



## College of the Redwoods Federal Stafford Loan Process 2009-2010

College of the Redwoods is dedicated to student success. A few students need to borrow money to help with school related expenses. Typically, a student who needs to borrow money to get through school is making a good investment for the future. However, many students enter into debt without a clear picture of how it will affect them in the future. We hope that the following information will assist you with borrowing responsibly.

In order to avoid any delay in the processing of your loan, you must use the *CR* process as described in this packet.

### What is the Federal Family Education Loan Program (FFELP)?

Federal Stafford Subsidized and Unsubsidized Loans are federally-sponsored long-term loans offered under the FFELP. Subsidized loans are long-term and awarded to students based on financial need; interest is paid by the government while the borrower is enrolled in college at least half-time. Interest on Unsubsidized loans is the borrower's responsibility. The borrower will be charged interest and can either pay the interest while in school or defer the interest, which will be added to the outstanding principal. Students are strongly encouraged to borrow only subsidized loans for this reason when possible.

Student borrowers must be enrolled at least half-time (6 units) to be eligible to receive these loans and meet all other federal eligibility requirements.

### What do I need to do to apply for a student loan?

- ✓ **Complete the 2009-2010 Free Application for Federal Student Aid (FAFSA)**; list the *CR* code number: 001185 in Step 6 and submit additional paperwork requested by the Financial Aid Office. We recommend you do not apply for a student loan until you receive your award letter so you know if you will need to take out a student loan.
- ✓ **Apply for a Personal Identification Number (PIN)** if you do not have one @ [www.pin.ed.gov](http://www.pin.ed.gov).
- ✓ **Complete loan counseling.** Even if you have done it before; you must do it every year.
  - Go to [www.edfund.org](http://www.edfund.org) and click on the EDTE\$T loan counseling icon at the bottom.\*
  - Select the State: *California*
  - Select the School: *College of the Redwoods*
  - Select Enrollment Level: *Undergraduate*
  - Click on the ENTRANCE EXAM icon
  - Type in your Social Security Number and Date of Birth (this is a secure system)
  - Once the Entrance Exam is completed; the results will be electronically submitted to us.

\*If you have any questions about the loan process that were not answered in entrance counseling, make an appointment to meet with a Financial Aid Specialist.

- ✓ **AFTER you have completed the steps above**, carefully review this loan process information; complete the *Loan Request Form* and submit it to your campus Financial Aid Office. If you are *attending* the fall semester only, the application deadline is **November 6, 2009**. If you are *attending* both fall and spring or spring semester only, the deadline is **April 7, 2010**. These are the last dates you can apply; the earlier you submit your application the earlier your eligibility can be determined. **This can take 6-8 weeks; longer if your file has not been processed.**

**Once the Financial Aid Office has determined your loan eligibility you may need to sign your Promissory Note.** You will be contacted by your lender by email or by postal mail with instructions on completing a Master Promissory Note (MPN) if required. If you are required to sign a promissory note and do not do so in a timely manner, your loan will NOT be processed. **Make sure you fully understand the terms of the promissory note before you sign; this is your promise to repay the loan!**

## What impact do my grades have on my loan eligibility?

- ✓ Student loans are funded by the federal government and are subject to the same academic progress and other eligibility requirements as all other types of federal financial aid. **You must maintain satisfactory academic progress each term in order to remain eligible.**

## How will my loan funds be disbursed?

- ✓ No loans will be disbursed prior to the beginning of classes. Loan disbursements for first-time students will be delayed for 30 days after the beginning of classes, as required by Federal law.
- ✓ If you have an outstanding balance on your CR account (for tuition, housing, etc.), your loan funds will first be applied to your outstanding balance. If funds are remaining, a check will be mailed to you.
- ✓ All loans are disbursed in two payments (normally ½ each semester).
- ✓ You must be enrolled in 6 units and attending classes in order to receive your loan proceeds. If you drop below 6 units, withdraw from all your classes, or are suspended for not meeting the Satisfactory Academic Progress requirements, you will not be eligible for any loan disbursement.
- ✓ If you are being paid retroactively for the prior term, you must have satisfactorily completed a minimum of 6 units to be eligible for the retroactive payment.
- ✓ The disbursement dates listed by your lender are only estimates. Checks are mailed to eligible students on the next scheduled CR disbursement date *after* CR receives the loan funds from the lender.

## Why do I have to do all this to get a student loan?

- ✓ Taking out a loan is a big responsibility, and should not be taken lightly. A student loan, like any other loan, is a **debt that must be repaid**, with interest. You will owe this money back even if you withdraw without completing your degree or are unable to find work. Think about the total amount that you will repay before taking out a loan.
- ✓ Federal student loans are intended to be supplemental to student and family resources, and are awarded based on financial need.
- ✓ This process is designed to help educate you about student loans and provide you with information so that you can **make an informed decision**.
- ✓ To make sure you **apply for all 'gift aid' (grants, scholarships) FIRST** which does not need to be repaid.
- ✓ The **cost of attendance at CR is low** (especially if you are a California resident) so we urge you to **save your loan eligibility for transfer to four-year colleges and universities**. The cost of education is higher and you will most likely need to take out loans to cover your costs. There is a federal limit on how much you can borrow in student loans. Be careful not to reach that limit before you are able to complete your educational goal.
- ✓ When you receive a student loan it becomes part of your credit history. Repaying your loan according to the agreed schedule may give you a head start when you apply for more credit in the future. If you become disabled or are experiencing economic hardship due to unemployment, be sure to contact your lender about loan deferment options. Before signing your promissory note, take time to estimate your monthly loan payments after graduation.
- ✓ If you were to become delinquent on a student loan your credit scores will be negatively impacted. Defaulting on a student loan can have severe consequences beyond your credit score. These include wage or federal benefits (i.e. social security) garnishment, tax refund being seized, or even being sued by the government and/or lenders.

## How much money can I borrow? Federal Stafford Loan Limits\*

The following maximum amounts are allowed annually under the federal loan program. Don't just ask for the maximum amount, be sure to estimate your long term debt and **do not ask for more than you need**. \*How much you can borrow each year depends on your cost of attendance, other financial aid received, and grade level. Your loan will be certified based on the amount of actual 'need' as defined by federal law, or the amount of your loan request, whichever is less.

Annual Loan Limits for Community College Students			
Dependent Students (whose parents were not denied a PLUS loan)	Combined Base Limit Subsidized and Unsubsidized Loans	Additional Limit for Unsubsidized Loans	Total Limit
Freshman 0-29 units completed	\$3,500	\$2,000	\$5,500
Sophomore 30+ units completed	\$4,500	\$2,000	\$6,500
Independent Students (and dependent students whose parents were denied a PLUS loan)	Combined Base Limit for Subsidized and Unsubsidized Loans	Additional Limit for Unsubsidized Loans	Total Limit
Freshman 0-29 units completed	\$3,500	\$6,000	\$9,500
Sophomore 30+ units completed	\$4,500	\$6,000	\$10,500
Aggregate (total) Loan Limits			
	Combined Base Limit Subsidized and Unsubsidized Loans	Additional Limit for Unsubsidized Loans	Total Limit
Dependent Undergraduate Students (whose parents were not denied a PLUS loan)	\$23,000	\$8,000	\$31,000
Independent Undergraduate Students (and dependent students whose parents were denied a PLUS loan)	\$23,000	\$34,500	\$57,500

Do you know how much your total student loan debt is? Check it out: [www.nslsds.ed.gov](http://www.nslsds.ed.gov).

## How do loans impact my eligibility for other types of financial aid?

Your financial aid awards (including loans) cannot exceed your cost of attendance (budget). If additional resources are added after a loan has been approved, and prior to disbursement, your loan amount will be reduced to accommodate the new award(s), if necessary. **You may not be eligible for additional awards (including EOPS, scholarships, additional grants, etc.) if you have already received all loan disbursements.**

**How do I choose a lender?** Disclaimer: Due to the current nature of the student loan market, lenders may choose to withdraw from participating in the federal loan program. This list is based on the information available to us at the time of printing. We encourage you to research your lender options at the time of application.

Choosing a lender is an important decision. It is your responsibility to ensure you are choosing the best lender for your situation. *We strongly encourage* you to compare the benefits of each lender before deciding on the one that's right for you. **You are not required to select a lender from our lender list.** We can not recommend or choose a lender for you. CR students have used these lenders in recent years and they are listed in alphabetical order only.

All Student Loans [www.allstudentloan.org](http://www.allstudentloan.org)

Bank of America [www.bankofamerica.com](http://www.bankofamerica.com)

Discover [www.discoverstudentloans.com](http://www.discoverstudentloans.com) Sallie Mae [www.salliemae.com](http://www.salliemae.com) Wachovia [www.wachovia.com](http://www.wachovia.com)

## Financial Literacy Information – Be a wise consumer

**Be a smart  
borrower, only  
borrow what  
you need!**

- ✓ Read the fine print. Understand what you have agreed to.
- ✓ Understand consumer credit; check out your credit report: [www.annualcreditreport.com](http://www.annualcreditreport.com)
- ✓ Be a wise consumer – before spending ask yourself:
  - Do I really need this or do I just want it?
  - Will this purchase take me closer to my goals or further away?
  - Is this a necessity?
- ✓ A budget equals the mathematical confirmation of your financial situation. Budgeting rules:
  - Pay yourself first (SAVE)
  - Track all expenditures
  - When you run out of money – stop spending
  - Put credit cards on ice (if you have a credit card pay it off every month)
  - Balance your checkbook each week
  - Set and save for long-term goals
- ✓ Do some career/life planning
  - What jobs are out there, what do they pay? The Occupational Outlook Handbook is available in the Eureka Campus Career Center and online at [www.bls.gov/OCO](http://www.bls.gov/OCO).
  - How will your student loan payments compare to your expected earnings?
- ✓ Think about your future and your long-term debt. There are online tools available to help you estimate your loan payments. Check them out at: [www.edfund.org](http://www.edfund.org) and [www.finaid.org/calculators](http://www.finaid.org/calculators).

## What else should I know about loans?

- ✓ All students must complete Loan Entrance Counseling, even if you have done so in a previous year, or at a prior college. The loan counseling process provides in-depth information on your rights and responsibilities as a student loan borrower.
- ✓ All students must complete Loan Exit Counseling shortly before graduating or dropping below 6 units. If you plan to drop below 6 units, either due to graduation, transfer or withdrawing from classes, you must complete the Exit Counseling requirement by going to [www.edfund.org](http://www.edfund.org) and completing the Exit Counseling test.
- ✓ CR does not endorse alternative loan programs. These are private loans that do not have the borrower benefits that government funded loans provide.
- ✓ At any time before your loan money is disbursed you can decline all or part of your loan by notifying the CR Financial Aid Office.
- ✓ This is a loan intended to cover educational costs and must be repaid.

**For more information about the loan process, contact the Financial Aid Office at one of the following sites:**

**EUREKA:** 7351 Tompkins Hill Road, Eureka, CA 95501, (707) 476-4182

**DEL NORTE/KLAMATH-TRINITY:** 883 W. Washington Blvd., Crescent City, CA 95331 (707) 465-2326

**MENDOCINO:** 1211 Del Mar Drive, Fort Bragg, CA 95437, (707) 962-2606



**2009-2010 Stafford Loan Request Form**  
**College of the Redwoods – Financial Aid Office**

All required financial aid documents (including this request form) must be received by the application deadlines posted in the loan process packet and on the CR Financial Aid website.

**Complete in blue or black ink only. Please print legibly.**

*Failure to complete all areas of this form will delay the processing of your loan application.*

Name: \_\_\_\_\_ CR ID#: \_\_\_\_\_  
*Please Print (Last, First, MI)*

Birthdate: \_\_\_\_\_ SSN: \_\_\_\_\_ Phone #: \_\_\_\_\_

**How much do you need to borrow? \$ \_\_\_\_\_.** *(You must enter a specific dollar amount. We will calculate the maximum amount you are eligible for up to the amount you request. Requests for \$200 or less cannot be processed.)*  
 Your financial aid awards (including loans) cannot exceed your cost of attendance (budget). If additional resources are added after a loan has been approved, and prior to disbursement, your loan will be reduced to accommodate the new award(s), if necessary. **You may not be eligible for additional awards (including EOPS, scholarships, additional grants) if you have received all loan proceeds or you may need to repay some awards if an overpayment occurs. DO NOT BORROW MORE THAN YOU NEED! Think about your future debt.**

Lender name \_\_\_\_\_ (you must choose a lender)

2<sup>nd</sup> choice lender \_\_\_\_\_ (only if 1<sup>st</sup> choice is not available)

Do you wish to be considered for:

- Federal Subsidized loan **ONLY**
- Federal Subsidized and/or Unsubsidized loan (you will be charged interest while in school for the unsubsidized loan).

For which term(s) will you be attending College of the Redwoods?

- Fall/Spring 2009-2010
- Fall 2009 only
- Spring 2010 only
- Fall 2009 POST Academy
- Spring 2010 POST Academy

When will you complete your program or graduate from College of the Redwoods?

- Dec. 11, 2009
- May 14, 2010
- Dec. 15, 2010
- May 18, 2011
- Other? \_\_\_\_\_

***Please sign below AFTER you have read and completed all information. Your request will not be processed without your signature. I have reviewed and realize that my total loan debt, prior to this loan request, is \$ \_\_\_\_\_. This information is available at [www.nsls.ed.gov](http://www.nsls.ed.gov).***

***I have completed loan counseling, have read the CR Federal Stafford Loan Process, understand my rights and responsibilities and realize that I am applying for a Federal student loan that must be repaid. I am requesting a loan for the lesser of the amount indicated above, or the amount for which I am eligible to borrow. I understand my eligibility for other programs may be limited due to this loan.***

***I understand that if required to do so, I must sign a Master Promissory Note (MPN) within a timely manner, or my loan will not be processed. I request CR to electronically transmit the data required to process my application for a Federal Stafford Loan. I understand that this loan form will not be reviewed if I do not have a complete financial aid file, or if I have not completed the loan counseling requirements as indicated in the Loan Process information.***

***Do not sign if you do not fully understand your rights and responsibilities related to this loan!***

Student's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Office Use Only**

<p>Approved <input type="checkbox"/> Denied <input type="checkbox"/></p> <p>Entrance Counseling complete:</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Specialist initials: _____</p> <p>Date processed: _____</p> <p>Reviewed by: _____</p>	<p>1<sup>st</sup> year <input type="checkbox"/> 2<sup>nd</sup> year <input type="checkbox"/></p> <p>Dep. <input type="checkbox"/> Indep. <input type="checkbox"/></p> <p>FT <input type="checkbox"/> HT <input type="checkbox"/></p> <p>CRI <input type="checkbox"/></p> <p>Webgrants : <input type="checkbox"/></p> <p>Graduation date:</p> <hr/>	<p>Budget: _____</p> <p>EFC: _____</p> <p>Resources:</p> <p>\$ _____</p> <p>Veterans/other: (see chart below)</p> <p>\$ _____</p> <p>Unmet need:</p> <p>\$ _____</p>	<p>Total loan debt:</p> <p>\$ _____</p> <p>Max Sub approved:</p> <p>\$ _____</p> <p>Max Unsub. approved:</p> <p>\$ _____</p> <p>Student requested amount:</p> <p>\$ _____</p>
--	--	--	---

**Resource Reminder:**

Benefits	Sub Loan	Unsub Loan
Ch 30	NO	YES
Ch 31	YES	YES
Ch 32	YES	YES
Ch 35	YES	YES
VASWSAP	NO	NO
DIC	NO	NO
Americorps	NO	YES