

**Central Carolina Technical College  
Financial Aid Center**

## **Federal Family Educational Stafford Loans**

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Before completing the Student Loan Information Sheet, the following criteria **must** apply:

You must:

- complete the Free Application for Federal Student Aid (FAFSA) and have their financial aid award finalized;
- be enrolled in an eligible program;
- be enrolled at least half-time (6.0 credit hours)
- complete an entrance interview on the web <http://mapping-your-future.org>

The Federal Stafford Loan is a cooperative effort among lending institutions, educational institutions and guarantee agencies on behalf of the federal government:

- The lender provides the loan funds.
- Schools determine the amount of the loan, eligibility, and the loan period.
- Guarantee agencies insure the repayment of the loan in the event of a borrower's default, disability or death.

Federal Stafford Loans help a student meet their educational expenses. Unlike gift aid, loans must be repaid.

Federal Stafford Loans are offered in two forms: subsidized and unsubsidized. A subsidized FFEL Stafford Loan is awarded based on financial need. Loan interest is paid on the by the government while you are enrolled at least half-time and during grace or deferment periods.

An unsubsidized loan is not based on financial need. Loan interest accrues within sixty days of disbursement and can be paid while the student is in school or capitalized. Capitalized interest is added to the principal amount outstanding. For both subsidized and unsubsidized loans, repayment of principal and interest begins six months after you cease to be enrolled at least half-time. If you pay the interest as it accumulates, loan repayment will cost less.

The amount you can borrow annually is \$3500. This amount is the maximum yearly amount that can be borrowed in both subsidized and unsubsidized loans. Students may receive less than the yearly maximum amounts. Any requests to exceed the base eligibility will require counseling by the Financial Aid Director for consideration of unusual cost of attendance circumstances. For periods of study that are less than an academic year, the loan amount will be prorated; therefore, the amount you actually borrow could be less than the amount requested.

There are aggregate, or total, loan limits in addition to the annual loan limits. You may never borrow more than the aggregate loan limit for all subsidized and unsubsidized loans. Once the aggregate limit is reached, you cannot borrow any additional loan funds. These limits are set by Federal regulations.

If you are a first time student, federal regulations do not permit any disbursement of FFEL Stafford Loans until 30 days after the first day of class.

**Master Promissory Note:** The Master Promissory Note will contain your Rights and Responsibilities. It is a legal document to indicate your commitment to repay your student loan(s). Depending on the school you attend; the MPN could be used as a multi-year note or a single-year note. Using the multi-year feature, you may receive multiple loans for multiple years by signing only one MPN.

If you transfer to another school that uses the multi-year feature of the MPN, you are not required to complete and sign a new MPN, however, you may complete and sign a new MPN if you like. Central Carolina Technical College will certify you for the maximum amount of loan money for which you are eligible unless you request less. CCTC, the lender, or guarantor will notify you about the proposed loan amount and type. If you do not want all or part of the money, you can reject or adjust the type or amount of the loan.

If you have a *multi-year feature of the MPN*, it may be revoked after the earliest of the following dates:

1. The date your lender receives your written notice that no further loans may be disbursed under the note.
2. 12 months after the date you sign the MPN if there have been no disbursements during this 12 month period; or
3. 10 years from the date you sign the MPN.

Your lender may have different reasons for revoking the terms of the MPN such as bankruptcy. Your school or lender may require you to confirm the loan package or each loan disbursement. If you decide to use a different lender, you must sign a new MPN.

**Ombudsman Office-**For questions concerning compliance of Student Loan federal regulations and guarantor policies:

Address: Office of the Ombudsman  
Student Financial Assistance  
U.S. Department of Education  
830 First Street, N.E.  
Washington, DC 20202

Customer service line is 877-557-2575  
202-377-3800  
FAX 202-275-0549

Via e-mail: [fsaombudsmanoffice@ed.gov](mailto:fsaombudsmanoffice@ed.gov)

Via on-line assistance: <http://www.ombudsman.edu.gov>

**Entrance/Exit interviews:** Federal regulations require that all borrowers receive an entrance and exit interview. All borrowers at Central Carolina Technical College must attend an Entrance Interview session before receiving loan funds. Entrance and Exit Interviews may be completed on the Internet at <http://mapping-your-future.org>. Follow the directions closely; submit the interview so that there is a record that the process was completed. If you do not complete the Internet session, your Stafford loan cannot be finalized.

If you do not wish to complete the Entrance Interview on the Internet, contact the Financial Aid Office for an entrance interview appointment.

**Interest Rate:** If you have a loan that was first disbursed on or after July 1, 1994, the interest rate could change each year of repayment depending on changes to the federal treasury bill rate; it will never exceed 8.5 percent. The interest rate is adjusted each year on July 1<sup>st</sup>. You will be notified of interest rate changes throughout the life of the loan. Interest rates on loans that were first disbursed before July 1, 1994 may be different. You should **always** check with the lender or agency that holds your loan.

**Loan Fees:** You will pay fees for up to four percent of the loan. These fees are deducted proportionately from each disbursement of your loan.

**Repayment:** After you graduate, leave school, or drop below half-time enrollment, you have six months before you begin repayment. During the grace period of a subsidized loan, you do not have to pay any principal and interest will not be charged. During the grace period on an unsubsidized loan, you do not have to pay any principal, but interest will be charged. You can either pay the interest or allow it to capitalize.

After you leave school or drop below half-time enrollment, you will receive information about repayment and will be notified of the date repayment begins. However, you are responsible for beginning repayment on time, even if you do not receive the information. Contact the Financial Aid Office to schedule an Exit Interview.

**Federal law requires students to repay their loan(s) even if the student does not complete his or her education, is not satisfied with his or her education, or cannot find employment. It is the law!**

If you fail to repay your loan, you will be considered in default and the following could result:

- Your default will be reported to the National Credit Bureau.
- Your entire loan (including interest) may become immediately due and payable.
- Your Federal and State income tax refunds may be withheld.
- Your wages may be garnished.
- You will be ineligible to receive any additional federal or state aid.
- You will deprive others from having funds available to borrow.
- You will get calls from bill collectors.

## **Rights and Responsibilities**

### **You have the right to know the following:**

- You are entitled to a copy of your Promissory Note (either before or at the time your loan is made) on which the terms of your loan are explained.
- Names and addresses of your lender, guaranty agency and servicer (if any).
- Principal, interest rate, and fees on loans
- What your total loan payments on principal and interest will be and when they start; number, dollar amount and frequency of payments
- Cumulative balance of your entire student loans to a lender and estimate of required monthly payments
- Minimum and maximum repayment terms, and minimum monthly payment
- You may make early repayment for all or part of your loan without penalty
- Loan consolidation and other repayment options
- Various deferment options
- You may request forbearance from your lender if you do not qualify for a deferment and are unable to make loan payments
- Default and its consequences, including reports to credit agencies and the probability of damaged credit for seven years or more

### **You have these responsibilities to your school:**

- Complete financial aid and loan forms accurately, truthfully, and on time.
- Read and keep copies of forms you have signed and letters you have sent.
- If requested, provide additional information or documentation.
- Notify your school if there is a change in your name, address, phone number or Social Security Number.

**You are required to attend an exit interview before leaving school and provide the following:**

- Legal name and Social Security Number
- Current address and phone number
- Permanent address and phone number
- Driver's License number
- Your next of kin (name, address and phone)
- Two references (name, address and phone)
- Expected employer's name and address

**It is your responsibility to notify your lender:**

- If you change your name address, phone number, and/or Social Security Number
- When you: change your anticipated graduation date, graduate, withdraw, transfer schools or drop below half-time status
- If anything changes your ability to repay your loan or your eligibility for deferment or forbearance
- Immediately, if you are unable to repay your loan so you can seek a deferment or forbearance
- Before the due date of any monthly payment you will not be able to make

**You are obligated to repay your loan even if:**

- You do not complete your educational program.
- You cannot find employment.
- You are not satisfied with the education or services you received from a school.

**Consequences of Default**

1. A "hold" will be placed on all school records. The loan corporation will notify all institutions you attended of your Delinquency and ask them to stop release of all records for any purpose.
2. Your credit rating will be damaged and therefore may affect your ability to purchase or borrow on credit in the future.
3. The guaranty agency may seize state and federal income tax refunds to reduce outstanding balance.
4. You will be ineligible for employment with state, county, city or local government in the state of South Carolina and most other states. If you are currently employed with federal, state, county, city or local government, defaulted student loans may be grounds for termination.
5. The guaranty agency will assess a collection fee of 1-43% of your outstanding balance.
6. The guaranty agency may also charge an additional 1-25% of the unpaid principal and interest balance if it becomes necessary to use a collection agency to recover your loan payments.
7. Your eligibility for any additional federal or state financial aid may be terminated.
8. If there is an endorser on your loan(s), all of the above consequences of default may apply to him/her.