

WHAT TYPES OF STUDENT LOANS ARE OFFERED AT PALOMAR?

Two types of William D. Ford Federal Direct loans are offered to students at Palomar College: Subsidized and Unsubsidized. Subsidized loans are interest free while you are in school at least half-time (6+ units). Unsubsidized loans are not interest free. Interest is being charged while you are in school.

NOTE: Palomar College does not participate in the Parent PLUS Loan program. In addition, we will not certify alternative education bank loans.

HOW MUCH CAN I BORROW?

SUBSIDIZED LOANS: For the academic year, students may borrow up to \$3,500 as a first year student (if eligible) and up to \$4,500 as a second year student (if eligible). Students must meet financial need requirements as determined by the information reported on the FAFSA to be eligible for a subsidized loan. **IMPORTANT:** Students must have completed at least 29.5 units to be considered a second year student.

UNSUBSIDIZED LOANS: For the academic year, dependent students may borrow an additional \$2,000 (if eligible) and independent students may borrow an additional \$6,000 (if eligible).

IMPORTANT INFORMATION CONCERNING UNSUBSIDIZED LOANS:

Palomar College has been approved by the U.S. Department of Education to participate in an experimental initiative to reduce student loan burden and the risk of loan default. As a result, specific student categories will be unable to borrow unsubsidized loans.

Based on this initiative, the following categories of student **will not** be eligible to borrow unsubsidized loans at Palomar College:

- Students who have completed 24 units or less towards their Palomar College major (these are units which are required college units toward the declared Palomar College major)
- Students with total student loan debt of \$12,500 or more (combined subsidized and unsubsidized)
- Students approved for federal financial aid through the Palomar College financial aid appeal process

Students who meet one of the above criteria will not be eligible for an unsubsidized student loan at Palomar College for the 2014-2015 school year. This decision is final and cannot be appealed to the U.S. Department of Education.

IMPORTANT: The actual loan amounts that students are eligible to receive for an academic year is determined by the school and may be less than the maximum annual amounts described above. Total financial aid **CAN NOT** exceed the cost of attendance for the loan period as determined by Palomar College.

HOW MUCH INTEREST WILL I BE CHARGED?

The interest rate for Direct Loans (subsidized and unsubsidized) disbursed after July 1, 2014 will be 4.66%.

WILL I BE CHARGED A LOAN ORIGINATION FEE?

Yes, there is a loan fee on all Direct Subsidized and Unsubsidized loans. The loan fee is a processing fee charged by the federal government to defray the costs of managing and lending loans to borrowers. The loan fee is a percentage of the loan amount and is deducted from each loan disbursement.

The current direct loan origination fee is 1.072%. However, the origination fee will increase to 1.073% for loans first disbursed on or after October 1, 2014 through September 30, 2015.

WHEN WILL I RECEIVE MY LOAN FUNDS?

In general, loans are disbursed in two separate payments; half in the fall semester and half in the spring semester. Palomar College schedules loan disbursements several times during each semester. The exact date of your first loan disbursement will depend on when you complete all of your loan requirements (signing the promissory note, etc).

No loan checks will be released until 30 days after the first day of each semester.

If you are applying for only one semester, you will receive two loan checks during that semester.

DO I HAVE TO BE ENROLLED FULL TIME?

No, you are not required to be enrolled full time. However, students must be enrolled in and attending at least 6 units (half-time) for student loan eligibility. If you drop below half-time status at any time during the semester covered by the loan certification, you will lose your eligibility status. In addition, late start classes can affect when you will receive your loan funds. For example, if you are enrolled in a 3 unit full semester class and a 3 unit late start class, your loan will not be disbursed until AFTER the late start class begins.

IS THERE A LIMIT TO HOW MUCH I CAN BORROW AS AN UNDERGRADUATE STUDENT?

Yes. The undergraduate combined subsidized and unsubsidized aggregate lifetime loan limits are as follows:

DEPENDENT UNDERGRADUATE STUDENT: \$31,000 (no more than \$23,000 in subsidized)

INDEPENDENT UNDERGRADUATE STUDENT: \$57,500 (no more than \$23,000 in subsidized)

WHAT IS THE NEW 150% DIRECT LOAN ELIGIBILITY LIMIT FOR SUBSIDIZED LOANS?

Effective July 1, 2013 Congress approved a new lifetime limit on borrowing Direct Subsidized loans. This limitation only applies to first time borrowers. First time borrowers include students who have never borrowed a subsidized loan and students with no outstanding student loan balance as of July 1, 2013.

First time borrowers with loans disbursed on or after July 1, 2013 will be limited to 150% of subsidized loan eligibility based on the length of their current program. In general, community college students are enrolled in a two year program. Therefore, the limit will be three years of subsidized loan eligibility. Once students reach the 150% limit, they will no longer be eligible for subsidized loans at a two year school.

WHEN DO I HAVE TO START REPAYING MY LOAN(S)?

After you graduate, leave school or drop below half time enrollment, you will have a six month grace period before you are required to begin repayment. Remember, you are required to repay your student loan(s) even if your financial situation becomes difficult. Your payments will be made to your loan servicer.

WHO IS MY LOAN SERVICER?

The U.S. Department of Education uses several differed loan servicers to handle the billing for Direct Student Loans. When you first receive a direct student loan, your loan servicer will contact you by mail and email. Palomar College requires that all new loan borrowers set up an account with their loan servicer after receiving their first loan disbursement. It is important to keep in contact with your loan servicer as the servicer will keep you updated on the status of your loan(s) and work with you on repayment options.

WHAT WILL MY MONTHLY PAYMENTS BE DURING REPAYMENT?

There are several repayment plans available. The monthly amount you will pay and the length of time you will have to repay your loan(s) depends on which repayment plan you choose. You can work with your loan servicer to decide which repayment plan works best for you.

WHAT IF I CAN'T MAKE MY MONTHLY PAYMENTS?

Under certain circumstances, your loan servicer can grant a temporary postponement or reduction of monthly payments. You will need to contact your loan servicer to apply for deferment or forbearance.

WHAT IF I STOP MAKING MY MONTHLY PAYMENTS?

If you don't make your monthly loan payments, you risk going into default. Defaulting on your loan(s) has serious consequences. Student loan information is reported to national credit bureaus; therefore, a reported loan default will damage your credit rating. In addition, loan default will cause you to lose any further federal financial aid eligibility. The IRS can take your federal and state tax refund to collect any of your defaulted student loan debt. These are just a few of the consequences of loan default. Don't ignore your obligation to make your student loan payments on time.

WHOM DO I CONTACT FOR INFORMATION ABOUT MY STUDENT LOAN(S)?

Contact your loan servicer for information about your student loan(s) including billing questions, repayment options and updating your address/phone number. Forgot who your loan servicer is? Go to: www.nslds.ed.gov/nslds_SA