

Federal Direct Stafford Loan Application Procedures

Loan applications may be completed after you register for classes for the applicable semester. Loans will be certified after your financial aid award is determined. When applying for a student loan, you need to understand that this is a **loan that must be repaid.**

ELIGIBILITY:

Students must be enrolled in an eligible program leading to a certificate or degree and be registered for at least six (6) eligible credit hours (100 course level or above) to borrow a Federal Direct Stafford Loan for any semester of attendance.

LOAN ENTRANCE COUNSELING:

First time borrowers must complete Loan Entrance Counseling on line at the Department of Education's Direct Loan web site at www.dl.ed.gov. Click on the blue Entrance & Exit Counseling link at the top right corner of the page. You will need to enter either your federal Personal Identification Number (PIN) or your Social Security Number and Date of Birth in order to complete the entrance counseling session. Print the confirmation page when complete.

ELECTRONIC MASTER PROMISSORY NOTE (eMPN):

The loan promissory note is completed on line at <http://dlenote.ed.gov>. This is your **promise to repay** the student loan and it is a legally binding document. You will need to enter your Personal Identification Number (PIN) to electronically sign your promissory note. This is the same PIN you used to sign and submit your Free Application for Federal Student Aid (FAFSA). If you did not use a PIN to submit the FAFSA or you do not remember your PIN, you can obtain the PIN at www.pin.ed.gov. If you have problems obtaining your PIN #, contact the **Federal Aid Information Center** at (800) 433-3243. **Your eMPN is not submitted until you receive the message "Thank you for completing your MPN."** Print a copy of the first page of your completed promissory note. If you have questions with this process, please contact **Direct Loan Applicant Services at 800-557-7394.**

LOAN FORMS SUBMISSION CHECKLIST:

The following forms must be complete and submitted before loans may be certified by the Financial Assistance Office:

1. Copy of Loan Entrance Counseling Confirmation
2. Copy of eMPN
3. Federal Direct Loan Request Form (obtain in the Financial Assistance Office)

PROCESSING:

Loans will be certified for the amount requested or for the amount you are eligible (if less than requested). If you are enrolled less than full-time, your cost of attendance is adjusted to reflect your actual credit hours enrolled and your loan award will be recalculated. **Any change in enrollment status after your loan is certified by the College may require further recalculation and revision of your original loan amount.** If you submit a loan application prior to the tuition due date, your **tuition will be deferred** and you will be held in classes. If you decide **not to attend** ICC, you must **officially withdraw** from your classes prior to the refund date or you will be responsible for payment of your tuition.

DISBURSEMENT OF FUNDS:

- Federal Loan Regulations prohibit the disbursement of loan funds for first-time borrowers until 30 days following the start of the semester.
- Loans are disbursed in two payments during the loan period. A Fall/Spring loan will have a disbursement during each semester. A one semester loan will have two disbursements during the semester; the second occurring after mid term.
- Loan funds are received by EFT and are credited directly to your student account. Charges owed to the College will be paid and any excess loan funds will be disbursed to the student.
- Loan refunds are issued no later than two weeks after funds are credited to the student account and are **mailed** to the official address on file with the College.

LOAN EXIT COUNSELING:

Student loan borrowers are **required** to complete Student Loan Exit Counseling at the completion of enrollment (graduation or withdrawing). This is done on line at www.dl.ed.gov/borrower. Student loans enter repayment six months after ceasing half-time enrollment.

Loan Interest Rates

Over a four-year period beginning July 1, 2008, the interest rate on **subsidized** Stafford Loans made to undergraduate students will be reduced. The applicable interest rates for loans made during this period are as follows:

First disbursement of a loan:		Interest rate on the unpaid balance
Made on or after	And made before	
July 1, 2008	July 1, 2009	6.0 percent
July 1, 2009	July 1, 2010	5.6 percent
July 1, 2010	July 1, 2011	4.5 percent
July 1, 2011	July 1, 2012	3.4 percent

These changes apply to **subsidized** Stafford loans first disbursed on or after July 1 of each year through June 30 of the next year. This change does not affect any prior loans made to borrowers; the terms and interest rates of those loans remain the same. **These reduced interest rates apply only to subsidized loans; any unsubsidized Stafford Loan for the same undergraduate borrower would continue to be made at the current fixed interest rate of 6.8 percent.**

Loan Fees

Loan fees total 1.5% of the loan amount. The Federal Direct Loan Program offers an up-front rebate of 1.0% to encourage **on time** monthly payments when the loan enters repayment. If you fail to meet this criterion when you begin loan repayment, the up-front rebate will be revoked and the 1.0% will be added to your principal balance.

Loan Limits

Dependent Students	Base Amount	Additional unsubsidized loan amount
		Effective July 1, 2008
Freshman	\$3,500	\$2,000
Sophomore	\$4,500	\$2,000

Independent Students	Base Amount	Additional unsubsidized loan amount
		Effective July 1, 2008
Freshman	\$3,500	\$6,000
Sophomore	\$4,500	\$6,000

These amounts are the annual maximums set by Federal regulations. Students attending Illinois Central College may not qualify for the total amounts if they are receiving grants, scholarships, work-study, waivers or other educational assistance.

Aggregate Loan Limits

Undergraduate Dependent Students: \$31,000 (no more than \$23,000 of which can be subsidized)
 Undergraduate Independent Students: \$57,500 (no more than \$23,000 of which can be subsidized)

Estimating your monthly loan payments

The minimum monthly payment is \$50 and the maximum repayment period is 10 years.

The following table is based on a standard 10 year repayment plan. Use this table to estimate the monthly payment amount for your Federal Stafford Loan(s).

TOTAL AMOUNT BORROWED	INTEREST RATE					
	5.00%	6.00%	6.80%	7.50%	8.00%	8.50%
3,500.00	50.00	50.00	50.00	50.00	50.00	50.00
4,500.00	50.00	50.00	51.79	53.42	54.60	55.79
5,500.00	58.34	61.06	63.29	65.29	66.73	68.19
8,500.00	90.16	94.37	97.82	100.90	103.13	105.39
12,000.00	127.28	133.22	138.10	142.44	145.59	148.78
16,000.00	169.70	177.63	184.13	189.92	194.12	198.38
20,500.00	217.43	227.59	235.91	243.34	248.72	254.17
25,000.00	265.16	277.55	287.70	296.75	303.32	309.96
30,000.00	318.20	333.06	345.24	356.11	363.98	371.96
35,000.00	371.23	388.57	402.78	415.46	424.65	433.95
45,000.00	477.29	499.59	517.86	534.16	545.97	557.94

SITUATIONS THAT MAY DELAY OR CANCEL YOUR LOAN:

- **ENROLLMENT IN SECOND EIGHT-WEEK COURSES** may delay your loan until after these classes start.
- **CHANGE IN YOUR ENROLLMENT STATUS** may require a recalculation of your loan eligibility.
- **DROPPING BELOW SIX (6) CREDIT HOURS** will result in cancellation of undisbursed loan funds.
- **FILING FOR BANKRUPTCY** will cancel any pending loan disbursements.

RETURN OF TITLE IV AID:

If a recipient of Title IV aid withdraws during a payment period (or a period of enrollment), the school must calculate the amount of aid the student **earned** up through the date of last attendance. Unearned aid (including loans) must be returned to the Title IV programs.

Title IV aid includes, Pell grant, SEOG and Federal Stafford and PLUS loan programs. When a student withdraws before completing 60% of the semester, a calculation of return of funds will be performed. When it is necessary to return loan funds, ICC is required to return the money that was disbursed to the student and the student will be required to reimburse ICC for the repayment amount.

STUDENT LOAN DEFAULT:

Student loan default (not repaying your student loan debt) carries serious consequences. When taking out a student loan you want to exhaust all other possible funding methods and borrow conservatively. Students that do not repay their student loans become ineligible for any further financial aid and loans. Defaulted loans prevent students from renewing professional licenses; i.e. nursing, social work, cosmetology, etc. The government collects on defaulted loans by confiscating federal tax refunds and wage garnishment (which doesn't look good to an employer). It is the student's responsibility to always stay in contact with the loan servicing center to stay current with address and enrollment information to help avoid default.

Instructions for Completing a Stafford Master Promissory Note

You must complete an electronic Master Promissory Note (MPN) in order to borrow under the Federal Direct Stafford Loan Program. The Promissory Note is completed through the Department of Education's web site at <http://dlenote.ed.gov>. There are 11 steps to completing the Promissory Note on-line and they are provided below. These steps are reproduced from the Direct Loan Promissory Note web site. All steps must be completed within the same session to complete the promissory note. If you stop and later return to the web site, you will need to re-start the process. **Contact Direct Loan Applicant Services with questions at 800-557-7394.**

- Step 1 **PIN Registration** – You will first be transferred to the U. S. Department of Education's PIN site to confirm your identity. If you do not have a PIN, please visit the U. S. Department of Education's PIN site to find out how to obtain one at www.pin.ed.gov.
- Step 2 **Disclosure and Consent** – When you return to the electronic MPN web site, you will be asked to read information about using an electronic MPN and to indicate whether or not you agree to use an electronic MPN.
- Step 3 **Provide Name and School** – You will be asked to provide your full legal name and school information. You will be able to review and modify this information if necessary before it is added to your electronic MPN.
- Step 4 **Read Borrower's Rights and Responsibilities Statement** – You will be asked to read a Borrower's Rights and Responsibilities Statement that provides important information about loan(s) you may receive under your MPN. Before you can continue with the electronic MPN process, you must confirm that you have read the Borrower's Rights and Responsibilities Statement.
- Step 5 **Read the Addendum** – You will be asked to read an Addendum that provides important information about loan(s) you may receive under your MPN. Before you can continue with the electronic MPN process, you must confirm that you have read the Addendum.
- Step 6 **Complete MPN** – During this step, you will be asked to provide the remaining information necessary to complete your MPN. This will include your permanent address, driver's license number and state, e-mail address (if you have one) and telephone number. You will also be asked to provide the names, addresses and telephone numbers of two references who have known you for at least three years.
- Step 7 **Review Draft MPN** – You will be asked to review a draft version of the MPN that will include the information you provided in Step 6. Before you can continue with the electronic MPN process, you must confirm that you have read the draft MPN.
- Step 8 **Sign your MPN** – You will be asked to review the Promise to Pay section of the MPN and then electronically sign the MPN by typing in your full name. You will still have the opportunity at this point to modify the information you provided or to cancel the electronic MPN process.
- Step 9 **Review Signed MPN/Enter Confirmation Code** – You will be shown a completed MPN that includes your electronic signature. Before you can continue with the electronic MPN process you must confirm that you have read the completed MPN. Enter your 3 digit confirmation code.
- Step 10 **Confirm Acceptance of MPN Terms and Submit MPN** - You will be asked to confirm that you agree to the terms and conditions of your MPN. You will be given a final opportunity to cancel or modify your MPN. If you agree to the terms and conditions of the MPN, you may complete the electronic MPN process by submitting your MPN to the U. S. Department of Education.
- Step 11 **Now Print Your MPN** – Your MPN is now complete. This page will provide instructions for:
- Printing and/or saving a copy of your completed MPN for your records
 - Retrieving a copy of your completed MPN at a later date
 - Asking that a copy of your completed MPN be sent to you
 - Clearing your browser to remove your personal information from the computer you used to complete your MPN.