

Long Beach City College
FINANCIAL AID PROGRAMS

William D. Ford Federal Direct Loan Program
2009-2010 Policy and Procedures

Long Beach City College participates in the William D. Ford Federal Direct Stafford Loan Program (Direct Loans) that is one of the federal Title IV Programs. Long Beach City College does not participate in the Federal Family Education Loan Program (FFELP) or the Parent Loan for Undergraduate Students (PLUS) loans and will not certify or verify attendance on any loans under either of these programs. Long Beach City College (LBCC) also will not certify or verify attendance on any alternative or auxiliary loans.

It is the philosophy of the Financial Aid Programs at LBCC that loans should be taken out as the last alternative for financing a student's education. It is also recognized that in many cases, a student loan may be the only viable alternative for meeting educational expenses.

Direct Loan Packaging Policy

A statement will be included on the Financial Aid Award Notification indicating that the student may be eligible for a student loan and those wanting more information are instructed to contact the Financial Aid Office.

First-year students who have unmet need after all other financial aid has been awarded, may borrow a subsidized Direct Loan up to the amount of their unmet need or \$3,500, whichever is less. Second-year students may borrow a subsidized Direct Loan up to the amount of their unmet need, or \$4,500, whichever is less. LBCC identifies a first-year student as one who has completed less than thirty units toward his or her current educational program and a second-year student as one who has completed 30 or more units toward the current educational program.

Loan amounts must be prorated for students with only one semester remaining to complete the requirements of the educational program. Prorating also applies to a student who has a one semester extension of financial aid eligibility approved. (See LBCC's Loan Prorating Policy.)

Students who do not have a sufficient "need" to borrow the annual maximum from the subsidized Direct Loan may replace the expected family contribution with an unsubsidized Direct Loan. Students who have no calculated need may borrow up to the annual loan limits from the unsubsidized Direct Loan. Such students will be sent a letter explaining that they have no calculated need and informing them of the availability of the unsubsidized Direct Loan. Dependent students may apply for up to \$2,000 in additional

unsubsidized loan. Independent students may apply for up to \$6,000 in additional unsubsidized loan.

Any student requesting an additional unsubsidized Direct Loan must complete a "Loan Appeal Request Form." The student must:

- explain the loan request with a detailed current budget
- demonstrate the ability to repay the loan based on researched potential earnings

Application Procedure and Disbursements

Students who have not previously borrowed a Direct Loan from LBCC must attend a Direct Loan Entrance Counseling meeting on campus or complete the Entrance Counseling online. Group meetings are scheduled frequently at LAC and PCC. Each meeting will cover those topics specified by federal regulation including borrower rights and responsibilities, repayment options, and consolidation issues. At the meeting, students will be given the "Federal Direct Loan Application" to complete and return to the Financial Aid Office.

Students who wish to complete the online Entrance Counseling may access the LBCC Financial Aid home page through www.lbcc.edu and proceed to the Direct Loan site. Complete the counseling session and quiz and then print the LBCC Direct Loan Application. Complete the application and turn it into the Financial Aid Office.

Returning LBCC Direct Loan recipients need to complete and return a "Federal Direct Loan Application." Students must have a completed financial aid file before a Direct Loan Application will be accepted.

The loan period for LBCC students who will attend both Fall 2009 and Spring 2010 will be:

August 17, 2009 to May 25, 2010

Fall only loan period:

August 17, 2009 to December 20, 2009

Spring only loan period:

January 11, 2010 to May 25, 2010

Students receiving Direct Loans for both Fall 2009 and Spring 2010 will receive one half of the loan proceeds in the Fall semester and the other half during the Spring semester. The second disbursement will occur only after the fall grades have been reviewed and the student attends an Exit Workshop. Direct loans for first-time borrowers (defined as anyone who has not previously had an educational loan for attendance at LBCC) will be disbursed at least thirty days after the semester begins. All Direct Loan checks will be disbursed onto the Higher One Debt card.

Loans will be canceled for any borrowers who have not submitted all necessary loan documents by the last regular school day before finals, which will be May 16, 2010 this academic year.

Attendance Verification

After the beginning of the second week of the semester, first-time borrowers will be required to submit an attendance verification form including all courses in which the student is actively enrolled, signed by the instructors, when the promissory note is submitted. If a student does not have satisfactory attendance and grades of “C” or above, he or she is not considered to be making satisfactory academic progress and a loan will not be disbursed until satisfactory academic progress is achieved. Students whose attendance is satisfactory, but have grades below a “C” may make an appointment with a financial aid counselor to discuss satisfactory progress. The counselor may then approve a disbursement to the student. Please see a Financial Aid Specialist concerning students talking on line course work.

Withdrawal During the Loan Period

A student who is receiving a Direct Loan for both the Fall 2009 and Spring 2010 semesters and temporarily ceases to be enrolled in at least six units during the Fall semester, may receive the second disbursement of the loan proceeds during the Spring semester provided he or she continues to be making satisfactory progress, is enrolled in at least six units for the Spring semester, and has completed an exit interview.

Exit Interviews

Group Direct Loan Exit Interviews, covering all the information required by federal regulations, will be conducted during both the Fall and Spring semesters. Students who apply for a loan during the Fall semester will be required to attend an Exit Interview before receiving the second disbursement of the loan. If a student fails to attend the Exit Interview by the end of the Spring semester, the remainder of the loan will be canceled and the Exit Interview materials will be mailed to the student. Students who apply for Direct Loans in the Spring semester will not be required to attend Exit Workshops before receiving the second disbursement of the loan. They will be invited to an Exit Workshop prior to their own graduation.

Default Management

LBCC Financial Aid Staff is committed to default management. Several activities occur regularly to maintain a reasonable default rate and to assist student borrowers in obtaining deferments and properly repaying their loans.

Any student who has already borrowed \$12,500 from any educational loan programs and submits a request for a Direct Loan will receive a letter from the Financial Aid Office explaining the concern about the student's level of indebtedness. If after reading the letter, the student still wants the loan, he or she must complete the "Loan Appeal Request Form." The Financial Aid Appeals Committee will review that form and the student's financial aid file, academic file, and loan portfolio. If the committee chooses to exercise professional judgment and deny the loan, the student will be notified in writing of the decision and rationale for the decision.

During Entrance & Exit Interviews, students will be given information on the consolidation of previous educational loans into an individual education account and explicit information on the options of repayment.

Previous Defaults

Students who have previously borrowed from an educational loan program and have defaulted on such a loan will be eligible to borrow a Direct Loan at LBCC once they have paid the previous loan in full, have consolidated a previously defaulted loan into a Direct Loan, or have made satisfactory repayment arrangements, generally defined as having made six consecutive monthly payments. Student must provide documentation from the holder of the loan indicating that a satisfactory repayment plan has been approved and six consecutive monthly payments have been made or a promissory note marked "paid in full." A student who has repaid a previously defaulted loan in full, made satisfactory repayment arrangements, or otherwise resolved the default regains eligibility for financial assistance. For Pell Grant, the student is eligible during the semester in which the default is resolved. For example: If a student resolves a default in March of the academic year, he may receive Pell Grant for Spring semester and may take out a Direct Loan for both the previous Fall and the Spring semester.

A student with a previously defaulted student loan, who has had the loan repaid by involuntary means, (i.e. income tax refund withheld) has not demonstrated a willingness to repay the debt. Thus, LBCC may refuse to process a Direct Loan for such a student on a case-by-case basis. The student will be notified in writing of this decision.

Websites:

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| www.directloan.ed.gov | Information about the student loan |
| www.ed.gov/directloan | General information about direct loans |
| www.fafsa.ed.gov | Information on financial aid programs, apply for financial aid on line |
| www.loanconsolidation.ed.gov | Consolidate your loans on line |