must notify SCC of their completed online Entrance Counseling by going to https://studentaid.gov/entrance-counseling/
7. Complete the Master Promissory Note

Additional Loan Requirements:

- Submit all loan requests by the published deadline date posted on our website.
- Meet Satisfactory Academic Progress (SAP) requirements.
- Be enrolled in at least 6 eligible units that apply toward your program of study.
- Resolve any outstanding required documentation or C-Flag requirements affecting loan eligibility.
- Complete Direct Loan Exit Counseling when you graduate, leave school, or drop below half-time enrollment.

Use www.studentaid.gov for federal Direct Loan requirements, including Entrance Counseling, Exit Counseling, and the Master Promissory Note (MPN).

Once Santiago Canyon College receives your completed Direct Loan request and the loan has been originated, loan funds will be disbursed on the next available scheduled disbursement date.

Direct Loan Requirements and Acknowledgements

By requesting a Direct Loan, I understand and agree to the following:

- I must be enrolled in at least 6 eligible units applicable toward my program of study. If I enroll in late-start classes, I understand that loan disbursement may be delayed until I am actively enrolled in at least 6 eligible units.
- My Direct Loan eligibility will be prorated based on my enrollment level.
- I must complete Direct Loan Entrance Counseling and Master Promissory Note (MPN).
- Returning borrowers who completed Entrance Counseling at another institution must notify Santiago Canyon College as instructed.
- I may be required to submit additional documentation if my FAFSA is selected for review or if additional loan eligibility requirements apply.
- If I become ineligible for Direct Loan funds, my loan may be canceled, and future disbursements will not be made.

- I must meet the Satisfactory Academic Progress (SAP) Policy requirements to remain eligible for Direct Loan funds.
- Upon review of my transcripts or academic history, I may be required to complete additional documentation, counseling, or an appeal process.
- I understand that I am responsible for managing and repaying my student loans. I can access federal loan information and resources on www.studentaid.gov

Completed loan request documents must be submitted by the applicable deadline. Loan requests cannot be processed after the student's last date of enrollment. Students must also have a valid FAFSA with a calculated Student Aid Index (SAI) received by SCC before their last date of enrollment to be considered for loan eligibility.

SCC considers a student's maximum Pell Grant eligibility when determining Direct Loan amounts. Loan eligibility may be adjusted based on the student's remaining unmet need and available aid eligibility. Grants are awarded with priority over student loans, and students may not decline awarded grant funds in order to receive additional loan funds.

Additional student loan information and polices can be found at:
https://sccollege.edu/students/studentservices/finaid/grants-loans/direct-loans

Direct Subsidized and Unsubsidized Annual Loan Limits:

For most up to date information on Loan Limits, please review the Federal Student Aid website:
https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized

Direct Subsidized:

Direct Subsidized Loans are available to eligible students who demonstrate financial need. The federal government pays the interest while you are enrolled at least half-time (6 eligible units), during your grace period, and during authorized periods of deferment.

Subsidized loan amounts for students enrolled less than full-time will be prorated based on enrollment level and federal annual loan limits.

Direct Unsubsidized:

Direct Unsubsidized Loans are available to eligible students regardless of financial need. Interest begins accruing when the loan is disbursed, and any unpaid interest may be capitalized. Because interest accrues while you are in school, students are encouraged to borrow only what they need.

Unsubsidized Loan amounts for students enrolled less than full-time may be prorated based on enrollment level and federal annual loan limits.

Direct Unsubsidized Loans are available to eligible students regardless of financial need. Students who are eligible for a Direct Subsidized Loan must first accept their subsidized loan eligibility before additional unsubsidized loan funds will be considered.

Loan eligibility is determined after all other financial aid has been awarded and is limited by the student's remaining eligibility and applicable federal annual loan limits. Students whose Student Aid Index (SAI) exceeds their Cost of Attendance and who have no financial need may still be eligible for a Direct Unsubsidized Loan, subject to their remaining eligibility and applicable federal annual loan limits.

Grade Levels:
Grade Level 1 = 0 – 29 units completed (on file with SCC)
Grade Level 2 = 30 or more units completed (on file with SCC)

Dependent Student			
	Maximum Fall Term	**Maximum Spring Term**	**Annual Maximum**
Grade Level =1 Subsidized Loan	$1,750	$1,750	$3,500
Grade Level =1 Unsubsidized Loan	$1,000	$1,000	$2,000
Totals by term/year	$2,750	$2,750	$5,500
Grade Level = 2 Subsidized Loan	$2,250	$2,250	$4,500
Grade Level = 2 Unsubsidized Loan	$1,000	$1,000	$2,000
Totals by term/year	$3,250	$3,250	$6,500

Direct Loan amounts for students enrolled less than full-time may be prorated based on enrollment level and federal annual loan limits.

Independent Student			
	Maximum Fall Term	**Maximum Spring Term**	**Annual Maximum**
Grade Level =1 Subsidized Loan	$1,750	$1,750	$3,500
Grade Level =1 Unsubsidized Loan	$3,000	$3,000	$6,000
Totals by term/year	$4,750	$4,750	$9,500
Grade Level = 2 Subsidized Loan	$2,250	$2,250	$4,500
Grade Level = 2 Unsubsidized Loan	$3,000	$3,000	$6,000
Totals by term/year	$5,250	$5,250	$10,500

Direct Loan amounts for students enrolled less than full-time may be prorated based on enrollment level and federal annual loan limits.

Parent PLUS Loan

Eligibility Requirements:

A parent may apply for a Direct PLUS Loan to help pay educational expenses for a dependent student who meets the following requirements:

- The student must be enrolled in at least 6 eligible units applicable toward their program of study.
- The student must meet Satisfactory Academic Progress (SAP) requirements.
- The eligible parent borrower must be the student's biological parent, adoptive parent, or eligible stepparent.
- Both the eligible parent borrower and student must be a U.S. citizen or eligible non-citizen. Verification of citizenship may be required during the loan origination process.
- The eligible parent borrower must complete a credit check conducted by the U.S. Department of Education and must not have an adverse credit history.
- Eligible parent borrower with an adverse credit history may be required to complete PLUS Loan Credit Counseling.

Maximum Annual Loan Amounts:

Eligible parent borrowers may borrow up to $20,000 per academic year per dependent student, subject to the federal aggregate limit of $65,000 per dependent student. Loan eligibility is also limited by federal requirements, including remaining cost of attendance and other financial assistance.

Parent PLUS Loan Application Process

1. The dependent student must complete the FAFSA at www.studentaid.gov
2. The eligible parent borrower must complete the Direct PLUS Loan Application
3. The eligible parent borrower must complete the Master Promissory Note (MPN). A separate PLUS Loan application is required for each dependent student and each academic year.
4. Complete the SCC Parent PLUS Loan Request Form and submit it to the SCC Financial Aid Office.

Parent PLUS Loans are generally disbursed in two payments each semester (four disbursements for the academic year). New borrowers may not receive their first loan disbursement until 30 days after the start of the semester. The dependent student must be actively enrolled in at least 6 eligible units applicable toward their program of study at RSCCD for loan funds to be disbursed.

Interest rates for federal student loans

Direct Subsidized and Direct Unsubsidized Loans have a fixed interest rate established annually by the U.S. Department of Education. The interest rate applies for the life of the loan once it is disbursed and does not change over time.

Direct Subsidized Loans

- Interest does not accrue while the student is enrolled at least half-time, during the grace period, or during eligible deferment periods.
- The federal government pays the interest during these qualifying periods.
- Interest begins accruing when the loan enters repayment or no longer qualifies for an interest subsidy.

Direct Unsubsidized Loans

- Interest begins accruing from the date the loan is first disbursed.
- The borrower is responsible for all interest that accrues during enrollment, grace periods, deferment, and repayment.
- Borrowers may choose to pay interest as it accrues or allow unpaid interest to be added to the loan principal balance (capitalization).

Current Direct Loan interest rates are available through the Federal Student Aid website at:
https://studentaid.gov/understand-aid/types/loans/interest-rates

Fees for Federal Student Loans (origination fee)

A Direct Loan origination fee is a percentage of the loan amount charged by the U.S. Department of Education to help cover the cost of processing the loan. The origination fee is deducted from each loan disbursement before funds are applied to the student’s account.

Students are responsible for repaying the full amount borrowed, including the portion deducted for the origination fee. For example, if a student accepts a $1,000 Direct Loan, the amount applied to the student’s account will be reduced by the applicable origination fee.

Origination fee percentages are established annually by the U.S. Department of Education and may change each award year. Current Direct Loan origination fee rates are available through the Federal Student Aid website at:
https://studentaid.gov/understand-aid/types/loans/interest-rates

Student Loan Delinquency, Default, And Forgiveness

If you’ve missed a payment or are having trouble making payments, immediately contact the organization that handles billing and other services for your loan to avoid defaulting on your loan.
Click here for more information.

Deferment And Forbearance
Borrowers experiencing difficulty making student loan payments may be eligible for a temporary postponement or reduction of payments through deferment or forbearance. Eligibility requirements vary based on the borrower's circumstances and loan type.

> **Deferment** may be available for qualifying situations, including enrollment at least half-time in school, unemployment, economic hardship, military service, or other approved circumstances.
>
> **Forbearance** may be available for borrowers who are unable to make payments due to financial hardship, medical expenses, or other qualifying circumstances approved by their loan servicer.

Borrowers should contact their loan servicer to determine eligibility and request a deferment or forbearance

Applying for Deferment or Forbearance

Student Loan Forgiveness
Student loan forgiveness programs may allow eligible borrowers to have some or all of their remaining federal student loan balance forgiven after meeting specific requirements. Eligibility may depend on factors such as the borrower's loan type, repayment plan, employment, disability status, and other qualifying circumstances. Programs may include options for borrowers working in public service, teaching, borrowers with a qualifying total and permanent disability, or individuals who meet other federal requirements. For more information about available forgiveness programs and eligibility requirements, visit the Federal Student Aid website or contact your loan servicer.

DEFAULT PREVENTION POLICY

To promote responsible borrowing and reduce the risk of student loan default, SCC may require additional review before originating or processing a Direct Loan. On a case-by-case basis, students may be required to:

1. Meet with a Financial Aid Analyst for loan counseling.
2. Verify active enrollment and attendance in current classes.
3. Have their Cost of Attendance (COA) and loan eligibility reviewed if enrollment changes.
4. Submit a loan appeal when additional review is necessary:

A loan appeal may be required for students who:

- Previously borrowed private or federal student loans at another institution.
- Have borrowed a significant portion of their federal aggregate loan limit.
- Have already earned an associate or bachelor's degree.
- Have attempted more than 90 units or have extensive transfer coursework.
- Previously defaulted on a federal student loan and later rehabilitated or consolidated the loan.
- Student loan borrowers who have borrowed at least half of their aggregate Subsidized and/or Unsubsidized Direct Loan eligibility or have accumulated significant student loan debt, including outstanding loan balances that exceed or are expected to exceed $20,000 by the end of the academic year.

Students required to submit a loan appeal may experience delays in the processing of future student loan funds. Appeal decisions, whether approved or denied, will apply for the entire academic year.

On a case-by-case basis, SCC may decline to originate or process Direct Loans for students who do not have a clear educational objective to complete an eligible degree or certificate program within RSCCD or who do not meet the federal definition of a regular student.

As a Default Prevention Initiative

As part of SCC's Default Prevention Initiative, the Financial Aid Office may, on a case-by-case basis, delay or decline the certification or disbursement of Direct Loans when additional review is needed. Examples include, but are not limited to, the following:

- **Previous Return of Title IV (R2T4) History:** Students who previously received a loan and completely withdrew from all courses during a prior term at RSCCD may have future loan disbursements delayed. The Financial Aid Office may require verification of active course participation and academic progress before releasing loan funds. If the student is determined to be ineligible, the loan may be cancelled and future disbursements will not be made.
- **Excessive Loan Debt:** Students identified as having significant prior student loan debt may be required to submit additional documentation and may be required to complete a loan appeal before future loan eligibility is determined.
- **Previous Loan Default:** Students with a history of default on federal student loans may be subject to additional review before future Direct Loan requests are processed.
- **Previous Loan Discharge**: Students who have received a discharge of prior federal student loans may be required to provide additional documentation and complete a review before future Direct Loan eligibility is determined.
- **Regular Student Status:** Students must be enrolled in an eligible program and meet the federal definition of a regular student to receive Direct Loan funds. Students without a clear educational objective toward an eligible degree or certificate may be subject to additional review or may not be eligible for loan certification.
- **Unusual Enrollment History (UEH):** Students selected for Unusual Enrollment History review may be required to submit official transcripts and additional documentation to verify their academic history and completion of coursework before Direct Loan eligibility is determined.

Default Prevention ECMC Solutions:

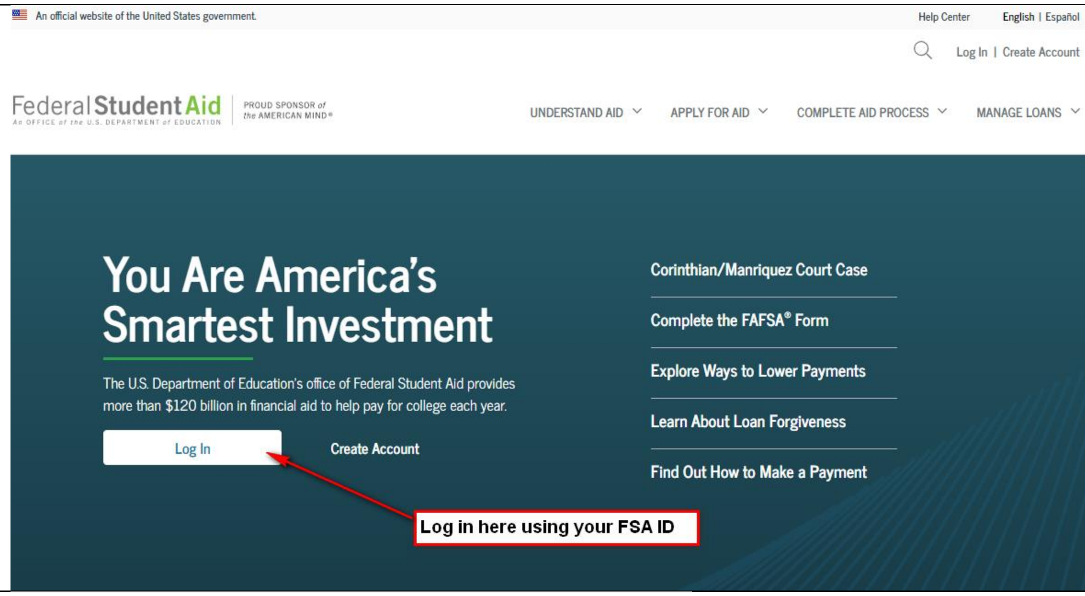
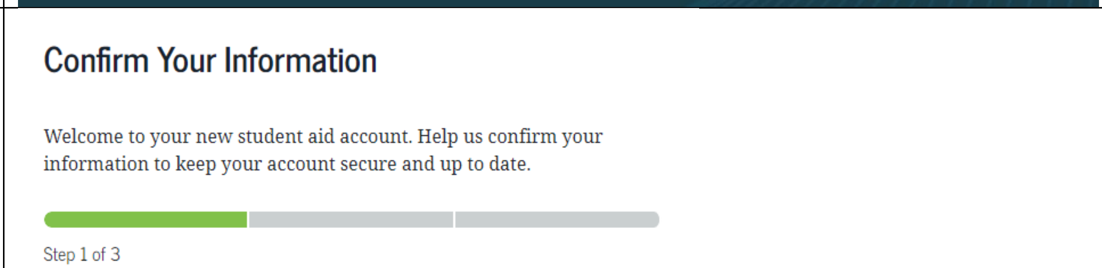
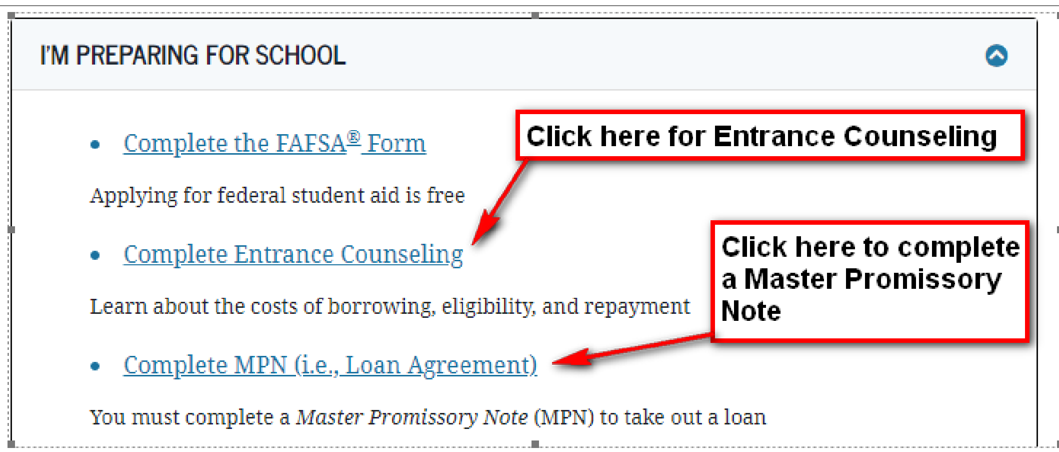
We've teamed up with Solutions at ECMC to answer all of your student loan repayment questions. Solutions is a service of the non-profit organization ECMC and is dedicated to helping students manage educational loans. Their resources are available to you free of charge. To contact a Solutions Student Loan Repayment Advisor, email or web chat, or call them at 1-877-331-3263.

ONLINE-Entrance Counseling & MPN Instructions

Website: https://studentaid.gov

<table>
<tr>
<td><u>Step 1: Sign In</u>

-Visit https://studentaid.gov
-You will need your FSA ID (Username & password you used when filing a FAFSA)

- Log In</td>
<td>
</td>
</tr>
<tr>
<td>Review and Confirm Your Information</td>
<td>
</td>
</tr>
<tr>
<td>On the following screen:</td>
<td>
</td>
</tr>
</table>

<table>
<tr>
<td>Entrance Counseling is required before you can receive your <u>first</u> Direct Subsidized Loan or Direct Unsubsidized Loan as an <u>undergraduate.</u></td>
<td>
MY CHECKLISTS

I'M PREPARING FOR SCHOOL

I'M IN SCHOOL

☐ Learn About Types of Aid—Grants, Work-Study, Loans, and Scholarships
Learn about the types of aid that can help you pay for college

☐ Renew Your FAFSA® Form
The FAFSA® form needs to be completed each school year

☐ Complete Loan Agreement
You must complete a Master Promissory Note (MPN) to take out a loan

☐ Complete Entrance Counseling ← Select this
Learn about the costs of borrowing, eligibility, and repayment

☐ Apply for a PLUS Loan for Graduate School
PLUS loans can help pay for education expenses not covered by other aid

☐ Use the Repayment Estimator
Estimate monthly payments and compare repayment options
</td>
</tr>
<tr>
<td><u>Step 2:</u>
Complete Entrance Counseling</td>
<td>
COMPLETE COUNSELING

Entrance Counseling

What is Entrance Counseling?

If you have not previously received a Direct Loan or Federal Family Education Loan (FFEL), the Federal Government requires you to complete entrance counseling to ensure that you understand the responsibilities and obligations you are assuming.

If you are completing entrance counseling to borrow a loan as an undergraduate student, then the entrance counseling will fulfill counseling requirements for Direct Subsidized Loans and Direct Unsubsidized Loans.

If you are completing entrance counseling to borrow a loan as a graduate or professional student, the entrance counseling will fulfill counseling requirements for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans.

Your school may have alternate entrance counseling requirements. Check with your school's financial aid office to be sure that the counseling available on this Web site satisfies its requirements for entrance counseling.

Complete Entrance Counseling
START

Who should complete this?

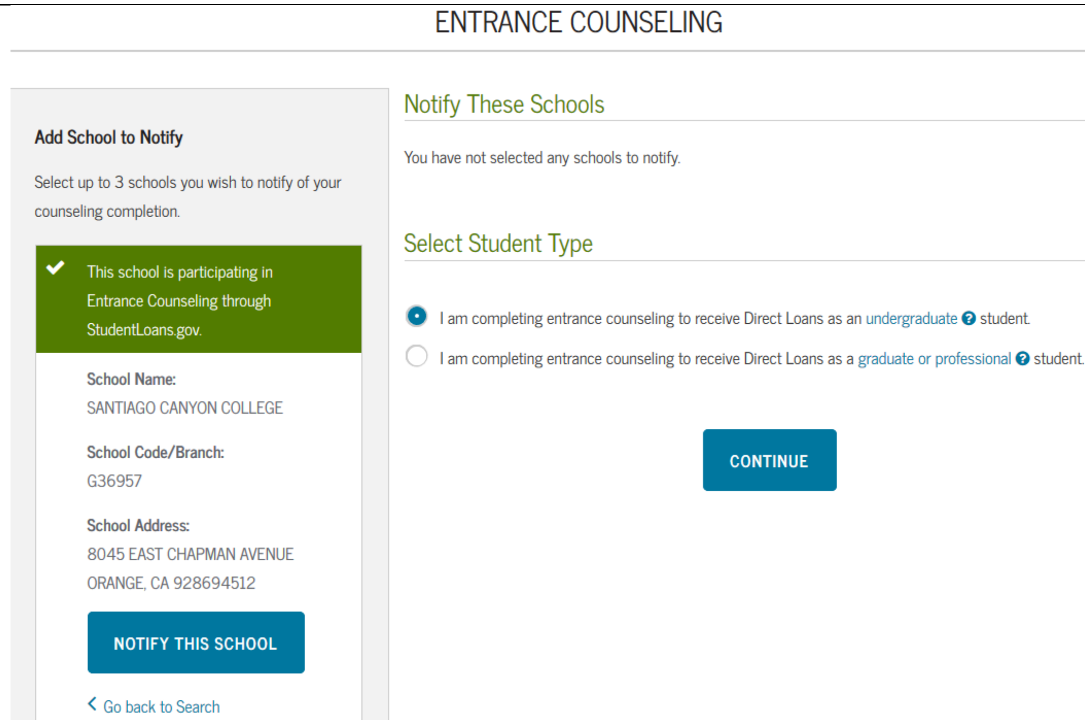
Students who have not previously received a subsidized/unsubsidized loan or PLUS loan (graduate/professional students only) under the Direct Loan Program or Federal Family Education Loan (FFEL) Program.
</td>
</tr>
</table>

<table>
<tr>
<td>

<u>Step 3:</u>

1. Add School to Notify and select “Santiago Canyon College”.
2. Click on “NOTIFY THIS SCHOOL”.
3. Indicate that you are an <u>undergraduate student.</u>
4. Continue to complete the Entrance Counseling

</td>
<td>

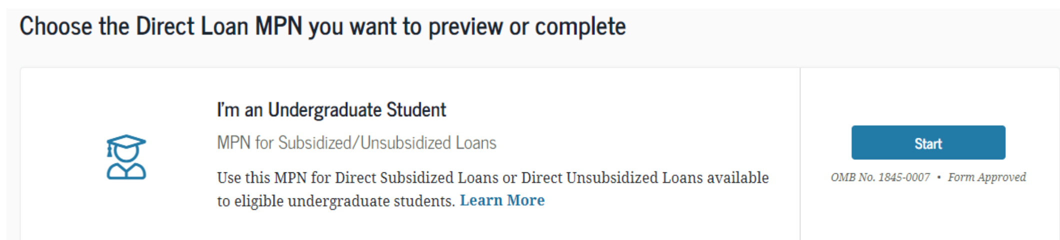


</td>
</tr>
<tr>
<td>

<u>Step 4:</u>
Complete Master Promissory Note (MPN)

</td>
<td>

****Make sure you select our school by name/state (Santiago Canyon College), read each section carefully and answer all the questions.**



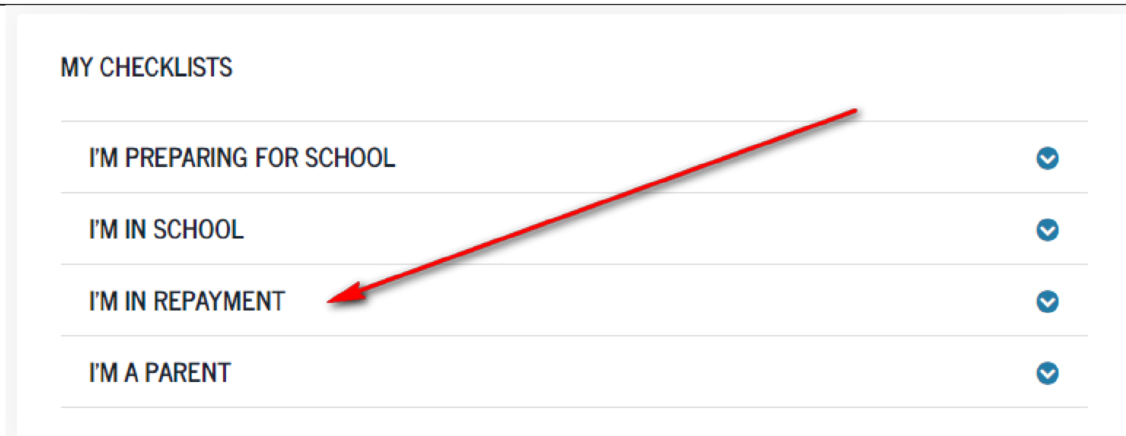
</td>
</tr>
</table>

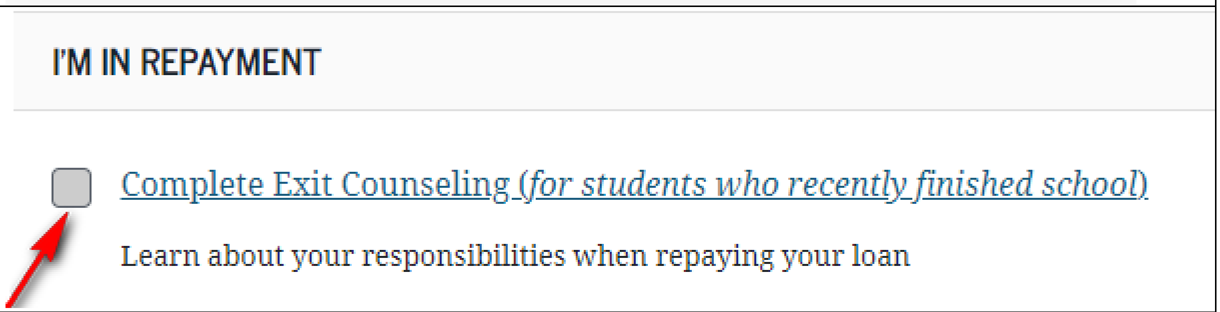
ONLINE-EXIT Counseling Instructions

https://studentaid.gov

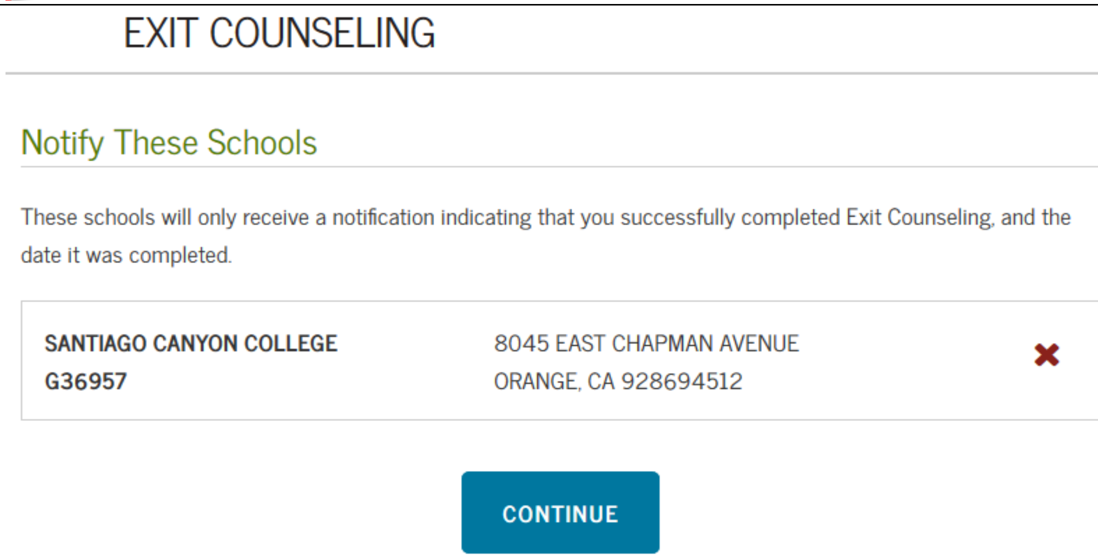
<table>
<tr>
<td><u>Step 1:</u>

After signing in with your FSA ID:

Select “I’M IN REPAYMENT”</td>
<td>
</td>
</tr>
<tr>
<td><u>Step 2:</u>

Click on “Complete Exit Counselling”</td>
<td>
</td>
</tr>
<tr>
<td><u>Step 3:</u>

Select our School

**After you have <u>completed</u> and <u>submitted</u> your Exit Counseling, you will receive a confirmation email with an “Exit Counseling Summary”. This will show your current loan balance and an estimated repayment amount.</td>
<td>
</td>
</tr>
</table>