Wor-Wic Community College
Financial Aid Office (AAB 111)
Phone: 410-334-2978
Fax: 410-334-2901

First Time Borrower Packet 2012-13

In order to complete the Federal Direct Loan process, you MUST complete this packet in its entirety. Failure to comply will result in the cancellation of your loan request. If you do not have access to a computer at home, you may use the computer lab in the Financial Aid Office (AAB 111) to complete the information below.

Federal Direct Loan Application Requirements

**Student loans are to cover the cost of your educational expenses and primarily intended for full-time students**

**Students are urged NOT to borrow at the community college level**

Students MUST submit the following documents to the Financial Aid Office:

- Free Application for Federal Student Aid (FAFSA) electronically submitted to Wor-Wic Community College (www.fafsa.ed.gov) (school code - 013842)
- All financial aid paperwork to include if required:
  - Verification Worksheet
  - Link to the IRS Data Retrieval Tool on the FAFSA (recommended) or Tax Return Transcript (if dependent student, parent’s use of Link to the IRS Data Retrieval Tool on the FAFSA (recommended) or Tax Return Transcript
- Students Transferring in from another College:
  - Official College Transcript from last institution attended showing transfer credits submitted to the Registrar’s Office
- Completed Master Promissory Note (MPN) for a Stafford Direct Subsidized/Unsubsidized Loan (www.studentloans.gov)
- Entrance Counseling electronically submitted to Wor-Wic Community College (www.studentloans.gov)
- Completed Outline for the Study of an Occupation on page 4
- Completed What Are you Really Borrowing Worksheet on page 5 & 6
- Completed Federal Direct Loan Processing Form on pages 7 & 8

Students must also adhere to the following guidelines when applying for a Federal Direct Stafford Loan:

1. Enrolled at least half-time (6 credit hours)
2. Meet Financial Aid Satisfactory Academic Progress (SAP) policies
3. Not borrowed in excess of the aggregate loan limits
4. The student is responsible for repaying their student loan once they graduate, drop below half-time, or withdraw (even if they do not graduate)
5. The student is responsible for officially updating their contact information with the college Admissions Office during periods of enrollment and after separation from the college. Failure to do so could result in negative consequences for the student.
The Federal Direct Loan Program allows you to borrow for educational expenses while deferring payments until after you leave school. The interest rates and fees are low relative to market rates. There are two kinds of Federal Direct Stafford loans --subsidized and unsubsidized.

**Subsidized Federal Direct Stafford Loans**
A subsidized Federal Direct Stafford loan is based on a student's financial need. It is a low-interest loan with a standard repayment period that can last up to 10 years. The U.S. Department of Education pays the interest that accumulates on the loan while the borrower is attending school at least half time and during approved deferment periods. Your eligibility for a subsidized loan is determined by the data reported on your FAFSA, including the verification of supporting documents, if required. **Beginning July 1, 2012, subsidized loans will not be eligible for an interest subsidy during the six-month grace period.**

**Unsubsidized Federal Direct Stafford Loans**
An unsubsidized Federal Direct Stafford loan is not based on a student's financial need. It is a low-interest loan that requires students to pay interest that accumulates on the loan while they attend school and during approved deferment periods. A student may choose to have the interest capitalized on the loan rather than make interest payments during these periods. The standard repayment period for an unsubsidized loan is up to 10 years. Contact your lender for details about capitalization methods and requirements for interest payments.

**Effective July 1, 2012, The U.S. Department of Education can no longer offer borrowers repayment incentives.** The only repayment incentive to Direct Loan borrowers will be an interest rate reduction to borrowers who agree to have payments automatically electronically debited from their back account.

<table>
<thead>
<tr>
<th>LOAN PROGRAMS</th>
<th>AVAILABLE FOR</th>
<th>ANNUAL LIMITS</th>
<th>INTEREST RATE</th>
<th>REPAYMENT</th>
</tr>
</thead>
</table>
| **Subsidized Federal Direct Stafford Loan** | Undergraduate students with demonstrated financial need, enrolled at least half time. | Freshman: $3,500**  
Sophomore: $4,500**  
**This is based on full-time, 12 credit enrollment for fall and spring. | 3.4% (proposed) fixed rate as of July 1, 2012.  
1.0% Stafford loan fee applied before disbursement  
Government pays the interest during in school and approved deferment periods. | Begins six months after borrower leaves school or drops below halftime enrollment.  
Interest begins accruing on date of separation from institution. |
| **Unsubsidized Federal Direct Stafford Loan** | Undergraduate, graduate, and professional students who don't qualify for maximum subsidized Federal Stafford Loan awards and/or independent students eligible for the additional funds, enrolled at least half time | Dependent Students:  
Freshman: $2,000  
Sophomore: $2,000  
*Independent Students:  
Freshman: $6,000**  
Sophomore: $6,000**  
*These loan limits also apply to dependent students whose parents are denied a Federal PLUS loan. | 6.8% fixed rate as of July 1, 2008.  
1.0% Stafford loan fee applied before disbursement  
Borrower responsible for interest from date of disbursement. | Begins six months after borrower leaves school or drops below halftime enrollment. |

**IMPORTANT REMINDERS**

- Loan awards cannot exceed the student’s cost of attendance less other aid awards.
- Subsidized loan eligibility is based on need.
- Loans borrowed previously at other colleges are included in aggregate limits.
- Students need to be in a degree program or approved certificate program.
- Loans are disbursed in equal amounts throughout the loan period. For two-semester loans, student will receive one disbursement for the fall semester and one disbursement for the spring semester. For one-semester loans, students will receive two disbursements within the semester.
- Loans for first time borrowers will not be disbursed until 30 days after the beginning of the semester.
- No loans may be certified beyond grade level 2 (sophomore).
- **Wor-Wic Community College can refuse to certify a loan or can certify a loan for an amount less than requested. The school’s decision is final and cannot be appealed to the U. S. Department of Education. (GEN 91-19)**
ENROLLMENT REQUIREMENTS

In order for student loan funds to be released to your student account, you must be **enrolled at least half-time and attending classes when loan funds are received.** Loan funds for students failing to enroll for the minimum required credit hours will be returned to the lender. **Students are encouraged to become familiar with the policies affecting students who stop attending classes or withdraw from classes, as a portion of their student loan may need to be returned to the lender.**

SERVICER INFORMATION

Once your student loan is disbursed, it will be assigned to one of six potential loan servicers by the Department of Education. These servicers are:

- **Direct Loans**
  - Phone: 800-848-0979
  - Website: [www.myldeaccount.com](http://www.myldeaccount.com)

- **FedLoan Servicing**
  - Phone: 800-699-2600
  - Website: [www.myldeaccount.org](http://www.myldeaccount.org)

- **Great Lakes**
  - Phone: 800-226-4300
  - Website: [www.myldeaccount.org](http://www.myldeaccount.org)

- ** Nelnet**
  - Phone: 888-468-4722
  - Website: [www.nelnet.com](http://www.nelnet.com)

- **SallieMae**
  - Department of Education Loan Services
  - Phone: 800-722-1300
  - Website: [www.salliemae.com](http://www.salliemae.com)

- **MOHELA**
  - Phone: 888-868-4352
  - Website: [www.moheia.com](http://www.moheia.com)

I have read and understand the requirements for borrowing a Federal student loan and agree to adhere to these guidelines.

Student (signature): ________________________________ Date: ________________________________

Loan Advisor: ________________________________ Date: ________________________________
FEDERAL DIRECT LOAN PROGRAM
OUTLINE FOR THE STUDY OF AN OCCUPATION

First time borrowers at Wor-Wic Community College must complete the following Outline for the Study of an Occupation Form. The purpose of this requirement is to provide you with a detailed and realistic view of the expectations of your chosen occupation/career field and the expected salary/earnings related to a particular position. It is important for you to realize that current student loan borrowing decisions need to be considered within the context of your anticipated salary/earnings, in addition to your current financial and employment situation.

INSTRUCTIONS:
Log onto http://www.bls.gov/oco/home.htm and click A-Z Index. Type your occupation in the box and click Search. Using the information online, complete the career analysis below.

1. Title of Occupation: ______________________________________________________________

2. Nature of Work:
   a. What type of duties will be required in this job?
      __________________________________________________________
   b. What related duties are there?
      __________________________________________________________

3. Worker Qualifications/Helpful Qualities
   a. Physical demands _____________________________________________________________
   b. Prior work experience required? _____ Yes _____ No
   c. Licensing and Certification and/or Examination required? _____Yes _____ No
   d. Equipment/Other ___________________________________________________________
   e. Are special skills or knowledge required? _____ Yes _____ No

4. Education (List whether required or recommended)
   a. High School? _____ Yes _____ No Type of Courses: _____________________
   b. Technical School? _____ Yes _____ No Type of Courses: _____________________
   c. College? _____ Yes _____ No Degree/Type of Courses: _____________________
   d. Graduate School? _____ Yes _____ No Degree/Type of Courses: _____________________
   e. Length of time for total preparation at full-time credit load (after high school) _________

5. Earnings (state annual salaries for a – c)
   a. What is the average beginning salary or wage? _______________ What is the maximum salary or wage? _______________
   b. Will this income bracket satisfy your monetary needs, and allow you enough money to make the required monthly loan payments and cover other living expenses? _____ Yes _____ No
   c. Are benefits included in the compensation for this occupation? _____ Yes _____ No
What Are You Really Borrowing?

All borrowers need to understand the reality of taking out a loan. The purpose of this exercise is to provide you with a detailed and realistic view of the loan you are taking out, as well as the existing student loans you may have to date. This information will be checked for accuracy by the loan advisor.

Instructions:
Log onto [http://www.nslds.ed.gov](http://www.nslds.ed.gov). Click on Financial Aid Review, click “Accept” and “Accept” again. Enter your student information. If you have student loans, proceed to step 1. If you DO NOT have existing student loans, proceed to step 4.

Step 1- Fill in the corresponding information regarding your existing student loan(s). Make sure you click on each number associated with your student loan(s).

<table>
<thead>
<tr>
<th>Type of Loan(s): (how many of each)</th>
<th>Subsidized</th>
<th>Unsubsidized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount(s): (if more than one, list amount for each)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Outstanding Principal: (sum of loan amounts for each loan)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Outstanding Interest (if any): (sum of outstanding interest for each loan)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Now, click on the numbers associated with each loan. (To go back to the main page, click on “Financial Aid Review.”)

Who is/are your servicer(s)?

What is their contact information?

What school(s) did you receive a loan from?

Step 2- Create an account with your servicer(s) by visiting their website. List their web address here: ____________________________ (refer to Page 3 for servicer information)

What is/are your interest rates for your loan(s)?

Subsidized

Unsubsidized

The Dangers of Unsubsidized Loans

If you have unsubsidized loans, log onto [http://www.finaid.org/calculators/interestcap.phtml](http://www.finaid.org/calculators/interestcap.phtml) and proceed to Step 3. If you DO NOT have unsubsidized loans, proceed to step 4.

Step 3-Given your unsubsidized loan(s), describe the process of interest capitalization.

________________________________________________________________________________________________________________________________________________________

Calculate your new principal balance by filling in the fields for the interest capitalization calculator. Put in your total UNSUBSIDIZED principal balance. The interest rate will stay 6.8%. If you intend to be enrolled in school for 2 years, use “24” for months of deferment, or if you intend to be enrolled for 4 years, use “48” for months of deferment. Choose “At Repayment” for Capitalization Frequency. Put Minimum Payment at “0”. Click Calculate.

What is the new principal balance of your unsubsidized loan? ______________________

What are your payments without Interest Capitalization? ______________________ With Interest Capitalization? ____________

How can this be avoided? __________________________________________________________________________________________________________________________________________________________________________________________________________________________
Step 4 - Log onto http://mappingyourfuture.org/paying/standardcalculator.htm. Using your requested loan amount and interest rate, fill in the information to calculate your estimated monthly payment(s). Be sure to include existing loan amounts, if available, to calculate an accurate answer. If more than one interest rate, you will need to use an average of all interest rates.

<table>
<thead>
<tr>
<th>Subsidized</th>
<th>Unsubsidized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Monthly Payments: (prefilled with 120; standard repayment is 10 years or 120 payments)</td>
<td></td>
</tr>
<tr>
<td>Interest Rate: (from Step 2, if using existing loans)</td>
<td></td>
</tr>
<tr>
<td>Principal Amount of Loan: (refer to previous steps if using existing loans)</td>
<td></td>
</tr>
<tr>
<td>Your Estimated Monthly Payment:</td>
<td></td>
</tr>
<tr>
<td>Your Total Interest Cost:</td>
<td></td>
</tr>
<tr>
<td>Minimum Salary to Handle Loan Payments:</td>
<td></td>
</tr>
</tbody>
</table>

Now What Happens?

You are out of school now and entering repayment. What if you can’t afford your first payment? Will the career you are pursuing provide the salary needed to handle loan payments? What are your options?


Deferment: ____________________________________________

Forbearance: __________________________________________

Repayment Plans available (describe each):

___________________________________________________________________________________________________________

___________________________________________________________________________________________________________

___________________________________________________________________________________________________________

___________________________________________________________________________________________________________

___________________________________________________________________________________________________________

___________________________________________________________________________________________________________

___________________________________________________________________________________________________________

It is important to reach out to both your lender and your institution at any time if you need help regarding your loan status.

I have reviewed this information with the loan advisor and received a copy for my records.

Student (signature): ____________________________ Date: ______________

Loan Advisor: ____________________________ Date: ______________
Federal Direct Loan Processing Form – New Borrower
2012-2013 Academic Year

Student Information

Name ____________________________________________________________

Date of Birth ____________ / ____________ / ____________ Student ID ________________________________

Street Address _______________________________________________________

City ___________________________ State ___________________ ZIP __________

Telephone: Home (______) __________________________ Cell/Work (______) ____________________________

What are your main sources of financial support? (Please check all that apply)

□ Income from work □ Student Financial Aid □ Child Support/Alimony □ Other ________________

□ SSI/Disability □ Savings □ Lived in Subsidized Housing □ TCA/Food Stamps _____________

Detailed Purpose of Loan

________________________________________________________________________________________________

________________________________________________________________________________________________

________________________________________________________________________________________________

Requested loan amount: $____________________________

References

Please list two personal references who live in different households, are at least 18 years of age, and who have strong credit histories. The first reference MUST be a family member. Both references will be verified by the loan advisor.

Name ____________________________________________________________

Street Address _______________________________________________________

City ___________________________ State ___________________ ZIP __________

Telephone (______) __________________________ Relationship to Borrower __________________________

Name ____________________________________________________________

Street Address _______________________________________________________

City ___________________________ State ___________________ ZIP __________

Telephone (______) __________________________ Relationship to Borrower __________________________

□

□

□

□

□

□
Program of Study

What is your program of study and when do you expect to complete your studies at Wor-Wic Community College?

Program of Study ___________________________ Month ___________ Year ___________

Statement of Understanding

I understand this form is not a loan application. I understand the school cannot process my loan if my financial aid file is incomplete. I understand the school is neither the guarantor nor the lender. I understand that any loan I borrow must be repaid with interest. I understand that if my address or any other information I have provided is not correct, or is incomplete, my loan cannot be processed. If this is my first Federal Direct Loan at Wor-Wic Community College, I must complete entrance counseling before my loan is processed. I understand that I must maintain six (6) credit hours through each semester and maintain Satisfactory Academic Progress in order to receive the loan proceeds. I understand that Federal regulations require all student loan borrowers to complete Exit Counseling prior to graduating, transferring, or when enrollment drops below half-time status (6 credits).

Student Signature ________________________________________ Date ________________

This document/information is subject to change without notice.