Cerritos College does not participate in Direct PLUS loans, Alternative Loans, or Private Loans

Loan Application Process
Once a student completes the Free Application for Federal Student Aid (FAFSA), submits all required forms to the Cerritos College Financial Aid Office, and receives a financial aid award notification, s/he may begin the William D. Ford Federal Direct Loan process.

The student must begin by completing the Direct Loan Entrance Counseling and Master Promissory Note (MPN); both can be completed at: https://studentloans.gov/myDirectLoan/index.action.

The Entrance Counseling is a session which will educate the student about the responsibilities of borrowing a Direct loan, the amount that can be borrowed, interest rate information, loan fees, and repayment information.

The Master Promissory Note (MPN) is a legal document in which the borrower promises to repay all loans, accrued interest, and fees to the U.S. Department of Education. It also explains the terms and conditions of a Direct Loan. To complete a MPN online, the borrower will be required to sign electronically by using his/her FAFSA PIN (Personal Identification Number). To apply for a PIN or to request a duplicate copy of the PIN, visit: www.pin.ed.gov.

Once the student successfully completes the Entrance Counseling session and MPN, the schools that were listed on each will receive an electronic confirmation. It may take the school up to 30 business days to determine loan eligibility.

Types of Loans Offered
Cerritos College participates in the following Direct Loan Programs:

- **Subsidized**—For students that demonstrate financial need, as determined by FAFSA—No interest is charged while a student is in school at least half-time and is eligible for a deferment.

- **Unsubsidized**—Not based on financial need and interest is charged during all periods, even during a deferment period.

*There is an additional loan appeal that needs to be completed if interested in the Unsubsidized loan. The form can be downloaded at: http://cms.cerritos.edu/financial-aid/programs/loans.htm.

Eligibility
Cerritos College reviews eligibility for all loan applicants that have successfully completed the necessary forms. Eligibility is usually based on the following:

- Completion of an Entrance Counseling
- Completion of Master Promissory Note (MPN)
- Overall student loan debt
- Academic history (transcripts from all schools attended must be submitted to the Financial Aid Office)
- Progress towards degree or certificate
- Progress of financial aid file (must be awarded)
- Financial need—as determined by FAFSA
- Enrollment status—must be enrolled at least half-time (6 units) to be considered for a loan

In reviewing a loan application, the Financial Aid Office staff may use “professional judgment” to deny a student loan on a case-by-case basis. If denied a loan, the student will receive a letter from the financial aid office indicating the reason for denial.

Direct Loan Origination Fees
Subsidized and Unsubsidized Federal Direct Loans have a 1.0% origination fee, which will be deducted from the gross amount of the loan borrowed.

Cerritos College Loan Limits
The maximum debt amount a student is allowed to have while attending Cerritos College is $28,750. This includes any past loan(s) received as an undergraduate; regardless of them being from Cerritos or not.
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**Maximum Annual Loan Amounts**
The maximum amount a student can borrow each year in Federal Direct Stafford Subsidized and Unsubsidized Loans depends on a student's grade level, financial need, dependency status (as determined by FAFSA), and total student loan indebtedness.

The table below displays the maximum allowable amount a student may be able to borrow each academic year in Direct Subsidized and Unsubsidized Loans:

<table>
<thead>
<tr>
<th></th>
<th>Subsidized</th>
<th>Unsubsidized</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freshman***</td>
<td>$3,500</td>
<td>$2,000</td>
</tr>
<tr>
<td>Sophomore**</td>
<td>$4,500</td>
<td>$2,000</td>
</tr>
<tr>
<td><strong>Independent</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freshman***</td>
<td>$3,500</td>
<td>$6,000</td>
</tr>
<tr>
<td>Sophomore**</td>
<td>$4,500</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

*Less than 30 units completed—based on Cerritos college transcripts.
**30 or more units completed—based on Cerritos college transcripts.

**Federal Lifetime Loan Amounts**
The U.S. Department of Education limits the amount of money a student may borrow while attending college. The table below displays the Federal Lifetime Loan Limits that are imposed by the U.S. Department of Education:

<table>
<thead>
<tr>
<th></th>
<th>Maximum Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Dependent</td>
<td>$31,000*</td>
</tr>
<tr>
<td>Undergraduate Independent</td>
<td>$57,500*</td>
</tr>
<tr>
<td>Graduate or Professional</td>
<td>$138,500**</td>
</tr>
</tbody>
</table>

*No more than $23,000 may be subsidized
**No more than $65,500 may be subsidized

Once a student reaches the Federal Lifetime Loan Limits, s/he is not eligible for any Title IV funding.

**Disbursement of Loans**
Loan disbursements are processed electronically and are deposited into a student's Cerritos Falcon Card. Based on the date the student completes the loan process, and the student's financial need, s/he will usually receive their disbursements on the scheduled disbursement dates listed on the student's MyCerritos account. NOTE: If a student is ineligible for Federal Pell Grant, the loan will be disbursed on the first week of school; unless the student is a first time college student, then it will be processed 30 days after classes have started.

Loan disbursements are split into two equal disbursements.

**Loan Cancelation**
If the student is approved for a loan and would like the loan to be canceled, the student must notify the Financial Aid Office in writing. Only the un-received portion of the loan may be cancelled.

**Information that should be updated**
If the student has any of the following changes, they MUST be updated with the school and with the Direct Loan Servicing Center:

- Name change
- Address change
- Telephone/Email change
- School change (i.e. transferred)
- Not attending school at least half-time

**Loan Repayment**
After a student stops attending school at least half-time, s/he begins to use their “grace period.” While a student is in grace period, no monthly payments are required.

Grace periods extend from 6 to 12 months after borrowers stop attending at least half-time.

The repayment period begins the day after the grace period ends. First payment will be due within 60 days of the repayment period.
Loan Repayment (Cont.)

Each loan has only one grace period. If borrowers return to school after the grace period has expired, the borrower may qualify for a deferment. However, the borrower will immediately go back into repayment once the deferment expires; there is no additional grace period.

Students are allowed to make payments on their student loan(s) while they are enrolled in school. It is always recommended, if possible, that students make payments towards the interest being accrued on unsubsidized loans.

Generally, when repaying student loans, the borrower has several payment plans to choose from. Repayment plans vary from 10 to 25 years, depending on which repayment plan is chosen.

Types of Repayment Plans:

- **Standard Repayment**: With the standard plan, you'll pay a fixed amount each month until your loans are paid in full. Your monthly payments will be at least $50, and you'll have up to 10 years to repay your loans.

  Your monthly payment under the standard plan may be higher than it would be under the other plans because your loans will be repaid in the shortest time. For that reason, having a 10-year limit on repayment, you may pay the least interest.

- **Graduated Repayment**: With this plan, your payments start out low and increase every two years. The length of your repayment period will be up to ten years. If you expect your income to increase steadily over time, this plan may be right for you. Your monthly payment will never be less than the amount of interest that accrues between payments. Although your monthly payment will gradually increase, no single payment under this plan will be more than three times greater than any other payment.

- **Extended Repayment**: Under the extended plan, you'll pay a fixed annual or graduated repayment amount over a period not to exceed 25 years. If you're a FFEL borrower, you must have more than $30,000 in outstanding FFEL Program loans. If you're a Direct Loan borrower, you must have more than $30,000 in outstanding Direct Loans. This means, for example, that if you have $35,000 in outstanding FFEL Program loans and $10,000 in outstanding Direct Loans, you can choose the extended repayment plan for your FFEL Program loans, but not for your Direct Loans. Your fixed monthly payment is lower than it would be under the Standard Plan, but you'll ultimately pay more for your loan because of the interest that accumulates during the longer repayment period.

  This is a good plan if you will need to make smaller monthly payments. Because the repayment period will be 25 years, your monthly payments will be less than with the standard plan. However, you may pay more in interest because you're taking longer to repay the loans. Remember that the longer your loans are in repayment, the more interest you will pay.

- **Income Based Repayment (IBR) Effective July 1, 2009**: Income Based Repayment is a new repayment plan for the major types of federal loans made to students. Under IBR, the required monthly payment is capped at an amount that is intended to be affordable based on income and family size. You are eligible for IBR if the monthly repayment amount under IBR will be less than the monthly amount calculated under a 10-year standard repayment plan. If you repay under the IBR plan for 25 years and meet other requirements you may have any remaining balance of your loan(s) cancelled. Additionally, if you work in public service and have reduced loan payments through IBR, the remaining balance after ten years in a public service job could be cancelled.
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- **Income Contingent Repayment (ICR) (Direct Loans Only):** This plan gives you the flexibility to meet your Direct Loans obligations without causing undue financial hardship. Each year, your monthly payments will be calculated on the basis of your adjusted gross income (AGI, plus your spouse's income if you're married), family size, and the total amount of your Direct Loans. Under the ICR plan you will pay each month the lesser of:
  1. The amount you would pay if you repaid your loan in 12 years multiplied by an income percentage factor that varies with your annual income, or
  2. 20 percent of your monthly discretionary income

If your payments are not large enough to cover the interest that has accumulated on your loans, the unpaid amount will be capitalized once each year. However, capitalization will not exceed 10 percent of the original amount you owed when you entered repayment. Interest will continue to accumulate but will no longer be capitalized (added to the loan principal).

The maximum repayment period is 25 years. If you haven't fully repaid your loans after 25 years (time spent in deferment or forbearance does not count) under this plan, the unpaid portion will be discharged. You may, however, have to pay taxes on the amount that is discharged.

As of July 1, 2009, graduate and professional student Direct PLUS Loan borrowers are eligible to use the ICR plan. Parent Direct PLUS Loan borrowers are not eligible for the ICR repayment plan.

To learn the different payment plans calculators, please visit the following websites for a detailed description:
- **Standard, Extended, and Graduated repayment calculator:** [http://www2.ed.gov/offices/OSFAP/DirectLoan/RepayCalc/dlentry1.html](http://www2.ed.gov/offices/OSFAP/DirectLoan/RepayCalc/dlentry1.html)
- **Income Contingent (ICR) calculator:** [http://www2.ed.gov/offices/OSFAP/DirectLoan/RepayCalc/dlentry2.html](http://www2.ed.gov/offices/OSFAP/DirectLoan/RepayCalc/dlentry2.html)
- **Income Based Repayment (IBR) calculator:** [http://studentaid.ed.gov/PORTALSWebApp/students/english/IBRCalc.jsp](http://studentaid.ed.gov/PORTALSWebApp/students/english/IBRCalc.jsp)

**Loan Default**

Loan default occurs when a borrower fails to repay the loan(s) in accordance to the terms and conditions of the Master Promissory Note (MPN). There are serious legal consequences for borrowers that default on student loans.

There are various resources available to borrowers to help prevent loan default. Below is a list of resources available:

- **Deferment**—A postponement of payment on a loan that is granted under certain conditions, such as returning to school at least half-time. Contact the lender for further information.
- **Forbearance**—A period in which monthly payments are temporarily suspended or reduced. To qualify for a forbearance, the borrower must have certain financial hardships.
  - A detailed list of loan forbearances available and their eligibility criteria may be found by visiting the Direct Loan Servicing website at: [www.dlservicer.ed.gov](http://www.dlservicer.ed.gov).
- **Repayment Plan**—Changing repayment plans is a good way to manage loan debt when financial circumstances change. There are no penalties for changing a repayment plan. Contact the lender for further information.

**Know What You Owe**

The National Student Loan Data System (NSLDS) has information about your federal student loan(s).

To review your information, please visit [www.nslds.ed.gov](http://www.nslds.ed.gov). You will need your:

- Social Security number,
- first two letters of your last name,
- your date of birth,
- your FAFSA PIN.