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Financial Aid
Office
**“Where students
come first”**

OFFICE HOURS
8:30 am - 7pm Monday-Thursday
Summer hours 8:30 am - 6:30 pm
8:30 AM to 4 PM Friday
(732) 224-2361

<http://financialaid.brookdalecc.edu>
Email: faoffice@brookdalecc.edu

FEDERAL DIRECT LOAN PROCESS

This information provides everything the student needs to navigate and understand loan processing at Brookdale. Brookdale Community College participates in the William D. Ford Federal Direct Loan (Direct Loan) Program. Eligible students borrow directly from the U.S. Department of Education. In order to be considered for a loan the student must complete a FAFSA and follow all of the instructions within this document. Please read all the information on this entire document because borrowing money is a serious responsibility.

There are two kinds of Federal Loans for students to borrow:

- **Federal Direct Subsidized Loans** are based on need. If qualified, the federal government pays the interest while the student is in school at least half-time. The Federal Direct Loan has an origination fee of up to 1.0% with a 0.5% rebate. A 0.5% fee will be deducted from the loan proceeds before the funds are applied to the student's account at Brookdale. Once in repayment, 12 consecutive payments need to be made or the 0.5% rebate will be added back to the loan obligation. The interest rate on Subsidized Direct Loans disbursed between July 1st, 2011 and June 30th, 2012 is fixed at 3.4%. The student will be required to begin repayment on the loan once the student is registered for less than 6 credits for 6 months, or is no longer in attendance for 6 months.
- **Federal Direct Unsubsidized Loans** are NOT based on need and the student is responsible for interest that accrues while attending school. The origination fee is the same as the Subsidized Direct Loan. The interest rate on Unsubsidized Direct Loans disbursed between July 1st, 2011 and June 30th, 2012 is fixed at 6.8%. If the student wants to pay the interest while in school, please indicate that when completing the Master Promissory Note (MPN). If the student does not want to make interest payments while in school, the interest will be added to the principal balance through a process called capitalization. The student 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 Federal Direct 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.
- Students are required to complete Loan Entrance Counseling and a Federal Direct Master Promissory Note (MPN).

If we can be of any help, please contact us at (732) 224-2361.

APPLYING FOR A FEDERAL DIRECT LOAN

I) WHAT THE STUDENT NEEDS TO DO TO APPLY FOR A LOAN

- Students interested in applying for a Federal Direct Loan must:
 1. Complete a Free Application for Federal Student Aid (FAFSA)-<http://www.fafsa.gov>)
 2. Obtain a PIN during the FAFSA process, or apply at <http://www.pin.ed.gov>
 3. Complete the 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 Loan?**”
 - Enter the **amount of loan requested**
 - Select the **term** in which to borrow Direct Loan Funds

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

| DEPENDENT STUDENT | | | |
|----------------------------------------|----------------------------------------|--------------------------------------|--------------------|
| Academic Level | Annual Limit Subsidized & Unsubsidized | Annual Limit Additional Unsubsidized | Total Annual Limit |
| 1st year (less than 24 credits earned) | \$ 3,500 | \$ 2,000* | \$ 5,500 |
| 2nd year (24 or more credits earned) | \$ 4,500 | \$ 2,000* | \$ 6,500 |

Note: Additional Unsubsidized Loan funds of up to \$4,000.00 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**

| INDEPENDENT STUDENT | | | |
|----------------------------------------|----------------------------------------|--------------------------------------|--------------------|
| Academic Level | Annual Limit Subsidized & Unsubsidized | Annual Limit Additional Unsubsidized | Total Annual Limit |
| 1st year (less than 24 credits earned) | \$ 3,500 | \$ 6,000* | \$ 9,500 |
| 2nd year (24 or more credits earned) | \$ 4,500 | \$ 6,000* | \$ 10,500 |

***Subject to approval**

II) HOW TO APPLY

- **On-line Direct Loan Entrance Counseling/On-line Direct Loan Master Promissory Note (MPN)**
Federal regulations require that ALL first-time **Federal Direct Loan borrowers** at Brookdale complete Entrance Counseling before being awarded a Federal Direct Loan. Federal regulations require that the student complete a Federal Direct Loan Master Promissory Note (MPN) in order to receive a Direct Loan. The MPN is good for 10 years and can be used for multiple disbursements. The College will receive an electronic notification of your completed Loan Counseling and MPN. The student must complete this process not the parent. The Master promissory note is a legal federal document.
 - Go to <http://financialaid.brookdalecc.edu>
 - Click on **Complete Direct Loan Entrance Counseling OR Complete a Master Promissory Note On-Line**. This will take the student to <https://studentloans.gov>. Click on the Green “SIGN IN” box and follow the instructions. The student must have a PIN (same as FAFSA PIN), and it must be in effect for at least 48 hours to sign in. There is a link to the PIN website to apply for a PIN or obtain the PIN you already created. After signing in, click on **Complete Entrance Counseling** and follow the directions to start the process. When the student is finished click on “SUBMIT”. The Student can then click on **Complete a Master Promissory Note** to start the next step to complete a Direct Loan Master Promissory Note. Click on Subsidized/Unsubsidized as the type of loan to start the MPN.

III) FINAL STEPS

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

The award will be posted as "pending" until it is applied to the student's account which occurs after the drop/add period of the term. All loans are disbursed in two payments. If the student is a first time borrower, the first disbursement will not be posted until 30 days from the start of the term. If the student's financial aid package including pending loan exceeds tuition and fee charges, the student may purchase books using their remaining financial aid. The bookstore will have the student's information on file (summer enrollment requires a book voucher from the financial aid office), and will apply the available book charges to the student's account. Any remaining credit balance will be forwarded by check or E-check within 14 days of being credited to the student's account.

IMPORTANT CONTACT INFORMATION

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">• Direct Loan Servicing (Students and Parents) https://www.dl.ed.gov/borrower/BorrowerWelcomePage.jsp /Phone - 800-848-0979 | <ul style="list-style-type: none">• Defaulted Student Loan Phone-800-621-3115 |
| <ul style="list-style-type: none">• Direct Consolidation Loans http://loanconsolidation.ed.gov/ Phone – 800-557-7392 | <ul style="list-style-type: none">• 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 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 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 Direct 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 | | | |
| Total Semester Expenses | \$ | Total Semester Income | \$ |

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