

Loan Default Management Plan (DMP)

Selecting a lender

New borrowers frequently ask for help in selecting a reliable lender. You will find a list of lenders below, but you are not obligated to make your selection from this list. We are confident that you will receive efficient, dependable service from all of these lenders. If you have borrowed previously, we encourage you to stay with your original lender to avoid having to manage repayment with multiple lenders.



Cerritos College

LENDERS LIST

HACU Education Loan program (HELP)
P.O. Box 41129
Jacksonville, FL 32203
(877) 804-3603
Lender code: 833501

Wells Fargo Education Finance Services
301 E. 58th Street N
Sioux Falls, SD 57104-0000
(800) 658-3567
Lender code: 807176

Dear student:

There are two types of Federal Stafford Loans - subsidized and unsubsidized. The information provided in this guide will assist you in understanding the Stafford Loan Process at Cerritos Community College, completing your loan application/Master Promissory Note (MPN) and choosing a lender.

Cerritos College does not participate in Parent Federal PLUS, Alternative and/or Private Loans.

Sincerely,

The Financial Aid Office

Cerritos Community College

FINANCIAL AID OFFICE

11110 Alondra Blvd. ▪ Norwalk, CA 90650 ▪ Phone (562) 860-2451 (ext. 2397) ▪ E-mail: finaid-staff-list@cerritos.edu

Cerritos College **Financial Aid Information**

Cerritos College has a student Loan Default Management Plan (DMP). This Plan includes the following procedures:

THE APPLICATION PROCESS

Once a student receives a financial aid award letter, the student may apply for a student loan under the Federal Family Educational Loan Program (FFELP). The student must complete a loan application online at www.cerritos.edu/finaid/loans.html. Once the student successfully completes the application, an electronic certification request will be sent to Cerritos College.

New Borrowers: Your loan application must be completed online. Please visit our loan website at www.cerritos.edu/finaid.

Repeat Borrowers: If you have a previous promissory note with Sallie Mae on their OpenNet software system, you can download the Loan Request Form to apply for a loan or it is available at the Financial Aid Office. Once you have completed the Loan Request form, please submit it to the Financial Aid Office. Please note that Citibank, Chase, and Bank of America are no longer participating with FFELP loans at Cerritos College. If one of the above was your lender, you will need to complete a new loan application and select a new lender.

Students **MUST** maintain at least half-time enrollment to receive your loan funds. Once you have received your loan funds, you must maintain at least half-time enrollment to avoid going into repayment status. You must also **maintain** progress toward your certificate or degree.

In reviewing a request for any loan, the Financial Aid Advisory Committee (FAAC) may use "professional judgment" to deny a student loan on a case-by-case basis. If denied a loan, a student will receive a letter from the Financial Aid Office indicating the reason for the loan denial.

ONLINE LOAN COUNSELING

The federal government requires all new borrowers to complete entrance loan counseling prior to disbursement to review your rights and responsibilities as a borrower. You can complete the online entrance loan counseling at www.cerritos.edu/finaid/loans.html and click on Stafford Loan Guide.

EXIT LOAN COUNSELING

Federal regulations require that students be given exit loan counseling information at the conclusion of their program at each school or when they are no longer enrolled at least half-time. Cerritos College students **MUST** complete an exit loan counseling session before we can release your 2nd disbursement. You can complete the online Exit Counseling at www.cerritos.edu/finaid/loans.html, and click on the Student Loan Transition guide. Failure to complete the session will delay payment of your loan proceeds. If you have problems completing your online counseling session, please call United Student Aid Funds Servicing Center at (866) 848-9315.

CHOICE OF LENDER

When you take out a student loan, you are borrowing money you will have to repay. Your repayment period can last 10 years or more, so you want to choose your lender carefully. If you have borrowed in the past, it is best to continue borrowing from the same lender. The first page of this guide has a Lender List to assist you in choosing a lender. These lenders are committed to providing the highest level of service to their borrowers. The interest rates, repayment terms and other regulated loan provisions are the same for each lender. However, there are differences in use of servicers (to manage loan accounts), secondary markets (to purchase loans) and repayment incentives (to save you money). For specific information on service differences, you may contact the lenders directly, or visit their websites.

LOAN AMOUNTS

Students can apply for the Stafford Subsidized/Unsubsidized Loans (\$3,500 or \$4,500). Loan amounts will be determined at the time the Financial Aid Office certifies a student's loan application. **NOTE: To be eligible for \$4,500, a student must have at least 30 units completed and those units MUST appear on the student's official transcripts at Cerritos College.**

Any Student interested in additional Unsubsidized Stafford Loan money, must submit a loan appeal form to the Financial Aid Advisory Committee (FAAC). This appeal must include a statement from the student indicating why the additional loan is needed, with documentation, and a budget of expenses. Dependent students can borrow up to \$2,000. Independent students can borrow up to \$6,000.

Students can return their appeal form to the Financial Aid Office counter, drop box, via the Internet, by e-mail, by fax or mail.

LOAN ELIGIBILITY

Once the Financial Aid Office receives the electronic certification request we will review the student's file and determine if the student is eligible for a loan. Your eligibility for a Stafford Loan is based on your Free Application for Federal Student Aid (FAFSA). You are not required to borrow the full amount for which you are eligible: you may borrow less. Remember to always borrow conservatively because this loan must be repaid.

Cerritos College has a \$22,000 maximum total loan amount for the Federal Stafford Loan Program. This loan amount is a total of all loans received at Cerritos College and/or other institutions.

In reviewing a request for a loan, the Financial Aid Office may use "professional judgment" to deny or delay a student loan on a case-by-case basis (e.g., complete withdrawal from all of his/her classes after receiving a loan, not meeting Satisfactory Academic Progress (SAP) standards, having institutional indebtedness at Cerritos College or another college or at a combination of all higher education institutions, prior loan indebtedness).

If a loan is denied or delayed, a student will receive a letter from the Financial Aid Office indicating the reason for the loan denial or delay.

If the student is eligible for a loan, the Financial Aid Office will send an electronic loan certification to Sallie Mae for processing.

FEES

Origination fees are charged by the federal government on all Federal Stafford Loans. The current origination fee varies depending on the lender.

The federal default fee is a fee charged by the guaranty agency on all Federal Stafford Loans. The current default fee is 1.00% and is paid to the guaranty agency from the loan proceeds.

DISBURSEMENT

Your loan must be disbursed in multiple disbursements. Generally, if your application has been processed in a timely manner, this means you will receive equal portions of your loan 30 day after the first day of classes each semester. If you attend for only one semester of the academic year, then generally the loan will be split into two disbursements in that semester. NOTE: If this is the first time you have enrolled in college, federal regulations require you to attend classes for 30 days before receiving your first disbursement. Loan checks will be mailed to the address on file in the Financial Aid Office. It is important that students keep the Admissions and Records Office informed of their current address at all times.

You must maintain at least half-time enrollment (six [6] units) to receive funds. Once you have received your loan funds, you must maintain half-time enrollment to avoid going into repayment. You must also maintain reasonable progress toward your certificate or degree. A student may be required to submit a mid-term Work in Progress (WIP) report each semester to verify class attendance and progress prior to check disbursement.

The Financial Aid Advisory Committee (FAAC) will review a student's financial aid file when a student takes out a loan and later withdraws completely from classes during the term. The committee may make a recommendation regarding a student's financial aid eligibility, and may deny future loans. In addition, you may be required to repay part or all of the loan money you received.

