



**FEDERAL DIRECT STAFFORD LOAN PROCESS 2008-2009  
ACADEMIC YEAR BEGINNING FALL 2008**

Dear Student:

Thank you for choosing to attend Brookdale Community College, the County College of Monmouth. This letter is in response to your request for Federal Stafford Loan information and provides everything you may need to navigate and understand loan processing at Brookdale. **Beginning the 2008-2009 academic year, Brookdale Community College will participate in the William D. Ford Federal Direct Loan (Direct Loan) Program.** Eligible students borrow directly from the U.S. Department of Education. You must complete the Master Promissory Note (MPN) to apply for a Stafford Loan. The MPN lets you receive multiple subsidized and unsubsidized Stafford Loans for up to a 10-year period, without completing it again. **Please read all the information on this entire document because borrowing money is a serious responsibility.**

There are two kinds of Federal Loans:

- **Federal Direct Subsidized Stafford Loans** are based on need, and the federal government pays the interest while you are in school at least half-time. The Stafford Loan has a federal origination fee of up to 2.0 percent with a 1.5% rebate. A .5% fee will be deducted from the loan proceeds before the funds are applied to your tuition account. **Once in repayment, you will need to make 12 consecutive payments or the 1.5% rebate will be added back to your loan obligation.** The interest rate on Stafford Loans disbursed between July 1<sup>st</sup>, 2008 and June 30<sup>th</sup>, 2009 is fixed at 6.0 percent. You will be required to begin repayment on your loan once you are registered for less than 6 credits for 6 months, or you are no longer in attendance for than 6 months.
- **Federal Direct Unsubsidized Stafford Loans** are not need based and you are responsible for interest that accrues while you are attending school. The origination fee rates are the same as the Subsidized Stafford Loan. The interest rate on the Unsubsidized Stafford Loans disbursed between July 1<sup>st</sup>, 2008 and June 30<sup>th</sup>, 2009 is fixed at 6.8 percent. If you want to pay the interest while you attend school, you should indicate that when completing the MPN. If you do not want to make interest payments while you are in school, the interest will be added to your principal balance through a process called capitalization. You will then pay interest on a higher loan amount.

**General Requirements and Regulations:**

- Students must be U.S. citizens or eligible non-citizens.
- Students applying for a Stafford Loan must be matriculated.
- Students must be registered at least half-time (not less than 6 credits).
- Students must attend classes and maintain satisfactory academic progress to continue to be eligible for their loans.

We wish you every success in your education. If we can be of any help with your student loans, please contact us at (732) 224-2361.

Sincerely,  
Financial Aid Office

## APPLYING FOR A FEDERAL DIRECT STAFFORD LOAN

### I) WHAT YOU NEED TO APPLY FOR A LOAN

- Students interested in applying for a Federal Direct Stafford Loan students must have the following:
  1. Completed a Free Application for Federal Student Aid (FAFSA)-<http://www.fafsa.ed.gov> )
  2. Obtained a Federal Personal Identification Number (PIN)- <http://www.pin.ed.gov> )
  3. Completed an On-line BCC Confidential
    - a. Go to (<http://financialaid.brookdalecc.edu>)
    - b. Click on “**Check the status of my financial aid**”
    - c. Click on “**Apply On-line**” and answer questions including:
      - Answer “**Yes**” to “**Do you want to be considered for a Federal Direct Stafford Loan?**”
      - Enter the **amount of loan requested**
      - Select the **term** you wish to borrow Direct Stafford Funds

#### ➤ **MAXIMUM ANNUAL FEDERAL DIRECT STAFFORD LOAN LIMITS FOR STUDENTS**

<b>DEPENDENT STUDENT</b>			
Academic Level	Annual Limit Subsidized & Unsubsidized	Annual Limit Additional Unsubsidized	Total Annual Limit
1st year (less than 30 credits earned)	\$ 3,500	\$ 2,000*	\$ 5,500
2nd year (30 or more credits earned)	\$ 4,500	\$ 2,000*	\$ 6,500

*Note: Additional Unsubsidized Loan funds of up to \$4000.00\* per year, (not included in chart) may be available for students whose parents are denied a Parent Loan for Undergraduate Students (PLUS).*

\*Subject to approval

<b>INDEPENDENT STUDENT</b>			
Academic Level	Annual Limit Subsidized & Unsubsidized	Annual Limit Additional Unsubsidized	Total Annual Limit
1st year (less than 30 credits earned)	\$ 3,500	\$ 6,000*	\$ 9,500
2nd year (30 or more credits earned)	\$ 4,500	\$ 6,000*	\$ 10,500

\*Subject to approval

### II) HOW TO APPLY

- **On-line Stafford Loan Entrance Counseling:** Federal regulations require that ALL first-time Brookdale Community College **Federal Direct Stafford Loan borrowers** complete Stafford Entrance Counseling before being awarded a Federal Stafford Loan. An electronic confirmation will be transmitted to the Financial Aid Office within 24 hours.
  1. Go to <http://financialaid.brookdalecc.edu>
  2. Click on Complete Stafford Entrance Counseling, follow the instructions, and submit.
  
- **On-line Direct Loan Master Promissory Note (MPN)**
  1. Go to <http://financialaid.brookdalecc.edu>
  2. Click on **Complete a Master Promissory Note Online**. (This will link you to <https://dlenote.ed.gov>).
  3. Click on **What to Expect** from the side tool bar to see an overview of completing your Master Promissory Note.
  4. Once you have reviewed the steps, click on **Complete New MPN for Student Loans**.
  5. Click on **Continue**, and click on **Proceed to PIN Registration to Begin**.
  6. We recommend that you print out the section of the MPN process which explains the Borrower's Rights and Responsibilities for future reference.
  7. **VERY IMPORTANT:** While completing the electronic MPN on line, **make sure to write down the three character Confirmation Code located at the end of Step 8** where a window will appear for you review the signed MPN. **You MUST enter the code on the screen after you finish reviewing your signed MPN.**
  8. Be sure to print a copy of your MPN for your records.
  9. An electronic confirmation will be transmitted to the Financial Aid Office within 24 hours.

### III) FINAL STEPS

The Financial Aid Office at Brookdale will send you an Award Letter when your loan has been awarded. Awards are determined on an ongoing basis and completed after your financial aid record is complete. To be complete you must respond to all requests for additional information and we must be in receipt of your Entrance Counseling and signed Master Promissory Note.

Your award will be posted as "pending" until it is applied to your student account as a disbursement which occurs after the drop/add period of the term (approximately 2 weeks after classes start). All loans are disbursed in two payments. If your pending loan exceeds your tuition and fee charges, you may purchase books using your remaining loan balance. The bookstore will have your information on file and will apply your available book charges against your tuition account. Any remaining credit balances will be mailed by check within 14 days of being credited on your student account.

### IV) IMPORTANT CONTACT INFORMATION

Direct Loan Servicing (Students and Parents) <a href="http://www.dl/ed/gov">http://www.dl/ed/gov</a> /Phone - 800-848-0979	Defaulted Student Loan Phone-800-621-3115
Direct Consolidation Loans <a href="http://loanconsolidation.ed.gov/">http://loanconsolidation.ed.gov/</a> Phone – 800-557-7392	Federal Student Aid Information Center Phone-800-433-3243

### GLOSSARY OF TERMS

**Borrower:** Person responsible for repaying a loan who has signed and agreed to the terms in the promissory note.

**Capitalization:** Adding unpaid interest to the loan principal. Capitalization increases the principal amount of the loan and its total cost.

**Default:** Failure to repay a loan according to the terms of the promissory note. This failure must persist for 270 days.

**Deferment:** A postponement of payment on a loan that is allowed under certain conditions and during which interest does not accrue for subsidized loans.

**Dependent student:** A student who does not meet the criteria for an independent student.

**Disbursement:** A payment of loan money to the student or parent borrower.

**Discharge:** The release of a borrower from the obligation to repay his or her loan.

**Direct Loan Program:** The William D. Ford Federal Direct Loan Program provides loans to student and parent borrowers directly through the U.S. Department of Education rather than through a bank or other lender.

**Direct Loan Servicing Center:** The U.S. Department of Education's agent contracted to collect Direct Loans and handle deferments, repayment options, and consolidation.

**Direct Subsidized Stafford Loan:** A loan for students with financial need as determined by federal regulations. No interest is charged while you are in school at least half-time, during your grace period, and during deferment periods.

**Direct Unsubsidized Stafford Loan:** A student loan that is not based on financial need. Interest is charged during all periods.

**Expected Family Contribution (EFC):** The EFC is a measure of the financial strength of a student's family. The U.S. Department of Education calculates a student's EFC based on information provided on the Free Application for Federal Student Aid (FAFSA).

**Forbearance:** A postponement of payment on a loan, typically if the borrower doesn't qualify for a deferment and is unable to make payments for a reason such as poor health. Interest continues to accrue during forbearance.

**Grace period:** A six-month period before the first payment must be made on a subsidized or unsubsidized Stafford loan. The grace period begins the day after the borrower ceases to be enrolled at least half time.

**Independent student:** A student who is at least 24 years old, married, a graduate or professional student, a veteran or on active duty in the military for other than training or state purposes, an orphan, a ward of the court, or who has legal dependents other than a spouse.

**Interest:** An expense of borrowing money that is calculated as a percentage of the amount borrowed.

**Loan:** Money borrowed that must be repaid.

**Loan fee:** An expense of borrowing deducted proportionately from each loan disbursement.

**Principal balance:** The amount owed on a loan or loans at any given time. The principal balance may include capitalized interest.

**Promissory note:** A legally binding contract between a lender and a borrower. The promissory note contains the terms and conditions of the loan, including how and when the loan must be repaid.

**Repayment period:** The period during which a borrower is obligated to make payments on his or her loan(s).

**Repayment schedule:** A statement provided by the Direct Loan Servicing Center to the borrower that lists the amount borrowed, the amount of monthly payments, and the date payments are due.

**Variable interest:** Rate of interest on a loan that is tied to a stated index and changes annually every July 1 as the index changes.

## MAKING THE MOST OF YOUR MONEY

When you are in college and trying to make ends meet, every precious dollar really counts. Here are some tips to help manage your money and stay on top of your finances:

- **Develop a budget and stick to it.** A simple budget plan will help you avoid problems like running out of money before the semester is over. Write out a budget plan, consult it often, and stick to it.
- **Don't go overboard at the ATM.** ATMs can also be your fast track to financial problems. Because it's so easy to withdraw money, you can overspend almost before you know it. Try not to visit the ATM (or the bank) too often. When you do make withdrawals, you'll waste less money if you take out small amounts- like \$20 instead of \$40. Save your ATM receipts and record all your ATM withdrawals in your checkbook register.
- **Be smart about student loans.** Borrow only what you need. Being eligible to borrow doesn't mean you have to take the maximum the lender will allow. Remember, you're expected to repay your loans plus interest. Repaying your loans on time will help you establish a good credit rating, which is very important when it comes time to rent an apartment or buy a car.
- **Say "no" to credit cards.** Here's where plenty of students get into big trouble. Banks are only too happy to offer you a credit card like VISA or MasterCard. But the fact is, these cards are really loans in disguise because the bank charges you interest if you don't pay the whole bill at the end of the month. When you use your credit card, you must make a monthly payment that includes interest or finance charges of up to 20 percent until your total bill is paid off. You'll probably also have to pay an annual fee just for having the card. If you feel you must have a credit card, save it for a real money emergency.
- **Pay your bills on time.** If you can't pay the whole amount you owe, pay the minimum allowed on the bill. By making at least the minimum payment each month, you'll have a clean payment record and build a good credit rating for the future.

### SEMESTER BUDGET WORKSHEET

Estimated Expenses for Semester		Projected Income for Semester	
Tuition & Fees	\$	Money from Parents	\$
Books/Supplies		Money from Savings	
Rent/Housing		Work-Study Earnings	
Board/Meals		Other Earnings	
Phone/Utilities		Scholarships	
Clothing		Grants	
Laundry/Dry Cleaning		Loans	
Transportation		Public Benefits	
Medical/Dental		Spouses Wages	
Recreation		Other	
Personal Expenses			
Savings			
Child Care			
Credit Card Debt			
Other			
<b>Total Semester Expenses</b>	<b>\$</b>	<b>Total Semester Income</b>	<b>\$</b>

**NOTE:** If your total semester expenses exceed your total semester income, carefully review your spending habits and look for areas where you can economize.