

SCC Student Loan Information Page

Many families use loans in addition to other funding sources to help finance their educational expenses. Students attending SCC have two loan options Federal Student Loans and Alternative (Private) Education Loans. Students are encouraged to opt for Federal Student Loans before Alternative (Private) Education Loans and only take Alternative (Private) Education Loans when all other aid sources have been exhausted. The main differences between Federal and Private student loans are for Federal student loans, you don't need credit history to qualify, and federal loans have income-driven repayment plans, that private loans do not have.

Students borrowing for their education should only borrow what they need and can reasonably repay.

Loan money can only be used for education-related expenses. These expenses would include tuition, fees, books, supplies, living expenses (rent, utilities, groceries, etc.), and travel expenses. Federal student loan funds should not be used for non-educational expenses. Excess funds remaining after institutional charges have been paid are disbursed to the student each term and it is the student's ethical responsibility to use these funds for educational purposes only.

William D. Ford Direct Loan Program (Federal Student Loans)

This is a low-interest fixed-rate loan available from the federal government in two loan types both offering competitive interest rates determined by federal law. These loans are in the student's name, and the student is responsible for repaying them after leaving school or dropping below half-time enrollment. The two types of federal student loans are:

- Subsidized: A subsidized loan is awarded based on financial need. Students are not charged any interest before repayment begins or during authorized periods of deferment. The federal government "subsidizes" the interest during these periods.
- Unsubsidized: A unsubsidized loan is not based on financial need, and you are charged interest on the loan as soon as the funds are disbursed. You may defer payment on the interest until you have finished school, but the interest will be capitalized that is, it will be added to the amount you owe, and additional interest will be based on that higher amount.

Check current interest rates (rates are subject to increase July 1) and see information and explanations for interest rates for federal loans on <https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized>.

Students may choose to begin payment on their federal student loans and their interest early with no penalty.

Students may not receive Federal Student Loan funds from more than one school during any term. If a student is taking courses at two separate institutions during an academic term, they must choose which institution they wish to disburse their Federal Student Loan funds.

General Federal Student Loan Eligibility Requirements

1. College must have an official EFC from the U.S. Department of Education and the student must have complete all financial aid verification requirements.
2. Student must be a citizen of the United States or an eligible noncitizen with a valid Social Security number.
3. Student must be a high school graduate or have a GED.
4. Student cannot be incarcerated in a federal or state penal institution.
5. Student must be enrolled in at least half-time classes needed and required under his/her program of study
6. Student must be making acceptable academic progress towards completing an eligible program
7. Student cannot be in default on a student loan or owe a grant overpayment.
8. Student cannot have exceeded federal student loan aggregate limits.
9. Student must be in a major that is eligible for federal financial aid.
10. Students must complete Federal Entrance Loan Counseling and Master Promissory Note requirements

Applying for Federal Student Loans at SCC:

1. Complete the steps below to apply for the Federal Direct Student Loan:

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2. Complete a FAFSA for the relevant aid year if you have not already done so, www.studentaid.gov.
3. Complete your online Entrance Counseling: Once online, sign in using your FSA ID and complete the Entrance Counseling Session, www.studentaid.gov.
4. Complete an electronic Master Promissory Note: Once online, sign in using your FSA ID and sign your Master Promissory Note, www.studentaid.gov.
5. Complete SCC's Loan Request Form and submit to the Financial Aid Office.

Student Loan Award Information:

- **Need for Subsidized funds:** SCC's Financial Aid Office will award aid based on request and eligibility. Subsidized loan funds when available will be awarded first. Financial need for subsidized federal student loans is determined by the U.S. Department of Education using a standard formula, established by Congress, to evaluate the financial information reported on the *Free Application for Federal Student Aid* (FAFSA) and to determine the family EFC.
- **Basic Eligibility at disbursement:** A student must be enrolled in an approved degree, diploma, or certificate program and registered for at least six credit hours during the semester(s) during which loan funds are received. The student must also meet all general eligibility requirements for federal aid. All criteria must be met at the time of the loan disbursement each semester.
- **Loan Limits: Loan Limits Per School Year:** The amount a student can borrow per academic year will depend upon enrollment and dependency status. The amounts indicated below are the maximum amounts a student may borrow in both subsidized and unsubsidized loans for the entire academic year, including the summer semester.
 - **DEPENDENT STUDENTS**
Freshman (0-29 credits): Base \$3,500
Additional Unsubsidized \$2,000

Sophomore (30+ credits): Base \$4,500
Additional Unsubsidized \$2,000
 - **INDEPENDENT STUDENTS**
Freshman (0-29 credits): Base \$3,500
Additional Unsubsidized \$6,000

Sophomore (30+ credits): Base \$4,500
Additional Unsubsidized \$6,000

** Students may be awarded less than the full year limit each year depending on cost of attendance and other aid. * Students dependency status is determined by the Free Application for Federal Student Aid (FAFSA). * Students grade levels are determined by the credit hours completed in their active program of study. Lifetime Loan Limits: The aggregate loan limit is the maximum total loan debt a student may borrow as an undergraduate student. The aggregate loan limits include any Subsidized Federal Stafford Loans or Unsubsidized Federal Stafford Loans you may have previously received under the Federal Family Education Loan (FFEL) Program. As a result of legislation that took effect July 1, 2010, no further loans are being made under the FFEL Program. **

- **Aggregative Loan Limits**

Dependent Students: \$31,000 (of which \$23,000 can be subsidized)
Independent Students: \$57,500 (of which \$23,000 can be subsidized)

If you reach your subsidized limit before reaching your combined limit, you can still be awarded unsubsidized loans until the combined loan limit is reached.

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Cancellation of Loans:

Federal Student Loans may be cancelled if the borrower withdraws from classes or drops below half time enrollment (6 credit hours in the student's active program of study) during the loan period. Federal Student Loans may be cancelled or reduced by the borrower by way of written request to the Financial Aid Office.

Direct Loan Exit Counseling:

Students who have graduated, withdrawn or drop below half-time enrollment who have received Federal Direct Loans must complete Exit Counseling on <https://studentaid.gov/exit-counseling>

Loan Repayment:

Once a student graduates, leaves school, or drops below half-time status, the student will have six months before beginning repayment. Loan payments will be made directly to the student's loan servicer.

Payment Plans:

The US Department of Education offers Loan simulators for students with William D. Ford Federal Direct Loan (Direct Loan) and Federal Family Education Loan (FFEL) can use to help determine the best loan repayment strategies and plans. Borrowers can use to obtain preliminary repayment plan eligibility information and estimated repayment amounts. This easy-to-use tool offers borrowers the opportunity to obtain preliminary repayment information across all the repayment plans. Its advantage over repayment plan-specific calculators is that it provides side-by-side results for all plans and information about the total cost of a loan over time. Loan simulator information can be found: <https://studentaid.gov/loan-simulator/>.

The US Department of Education offers several different repayment plans. The student borrower should select the plan that best fits their individual situation. The Repayment Estimator If the student does not select a repayment plan prior to entering repayment than the loan will be under the Standard Repayment Plan (payments are a fixed amount that ensures your loans are paid off within 10 years). Borrowers can change their repayment plan at any time – for free by contacting their loan servicer. For more information on repayment plans please review: <https://studentaid.gov/manage-loans/repayment/plans>

Options to Postpone Federal Student Loan Payments:

- Alternative Payment Plan – Some borrowers qualify for other special payment plans such as Income Sensitive, Graduated, or Lowered Payment Plans.
- Deferment: a postponement of payment on a loan, during which interest does not accrue if the loan is subsidized. You may qualify for a deferment while you are:
 - o Enrolled at least half time in an eligible post-secondary school or studying full time in a graduate fellowship program or an approved disability rehabilitation program.
 - o Unemployed or meet our rules for economic hardship (limited to 3 years).
 - o You may also be eligible for a deferment based on qualifying active-duty service in the U.S. Armed Forces or National Guard.
- Forbearance: allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments. Some common reasons for getting forbearance are:
 - o Illness or injury to self or immediate family
 - o Financial hardship
 - o Serving in a medical or dental internship or residency.
- Consolidation – by consolidating your student loans, you might be able to reduce your monthly payments. Contact your lender or servicer for more information. Visit <https://studentaid.gov/loan-consolidation/> for more information.

To postpone payment on federal student loans, the borrower should contact their lender or servicer for more information about these options.

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Something to keep in mind if utilizing a deferment or forbearance is only a temporary suspension of your monthly payments. In most cases, the interest on your student loans continues to accrue during this time.

What is Default?

Default means failure to honor the repayment agreement of a loan. That includes failure to make payments on time, failure to make payments in the correct amount, or failure to file deferment requests properly or on time.

Consequences of Default:

After a student's loan has defaulted, the entire balance becomes due, and the student is no longer eligible for any Title IV financial aid.

Other consequences of default may include:

- Reporting the default to all national credit bureaus.
- Withholding of a percentage of your wages until the debt is paid in full.
- Adding collection and attorneys' fees to the balance of your loan(s).
- Seizure of your IRS tax refund by the guarantor or U.S. Department of Education.

Student Loan Code of Conduct:

<https://www.sccsc.edu/media/spartanburgcc/content-assets/documents/admissions-amp-financial-aid/financial-aid/types-of-financial-aid/federal-direct-loans/Student-Loan-Code-of-Conduct.pdf>

Student Loan Ombudsman:

The Federal Student Aid Ombudsman of the Department of Education helps resolve disputes and solve other problems with federal student loans. For more information about federal aid disputes/complaints please review:

<https://studentaid.gov/feedback-ombudsman/disputes/prepare>

Need to escalate a complaint to the Ombudsman group? Contact the Ombudsman Group through one of these methods:

Postal Mail

U.S. Department of Education
FSA Ombudsman Group
P.O. Box 1854
Monticello, KY 42633

Phone

1-800-433-3243

Fax

606-396-4821

You can also <https://studentaid.gov/feedback-center>.

Alternative (Private) Education Loans:

Alternative (private) Education Loans are non-federal education loans borrowed from a private lender such as a bank or credit union. These loans are credit based and may require a co-signer. This loan type should be a student's last resort for educational assistance. Only students who need funds beyond what they qualify for in Federal financial aid and non-federal financial aid funds should consider applying for these.

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SCC does not maintain a preferred lender list. Students may borrow from the lender of their choice.

Applying for Private Loans at SCC:

- Students enrolled in a degree program should first complete the annual Free Application for Federal Student Aid (FAFSA) so their eligibility for any financial aid funds can be determined.
- Students should contact the lender of their choice (their bank, credit union or other private lending institution) to ascertain if they provide private (alternative) education loans.
- If your selected lender approves your private education loan application, then the lender submits a certification to us requesting our confirmation of your enrollment status, and that your requested private loan amount plus any other aid you have been awarded does not exceed your Cost of Attendance.
- If following the certification, you remain eligible for the private loan, your lender then forwards the semester's loan funds to the SCC for disbursement.
- Your chosen lender will most likely provide you the Private Education Loan Applicant Self-Certification that the Department of Education requires you to complete.

Amounts:

A private education loan amount cannot exceed a student's Cost of Attendance when added to all the student's other financial aid. We confirm this when completing the lender's certification request.

Eligibility:

Your selected lender determines their loan application eligibility criteria. The amount of the private education loan, when added to all other awarded financial aid, cannot exceed your Cost of Attendance or your lender's required Enrollment Status.

SCC Private Loan Procedures:

The procedures listed below will be followed for all private student loans at Spartanburg Community College.

- Spartanburg Community College will process a certification for a private loan for an enrolled student as it is received from the lender.
- If the certification is received before the beginning of a semester, the first disbursement date will be the first business day after the census date (after the 100% refund date). If the certification is received after the beginning of a semester, the first disbursement date will be ten days after the loan is certified.
- Loans more than \$4,000 or more will always be broken into at least two disbursements. For multi-term loans the disbursements will be one per term. For a single term loan, the first disbursement date will be the first day of the term and the second will be the midpoint of the term.
- Loans will not be certified for more than \$5,000 per term. Students needing more than \$5,000 in any given term must submit an explanation of why the additional funding is needed and exactly how the funds will be utilized.
- Loan checks will not arrive at the college until after full term census date (the 100% refund period). Students planning to use private loan funds in the bookstore will need to notify the financial aid office before and after making their purchases.
- The lender will send a check to the college. In most cases, the check will be made out to the student and the college. For this check to be processed, the student must sign the check over to the college. Once a student signs the private loan check - all charges for the term, including tuition, fees, and books, will be paid using the funds from the check. Any funds remaining, after all charges have been paid, will be disbursed to the student within ten (10) business days. Students should not expect to have a refund immediately because the Business Office does not process refunds daily. The student needs to ensure they have made all their book purchases prior to endorsing the private loan check.