



**ST. JOHNS RIVER COMMUNITY COLLEGE**  
**FLORIDA SCHOOL OF THE ARTS**  
CLAY, PUTNAM AND ST. JOHNS COUNTIES COOPERATING

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## **A GUIDE TO SENSIBLE BORROWING AT ST. JOHNS RIVER COMMUNITY COLLEGE**

The following information is provided to assist you in making the right decisions in applying for a loan to assist with your education costs. Before borrowing, consider the following:

- Pursue all other alternatives first
- Get the facts about each loan program
- Know the participants in the student loan process and their language
- Budget before you borrow
- Estimate anticipated level of debt for your entire program of study, including continuation of studies upon transfer to an upper level college or university
- Know manageable levels of debt and never borrow more than absolutely necessary
- Know the effects of borrowing multiple loans, and from multiple lenders
- Take the time NOW to make the right decision to save money, time, and frustration

You want to get off to a good start. That's why it's important to become a well-informed borrower before you take on the responsibilities that come with a loan. Remember, it is a loan, and *must be repaid*. Below is a sample repayment chart with various levels of loan debt and estimated monthly payments at various interest rates.

### APPLYING FOR FINANCIAL AID

First, complete the Free Application for Federal Student Aid (FAFSA) electronically at [www.fafsa.ed.gov](http://www.fafsa.ed.gov), listing SJRCC's federal school code (001523). You and the school will receive the results of the completed application within a few business days. When you receive the results (called a Student Aid Report), review the results thoroughly and make corrections if needed. If corrections are needed, you can either make them on-line at the above web address, or bring the information to the Financial Aid Office if you need assistance. The FAFSA results are used by SJRCC to determine your eligibility for all federal and need-based State aid, including the federal Pell grant, federal Academic Competitiveness Grant (ACG), federal Supplemental Educational Opportunity Grant (SEOG), federal Work-Study, federal subsidized and unsubsidized Stafford loans, and the Florida Student Assistance Grant (FSAG).

You need to know about specific deadline dates for various types of aid. Loan deadlines are listed on the loan application form.

You may be required to turn in additional information or documentation to verify the data on the Student Aid Report. When and if notified by the Financial Aid Office about this, providing this data promptly will help prevent delays in processing your application.

## KNOWING MANAGEABLE LEVELS OF DEBT

<u>Loan Amount</u>	<u>Number of Monthly Payments</u>	<u>Payment amounts at varying rates</u>			
		<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>
\$3,500	75	\$53	\$54	\$56	\$58
\$5,000	120	\$50	\$53	\$55	\$58
\$8,500	120	\$86	\$90	\$94	\$99
\$10,000	120	\$101	\$106	\$111	\$116
\$15,000	120	\$152	\$159	\$167	\$174

Consider the amount you'll have to pay back before you start borrowing. Loans are obligations that must be repaid. The amount you borrow may alter your lifestyle years after you finish school. Your ability or inability and/or willingness to repay your student loan will affect your creditworthiness and credit rating for years to come. It has been stated that a student should have repayment on student loans *no greater than* 15% of income. For example, if your starting salary is \$28,000, 15% is \$4,200 per year or \$350 per month. Also, it is generally accepted that total payments toward all debt should not exceed 40% of your monthly income—at the most.

## ANNUAL AND AGGREGATE LOAN LIMITS

<u>Type of Loan</u>	<u>Award Basis</u>	<u>Annual Limits</u>	<u>Repayments</u>	<u>Interest Rate</u>
<b>DEPENDENT OR INDEPENDENT</b> Federal Subsidized Stafford Loan (Need Based) <b>Federal Unsubsidized Stafford Loan</b> (No Need Requirement)	<b>*Must be attending at least half time (6 credit hours). Must demonstrate need. All First time borrowers at SJRCC will be required to complete the online Entrance counseling (see loan application form).</b>	1 <sup>st</sup> Year \$3500 2 <sup>nd</sup> Year \$4500 (combined limit—Subsidized and/or Unsubsidized)	Up to 10 years. Payments begin 6 months after leaving school. Up to 10 years. Student is responsible for interest payments during school, deferment or grace. You may defer these payments and the lender will add your interest to principal when you enter repayment.	<b>Fixed rate of 5.6% for Subsidized and 6.8% for Unsubsidized.</b>
<b>DEPENDENT</b> Additional Federal Unsubsidized Stafford Loans	<b>NEW*</b> Dependent students may now receive additional unsubsidized funds.	1 <sup>st</sup> Year \$2000 2 <sup>nd</sup> Year \$2000	Up to 10 years. Student is responsible for interest payments during school, deferment or grace. You may defer these payments and the lender will add your interest to principal when you enter repayment.	<b>Fixed rate of 6.8%.</b>
<b>INDEPENDENT</b> Additional Federal Unsubsidized Stafford Loans	Independent undergraduates or <b>dependent undergraduates whose parents have been denied a PLUS Loan.</b>	1 <sup>st</sup> Year \$6000 2 <sup>nd</sup> Year \$6000	Up to 10 years. Student is responsible for interest payments during school, deferment or grace. You may defer these payments and the lender will add your interest to principal when you enter repayment.	<b>Fixed rate of 6.8%.</b>
Federal Parent Loans for Undergraduate Students (PLUS) Loan	Parents or legal guardians of dependent undergraduate students attending at least half time. No need requirement. This loan is based on credit worthiness. <b>No FAFSA Required (but is recommended) for Parent Plus.</b>	Total cost of education, less other aid.	Up to 10 years. Payments begin within 60 days of final disbursement.	<b>Fixed rate of 8.5%.</b>

## LOAN COUNSELING REQUIREMENTS

You are required to complete an Entrance Loan Counseling session before receiving your first federal student loan. **Failure to do so will result in your loan being canceled.** Take the following steps to fulfill this requirement:

- Sign on to [www.nelnet.net](http://www.nelnet.net), click on “Complete Your Entrance or Exit counseling,” then “Get Started” next to Entrance counseling, then “Stafford Entrance.”
- Follow the instructions provided.
- Print the results and submit them to the Financial Aid Office with your Student Loan Request Form

You will also be required to complete a loan exit counseling session prior to graduating or upon withdrawing to less than half-time enrollment. You will receive correspondence from SJRCC with instructions about this, but the information also appears below for your reference:

- Sign on to [www.nelnet.net](http://www.nelnet.net), click on “Complete Your Entrance or Exit Counseling,” then “Get Started” next to Exit Counseling, then “Stafford Exit.”
- Follow the instructions provided

In order to fulfill the on-line entrance or exit requirements, students may access the internet by utilizing computers at any campus library, learning lab, career center, or in their own homes.

## SCHOOL COSTS THAT MAY BE PAID WITH FEDERAL STUDENT LOANS

The following expenses are included in the total cost of attending college as it relates to federal financial aid programs:

- Tuition and related Fees
- Books and Supplies
- Room and Board
- Transportation (does NOT include purchase of a vehicle)
- Miscellaneous Personal Expenses

The “total cost of attendance” as determined by the Financial Aid Office, *minus* the Expected Family Contribution (EFC) determined via the FAFSA, equals “financial need.” This basic formula determines whether you qualify for need-based financial aid (and how much).

## HOW THE LOAN PROCESS WORKS AT SJRCC

- Complete the FAFSA
- Complete a Student Loan Request Form (see the link at the end of this Guide)
- The Financial Aid Office determines the amount of your eligibility based on federal law, information you provide, the cost of attendance, and other financial aid you may receive.
- The loan is transmitted to the Guaranty Agency for guarantee
- You will receive a notification from the lender instructing you about how to provide an electronic signature (e-signature) for your Master Promissory Note (MPN). The lender will not send the proceeds of your loan to SJRCC until you sign the MPN.
- Provided your lender can transmit the funds electronically, your loan proceeds will be sent electronically to SJRCC as provided in the Notice of Loan Disclosure you receive from the lender. Jointly-payable paper checks are sent from the lender to SJRCC in the event the electronic process cannot be used. NOTE: The first disbursement for first-year, first-time borrowers is delayed, per federal guidelines, until 30 days of enrollment have been completed.

- The Financial Aid Office confirms your continued eligibility upon receipt of each disbursement (you must be enrolled in at least 6 credit hours—half time—at the time of disbursement).
- Provided all requirements are met, the Financial Aid Office notifies the Business Office and the proceeds are posted to your Student Account.
- After deducting any applicable charges, the Business Office mails the remaining balance check to you at the official mailing address on file for you in the Records Office. Checks cannot be picked up. **It is your responsibility to update your address information as needed.**

### TERMS TO KNOW

- **Interest Rate:** The cost you pay to borrow money
- **Accrued interest:** Interest that accumulates on the unpaid balance of your loan
- **Principal:** Amount you borrow, which may increase as a result of capitalization of interest, and the amount on which you must pay interest.
- **Capitalization of interest:** Addition of accrued, unpaid interest to the principal of your loan.
- **Subsidized loan:** A (federal) need-based loan on which interest is paid by the federal government during the in-school, grace, and deferment periods.
- **Unsubsidized loan:** A (federal) non-need-based loan on which interest is not paid by the federal government. Borrowers are responsible for interest on all unsubsidized loans from the date the loan is disbursed. Interest may be capitalized.
- **Grace period:** Specified period of time after you graduate or leave school during which you need not make principal payments on your loan. Interest on subsidized loans does not accrue during the grace period.
- **Default:** Failure to repay your loan on time, or in accordance with other terms of the promissory note.
- **Deferment:** A period when a borrower who meets certain criteria may suspend loan payments.
- **Credit bureaus:** Organizations that track the manner in which borrowers repay credit obligations. This information becomes a part of each borrower's credit report and is available to other financial institutions.
- **Loan period:** Period of enrollment for the current academic year.
- **Loan counseling website:** [www.nelnet.net](http://www.nelnet.net).

Now that you've reviewed the information about loans, what do you want to do next?

- [Exit](#)
- Proceed to [loan application form](#):