

Student Consumer Financial Aid Information Booklet 2011-2012

For Students Attending



TABLE OF CONTENTS

	Page
I. General Information	
A. Federal Student Aid	1
B. Eligibility	1
C. Dependency Status	3
D. Transfer Students	5
E. Rights and Responsibilities	
1. Rights.....	6
2. Responsibilities	8
F. School Costs	8
G. GED Testing.....	9
H. Disbursement of Aid.....	9
I. Financial Aid Office	9
1. Student File Rights under FERPA.....	9
2. Code of Conduct.....	10
II. How to Apply for Federal Student Aid	
A. Federal Grants and Campus-Based Student Aid (Federal SEOG, Federal Perkins Loan, and Federal Work-Study)	
1. Free Application for Federal Student Aid	12
2. Student Aid Report/Institutional Student Information Record.....	13
B. Application for Federal Direct Stafford Loan	14
C. Application for Federal Direct PLUS Loan	15
D. Deadlines	16
E. Special Circumstances	16
F. Verification.....	17
1. Verification Policy and Procedure	18
III. Seven Title IV Programs	
A. Federal Pell Grants	19
B. Iraq and Afghanistan Service Grant.....	20
C. TEACH Grant.....	20
D. Federal Supplemental Educational Opportunity Grants.....	21
E. Federal Work-Study	22
F. Federal Perkins Loans.....	23
G. William D. Ford Federal Direct Loan Program (FDLP).....	26
1. Federal Stafford Loan Programs (Subsidized & Unsubsidized)	26
2. Federal PLUS Loans for Parents of Undergraduate Students.....	28

IV Repayment Options for Stafford and PLUS Loans

A. Federal Stafford Loans.....29
B. Federal PLUS Loans for Parents of Dependent Students & Graduates.....32

V. Debt Management

A. Loan Deferment Options33
B. Loan Consolidation34
C. Loan Default34
D. Borrower's Responsibilities35
E. Borrower's Rights36

Summary of Federal Perkins Deferments39

Glossary40

11/12 Federal Deadlines/Addresses/Telephone Numbers43

* Denotes see Glossary

I. GENERAL INFORMATION

A. Federal Student Aid

The U. S. Department of Education offers seven student financial aid programs; they are:

- Federal Pell Grants
- Iraq and Afghanistan Service Grant
- Federal Supplemental Educational Opportunity Grants (FSEOG)
- Teacher Education Assistance for College and Higher Education (TEACH) Grant Program
- Federal Work-Study (FW-S)
- Federal Perkins Loan Program (FPLP)
- William D. Ford Federal Direct Loan Program (FDLP)
 - Federal Subsidized Stafford Loans
 - Federal Unsubsidized Stafford Loans
 - Federal PLUS Loans for Undergraduate Students
 - Federal Consolidation Loans

Not all schools take part in all of the above programs. To find out which programs are available at your school, contact your school's financial aid office.

B. Eligibility

In order to qualify for Federal Student Aid, you must meet the following eligibility criteria:

- You must be enrolled as a regular student in an eligible program at an eligible institution.
- A regular student is a student who is enrolled in a degree or certificate program. There is an exception to this rule for the Federal Direct Stafford, and Federal Direct PLUS Loan programs.
- An eligible program is one which has been accredited by a nationally recognized accrediting agency and which meets the requirements set by the Department of Education for an eligible program.

- An institution may require you to have a high school diploma or a General Educational Development (GED) certificate, or may require an applicant who does not have a high school diploma, or recognized equivalent, to pass an independently administered test that is approved by the Department of Education. You may have also completed a high school education in a home school setting that was approved under state law.
- You must be a **U.S. citizen***, **U.S. national***, or an **eligible non-citizen***
- An **eligible non-citizen*** must have the documentation listed in the Glossary to prove this status, or a SAR/ISIR with a comment stating the student's eligible non-citizen status has been confirmed.
- You must exhibit financial need except for some Federal loans.
- You must be making **satisfactory academic progress*** in your program of study.
- You must sign a **Statement of Educational Purpose /Certification Statement on Returns and Defaults**.
- The Statement of Educational Purpose is a statement by which **you agree to use financial aid funds only for education related expenses**.
- TEACH Grant only: You must sign an Agreement to Serve (ATS) for each year you will receive the Grant. The ATS requires the student to serve as a full-time teacher for a total of at least four (4) academic years within eight (8) calendar years after separating from school.
- You must not be in default on a Title IV loan at any institution (Federal Perkins Loan (NDSL), Federal Stafford, Federal SLS, Federal Direct, Federal PLUS, or Federal Consolidation Loan.)
- The statement of Certification on Returns and Default states you are not in default, or do not owe a repayment on any SFA loans or grants, and that you have not borrowed more than the allowable limit. (This information is on the Free Application for Federal Student Aid)
- You must not owe a return on a Title IV grant at any institution, (Federal Pell, TEACH Grant, Federal SEOG, or SSIG).

- You must comply with Selective Service registration if you are a male. The Selective Service registration requirement applies to males who:
 - Are U.S. citizens or eligible non-citizens;
 - were born on or after January 1, 1960;
 - are between the age of 18 years and 25 years; and
 - are not on active duty in the armed forces.
(Permanent residents of the Federated States of Micronesia, Marshall Islands, or Republic of Palau are exempt from registering.)
- You must sign a **Statement of Updated Information**.*
- You must have a valid Social Security Number (SSN). Students from the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau might not have SSNs.
- You can not be **incarcerated*** to receive student financial aid loans.
- You will become ineligible for Federal funds if you have a conviction for the sale or possession of drugs while you are receiving Federal student aid.

C. **DEPENDENCY STATUS**

Depending upon how you complete certain questions on your Free Application for Federal Student Aid, you will be considered either a dependent of your parents or independent. If you are considered dependent for financial aid purposes, you will report your own income and assets, as well as your parents' income and assets.

On the other hand, independent students will report only their own income and assets (and spouses, if applicable). Students are classified as dependent or independent because Federal Student Aid Programs are based on the concept that parents have primary responsibility for paying for their children's' education. Students who have access to parental support should not receive federal funds at the expense of students who do not have access to such support.

For the current award year, you will be considered independent if you are one of the following:

- Born before January 1, 1988
- Legally married student as of the date of application
- A graduate or professional student as of July 1, 2011
- Serving on active duty in the U.S. Armed Forces for purposes other than training.
- A veteran of the U.S. Armed Forces.
- Have children who receive more than half of their support from you between July 1, 2011 and June 30, 2012.
- A student with a legal dependent (other than their children or spouse). If you expect to have a legal dependent before June 30, 2012 (and that person will receive more than half their support from you for the current award year) you may count that dependent at the time you apply and be considered independent.
- An orphan, currently a ward of the court, or were a ward of the court until age 18
- As of the day you apply for aid, you are an emancipated minor as determined by a court in your state of legal residence.
- As of the day you apply for aid, you are in legal guardianship as determined by a court in your state of legal residence.
- At any time on or after July 1, 2010, your high school or school district homeless liaison determined that you were an unaccompanied youth who was homeless.
- At any time on or after July 1, 2010, the director of an emergency shelter program funded by the U.S. Department of Housing and Urban Development determined that you were an unaccompanied youth who was homeless.
- At any time on or after July 1, 2010, the director of a runaway or homeless youth basic center or transitional living program determined that you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless.

If you do not fit any of the above categories, but think you have unusual circumstances that would make you independent, talk to the FA Advisor at your school. If he or she thinks your circumstances warrant it, the Director of Financial Aid can use his or her professional judgment to change your status to independent.

A dependency override is not automatic and the Director of Financial Aid's decision is FINAL – you cannot appeal it to the Department of Education.

You may be asked to provide proof of your dependency status before you can receive Federal Student Aid.

If your dependency status changes at any time throughout the award year, you must notify your Financial Aid Advisor immediately.

D. Transfer Students

There are a number of steps you must take when transferring from a school outside the Lincoln family of schools. If you received financial aid at the first school, it will not automatically transfer to the second.

- If you have a Federal Pell Grant, you must request a duplicate of your **Student Aid Report (SAR)*** from the central processor by September 15, 2012 (See page 43 & 44 for telephone number and address).
- This **SAR*** must be submitted to your current school by September 21, 2012, or your last day of attendance, whichever is earlier.
- If you have a Federal Stafford Loan or Federal PLUS Loan you will need to reapply. Contact your new Financial Aid Advisor.
- If you have a Federal Supplemental Educational Opportunity Grant, or a Federal Work-Study job, consult your current Financial Aid Advisor to find out if funds from these programs are available.
- Your current institution's Financial Aid Department will access the National Student Loan Data System (NSLDS) for the aid history from your previous school(s). Once the school has received a **SAR/ISIR*** and reviewed the NSLDS page, it may pay (if the school exercises this option) the student under the Federal Pell Grant, TEACH Grant, FDLP, and campus-based programs for one payment only.

- After receiving a correct **SAR/ISIR*** and reviewing the NSLDS page, the school may certify a Federal Direct Loan application for the student.
- Your current institution may not certify a Federal PLUS loan application until it confirms your status in NSLDS.
- Check with your current institution's Financial Aid Advisor to find out what programs are available and what additional steps you must take.

If you are transferring from within the Lincoln family of schools, please see the Financial Aid Administrator at your school for the steps you must take, if any, to make your transfer as seamless as possible.

E. Rights and Responsibilities of Students Receiving Federal Financial Aid

1. **RIGHTS:** You have the right to know:
 - The names of the organizations which accredit and authorize the school to operate.
 - The School's loan default rate (the percentage of students who have attended the school, taken out federal student loans, and failed to repay their loans on time).
 - The school's job placement rates (the percentage of students who are placed in jobs relevant to their program of study).
 - About the programs, the faculty, and the physical facilities at the school.
 - The cost of attending the school.
 - The school's policy on returns for students who drop prior to completion of a program.
 - About the financial assistance available from federal, state, local, private, and institutional financial aid programs.
 - The procedures and deadlines for submitting applications for each available financial aid program.
 - The criteria used to select financial aid recipients.

- How your financial need is determined.
- The amount of your financial need that has been or will be met.
- The type and amount of assistance in your financial aid package. You have the right to ask that your financial aid package be reconsidered if you believe it to be in error or if financial circumstances have changed.
- How and when you will be paid.
- The school's **Satisfactory Academic Progress*** policy and how the policy affects your eligibility for financial aid.
- The special facilities and services available to disabled students and the intellectually disabled.
- The interest rate on any loan available through the school, the amount you must repay, the length of time you have to repay, when you must begin repayment, and any cancellation and deferment provisions that apply. For more information, see "Borrower's Rights", page 36.
- Who the school's financial aid personnel are, where they are located, and how to contact them for information.
- If you are offered a Federal Work-Study job, what kind of job it is, what hours you must work, what your duties will be, what the rate of pay will be, and how and when you will be paid.
- The percentage of students who complete the programs and the percentage of students who transfer out.

This booklet, in conjunction with the school's catalog and other available publications from the school, will provide you with the information you have a right to know. If, upon review of all the information available to you, you have additional questions, you are encouraged to consult the Financial Aid personnel at your school.

2. RESPONSIBILITIES

- a. If you are applying for Title IV Aid, it is your responsibility to:
- Complete your Free Application for Federal Student Aid (FAFSA) accurately and submit it on time. Errors can delay, and in some cases prevent, you from receiving aid.
 - Submit a valid **SAR*** to your school by September 21, 2012, or your last day of attendance, whichever comes first. (Know all the deadlines for applying or reapplying for aid, and meet them.)
 - Provide all supporting documentation, corrections, and/or new information upon the request of the financial aid office.
 - Notify your school of any information that has changed since you applied.
 - Read and understand all forms you are asked to sign. (This includes forms such as a Free Application for Federal Student Aid, a Statement of Educational Purpose, a Master Promissory Note, a Default/Return Certification, etc.)

F. School Costs

The costs of tuition and other fees are included as part of, or inserts to, the School Catalog or other publication. The cost of room, board, transportation, etc., vary greatly depending upon whether you are living with your parents or away from your parents; whether you live close to school or far from school, etc.

If you desire specific figures for these costs it is recommended that you call, write, or visit the Financial Aid Office at your school. Your Admissions Representative can inform you of the allowable figures for room, board, and transportation costs.

G. General Education Development (G.E.D.) Testing

If you are not a high school graduate and would like to test for G.E.D., your school can inform you of the various G.E.D. testing locations close to the school. The Education Department at your school can give you a complete listing of testing centers.

H. Disbursement of Aid

You will receive an Award Letter (AL) or other award notification from the school which will inform you when to expect the disbursement of your aid. This notice will inform you of the date for each disbursement of Federal Pell, Iraq & Afghanistan Service Grant, TEACH Grant, Federal SEOG, and Federal Perkins if you qualify. If you are participating in the Federal Direct Loan Program you will receive from your lender (the Department of Education) or the school a statement of disclosure identifying the amounts and dates you will receive funding.

I. Financial Aid Office

The Financial Aid Office at your school is comprised of individuals who are professionals in the financial aid field who are available to answer any questions you may have on the subject of financial aid. You may contact them at any time during school hours for an appointment. Below are your file rights as a student (1) and the code of conduct for the school's financial aid professionals and agents (2).

1. Student File Rights under FERPA

The Family Educational Rights and Privacy Act (FERPA) affords students certain rights with respect to their education records. They are:

a. The right to inspect and review the student's education records within 45 days of the day the school receives a request for access. Students should submit to the Director of Education, Director of Administrative Services, or Director of Financial Aid, written requests that identify the record(s) they wish to inspect. The school official will make arrangements for access and notify the student of the time and place where the records may be inspected. If the records are not maintained by the school official to whom the request was submitted, that official shall advise the student of the correct official to whom, the request should be addressed.

b. The right to request the amendment of the student's education records that the student believes is inaccurate or misleading. Students may ask the school to amend a record that they believe is inaccurate or misleading. They should write the

school official responsible for the record, clearly identify the part of the record they want changed, and specify why it is inaccurate or misleading. If the school decides not to amend the record as requested by the student, the school will notify the student of the decision and advise the student of his or her right to a hearing regarding the request for amendment. Additional information regarding the hearing procedures will be provided to the student when notified of the right to a hearing.

c. The right to consent to disclosures of personally identifiable information contained in the student's education records, except to the extent that FERPA authorizes disclosure without consent. One exception which permits disclosure without consent is disclosure to school officials with legitimate educational interest. A school official is a person employed by the school in an administrative, supervisory, academic, financial aid, or support staff position; a person or company with whom the school has contracted (such as an attorney, auditor, or collection agent); a person servicing in the Corporate level of the school; or a student serving on an official committee, or assisting another school official in performing his or her tasks. A school official has a legitimate educational interest if the official needs to review and education record in order to fulfill his or her professional responsibility.

Upon request, the school may disclose education records without consent to officials of another school in which a student seeks or intends to enroll.

d. The right to file a complaint with the U. S. Department of Education concerning alleged failures by the school to comply with the requirements of FERPA. The name and address of the Office that administers FERPA is:

Family Policy Compliance Office, U. S. Department of Education,
400 Maryland Avenue, SW, Washington, DC 20202-5901

2. The Code of Conduct for the School's Professionals and Agents.

The Institution's financial aid professionals and agents are expected to always maintain exemplary standards of professional conduct in all aspects of carrying out his/her responsibilities, specifically including all dealings with any entities involved in any manner in student financial aid, regardless of whether such entities are involved in a government sponsored, subsidized, or regulated activity. In doing so a financial aid professional or agent must refrain from:

Revenue-sharing arrangements with any lender. The law defines "revenue-sharing arrangements" as any arrangement between an institution and a lender under which the lender makes private educational loans to students attending the institution (or to families of

those students), the institution recommends the lender or the loan products of the lender and, in exchange, the lender pays a fee or provides other material benefits, including revenue or profit-sharing, to the institution or its officers, employees, or agents;

Receiving gifts from a lender, guaranty agency, or loan servicer. No Director or employee of the institution's financial aid office (or an employee or agent who otherwise has responsibilities with respect to educational loans) may solicit or accept any gift from a lender, guarantor, or servicer of educational loans. A "gift" is defined as any gratuity, favor, discount, entertainment, hospitality, loan, or other item having monetary value of more than a de minimus amount. However, a gift does not include (1) a brochure, workshop, or training using standard materials relating to a loan, default aversion, or financial literacy; (2) food, training, or informational material provided as part of a training session designed to improve the service of a lender, guarantor, or servicer if the training contributes to the professional development of the institution's Director, employee or agent; (3) favorable terms and benefits on an education loan provided to a student employed by the institution if those terms and benefits are comparable to those provided to all students at the institution; (4) entrance and exit counseling as long as the institution's staff are in control of the counseling and the counseling does not promote the services of a specific lender; (5) philanthropic contributions from a lender, guarantor, or servicer that are unrelated to education loans or any contribution that is not made in exchange for advantage related to education loans, and; (6) State education grants, scholarships or financial aid funds administered by or on behalf of a State;

Contracting arrangements. No Director or employee of the institution's financial aid office (or an employee or agent who otherwise has responsibilities with respect to educational loans) may accept from a lender, or an affiliate of any lender, any fee, payment, or other financial benefit as compensation for any type of consulting arrangement or contract to provide services to or on behalf of a lender relating to education loans;

Steering borrowers to particular lenders or delaying loan certifications. For any borrower, an institution may not assign, through the award packaging or other methods, the borrower's loan to a particular lender. In addition, the institution may not refuse to certify, or delay the certification, of any loan based on the borrower's selection of a particular lender or guaranty agency;

Offers of funds for private loans. An institution may not request or accept from any lender any offer of funds for private loans, including funds for an opportunity pool loan, to students in exchange for providing concessions or promises to the lender for a specified loan volume, or a preferred lender arrangement. An "opportunity pool loan" is defined as a private education loan made by a lender to a

student (or the student's family) that involves a payment by the institution to the lender for extending credit to the student;

Staffing assistance. An institution may not request or accept from any lender any assistance with call center staffing or financial aid office staffing, except that a lender may provide professional development training, educational counseling materials (as long as the materials identify the lender that assisted in preparing the materials), or staffing services on a short-term, nonrecurring basis during emergencies or disasters;

Receiving advisory board compensation. An employee of an institution's financial aid office (or employee who otherwise has responsibilities with respect to education loans or financial aid) who serves on an advisory board, commission, or group established by a lender or guarantor (or a group of lenders or guarantors) is prohibited from receiving anything of value from the lender, guarantor, or group, except for reimbursement for reasonable expenses incurred by the employee for serving on the board.

There should never be any difference between "ethical" and "best" practices. The ethical practice is the best practice. As a parent company, Lincoln Educational Services unequivocally supports the principles of this Code of Conduct. When a practice or policy arises that appears in conflict with these principles it is the obligation of the financial aid professional/agent to bring this to the attention of those responsible within his or her institution, and to seek a resolution consistent with these principles.

II. How to Apply for Federal Student Aid

- A. Federal Pell, Iraq & Afghanistan Service Grant, TEACH Grant, Federal SEOG, Federal Work-Study, and Federal Perkins Loan

In order to be considered for Federal Aid, there are a variety of forms you will need to complete. Your school will specify which forms you need to complete and submit to apply for Federal Aid.

1. Free Application for Federal Student Aid

If you meet all of the eligibility requirements identified on pages 1, 2 and 3, you should complete the application process through "FAFSA on the Web" at www.fafsa.ed.gov. This site will walk you through all the steps for completing this application. You will be required to obtain a PIN (Personal Identification Number) on-line. This is an easy process and can be obtained on-line instantly. If for what ever reason you can not get computer access on your own, you may, complete the process on-line in the school's financial aid office.

You are encouraged to read the instructions thoroughly and carefully complete each question on the application. Pay particular attention to the questions about your dependency status and income. These are the areas where most mistakes are made.

When filling out the application, you will need certain records. The most important record will be your **2010 tax return***. You will need your tax return, your parents' tax return (if applying as a dependent), and your spouse's tax return (if you are married but filed separately for the 2010 calendar year). Referring to the appropriate returns will make it easier for you to complete the application quickly and more accurately. You will also need your social security number, driver's license number (if any), and copies of your W-2 form, records of untaxed income, (for example IRA deductions, child support, veteran's noneducation benefits), bank statements, and your alien registration number (if you are not a US citizen).

You should apply as soon as possible. Depending on the process your school or you utilizes to submit applications to the Processing Center, your return **SAR/ISIR*** may take anywhere from three days to six weeks.

Once your **SAR/ISIR*** is received, you may have to confirm or correct the information you reported and submit it to be reprocessed. Reprocessing of corrected information can take anywhere from four days to three weeks.

You may also have to **verify** some of the information you reported on the application. (See Verification, page 17.)

2. Student Aid Report/Institutional Student Information Record (SAR/ISIR)

The information you report on the Free Application for Federal Aid is reflected on the **Student Aid Report (SAR)*** or the **Institutional Student Information Record (ISIR)***. If you filed a paper FAFSA, a Student Aid Report will be sent to your home in four to six weeks from the date your FAFSA was mailed. If you or your institution filed the application electronically, the school will receive the Institutional Student Information Record within three days of the FAFSA filing date. You will receive an "Information Acknowledgment". Either document will give the information used to determine your eligibility for Federal Student Aid.

The **Expected Family Contribution (EFC)*** reported on the SAR/ISIR* is used to determine your eligibility for Federal Pell, and Campus-Based funds, as well as Federal Stafford Loans .

The **EFC*** on your **SAR/ISIR*** will indicate if you are eligible for a Federal Pell Grant. Be sure the information reported is correct. You should submit your **SAR*** to your school's financial aid office as soon as possible; the Financial Aid Administrator can then determine your aid eligibility as well as assist you with any corrections that may need to be made.

If it appears the application was filled out incorrectly or incompletely, the Processing Center will not be able to determine your eligibility. In this case, you will receive a rejected **SAR** or a rejected **ISIR***. You will need to review this **SAR/ISIR*** and confirm, correct, and/or add information as necessary to determine your **EFC***. Again, the school's Financial Aid Administrator can assist you with this process.

In addition to completing a FAFSA, you may be required to complete additional forms during your initial interview with the Financial Aid Administrator. These forms gather personal information and will remain in your file at the school.

B. Application for a Federal Direct Stafford Loan (Subsidized and Unsubsidized)

These loans are borrowed directly from the Federal government. The Federal Government has made the application process of these Loans easy for you. Your school will calculate your loan eligibility by using your **Cost of Education***, **EFC*** and any other financial assistance you will be receiving. If you elect to borrow a Federal Direct Stafford Loan the Financial Aid Advisor will direct you to the Department of Education's website. <https://dlenote.ed.gov/empn/index.jsp> This site will lead you through the nine (9) steps for completing an application or what is referred to as a **Master Promissory Note* (MPN)**. You will need a PIN to complete this process. Or your school may provide you with a MPN for completion.

For Subsidized and Unsubsidized Direct Loans, the student must complete and sign a **Master Promissory Note***.

The borrower must complete section A, which includes the borrower's personal information such as name, address, social security number, date of birth, etc. and the address of two references.

Section B, will be completed by the school. It may be automatically filled in or populated for you.

Section C is for the borrower to read and understand before signing the note. There are a number of authorizations in this section. One of which authorizes the school to credit your loan proceeds to your student account. This means your loan disbursements will be sent to your school by electronic funds transfer (EFT). Most loan funds are sent this way. Loans are usually disbursed in at least two (2) disbursements.

Section D the borrower is required to sign and date the **Master Promissory Note*** to certify that all information is correct and that the borrower takes responsibility for repayment of the loan.

Section E includes the terms and conditions of note. In this section you will find such items as loan cancellation provisions, an explanation of interest, late charges and collection costs, the grace period, and repayment terms.

Section F contains important notices on the privacy of your information.

C. Application for Federal Direct PLUS Loan (For Parents of Dependent Students)

A Federal PLUS loan can be applied for in the same manner as a Federal Stafford loan. The PLUS loan, however, must be applied for on a separate application or **Master Promissory Note*** and the **EFC*** is not taken into consideration when determining eligibility.

The Federal Direct PLUS loan application or **Master Promissory Note** must be completed in order to receive a Federal Direct PLUS Loan. Once again, this can be completed on-line through the Federal Government's website site. Your Financial Aid Advisor will walk your parents through the process.

Section A must be completed by the parent (borrower). Information in this section includes borrower's personal data such name, address, etc., employment information, and two personal references. If the parent is not a US Citizen or national they will need their alien registration number.

Section B will be completed by your school. It may be automatically filled in or populated for you.

Section C will be the dependent student's information. Name, social security number, and birth date.

Section D is for the parent borrower to read and understand prior to signing the note. This section contains certifications and authorizations the borrower is granting by signing the note. Any questions should be discussed with the Financial Aid Advisor before signing.

Section E is the parent borrower signature section. In this section the parent is certifying that they understand the provisions of the note and that they promise to repay the loan under the terms and conditions as stated in the note. The note must be either e-signed if it is completed electronically or physically signed in blue or black ink and dated.

Section F contains the terms and conditions of the note. In this section you will find such items as loan cancellation provisions, an explanation of interest, late charges and collection costs, loan fees, and repayment terms.

Once the student and/or borrower (for PLUS loans) have completed all the **Master Promissory Notes*** they can either be transmitted through the website or brought to the Financial Aid office for further instruction and information.

D. Deadlines

Keep in mind that all steps involved in applying for student aid are accompanied by specific deadlines. These deadlines are set by the Department of Education and there are no exceptions (see insert). Your school may have their own specific deadlines in order to process students' packages in a timely manner. See your school's Financial Aid Administrator for specific deadlines. If these deadlines are not met, it may cause you to be ineligible for student aid.

E. Special Circumstances

Determining a student's eligibility for Federal Student Aid is generally the same for all applicants, however, there is some flexibility.

A Financial Aid Administrator, in appropriate circumstances, may choose to recalculate a student's **EFC***, a **student's Cost of Education***, as well as a student's dependency status. If, for example, a family's wage earner dies or loses a job or benefit, it is likely the family's income will not be as great as it was reported in the previous year. In cases such as this, the Financial Aid Administrator may recalculate the **EFC*** to take into account the change in a student's financial circumstances.

If you feel your financial situation may fall within any of these categories or some other category that affects your or your parent's financial background, talk with your Financial Aid Administrator. He or she can make the adjustments if circumstances justify it. This decision is based solely on the Financial Aid Administrator's professional judgment and is FINAL -- you cannot appeal the decision to the U.S. Department of Education.

F. Verification

You may be selected for a process called Verification by either the Department of Education or by your school. Verification requires documenting the information you reported on your FAFSA.

If selected for Verification, you may be asked to provide documentation of any of the following:

- Adjusted Gross Income
- Federal Income Tax paid
- Household size
- The number of family members enrolled in post-secondary education at least **half-time***
- Certain untaxed income and benefits received

Your Financial Aid Administrator may request certain documents in addition to your spouse's and/or your parents' Federal Tax Return. You will be required to explain any inconsistent or unusual information prior to receiving Federal Student Aid.

Normally this documentation should be submitted as soon as requested; however, schools also recognize that sometimes it is necessary to obtain this data from outside sources which could present additional delays which are beyond your control. Therefore, while you must provide evidence of having made all efforts to obtain the necessary documentation, a longer period of time is permitted as long as you submit the required documents to the school in ample time for the school to receive a valid **SAR/ISIR***.

If corrections are required, it will be necessary for you, and/or your parents or spouse to submit signed correction documentation to the school, which will resubmit that information for corrections. After the verification procedures are complete, you will receive notification that will confirm that your file meets Federal standards of accuracy. In the case of the Federal Stafford Loan, you may consider that you have received notification that verification is complete when you

have received notification that the funds were credited to your account or you are permitted to endorse your loan check.

Your institution is required by Federal regulations to make referrals to the Department of Education and Department of Justice if it is suspected that aid was requested under a false pretense.

1. Verification Policy and Procedure for all Lincoln Educational Service Schools:

Selected students are provided a clear explanation of the documentation that is needed to satisfy the verification requirements. Submission deadlines and the consequences of failing to provide the requested information is thoroughly discussed. This advising occurs as soon as practical following the Director of Financial Aid's determination that the student's application is selected for verification and can be verbal or written. Students are periodically reminded of any documents that have yet to be submitted.

Students selected to verify the information used in the determination of their aid eligibility should submit the required documentation upon request. This will prevent a delay in the disbursement of the financial aid awards. It is recognized that sometimes it is necessary to contact outside sources that could result in delays in obtaining the required documentation. Therefore, students are made aware of this possibility and informed of the deadline for receiving all verification documentation. The school will continue to reschedule the student's disbursement date until the school's deadline for verification completion is met which is prior to the award's first disbursement date. Students who do not meet this deadline are not eligible to receive Federal aid that is contingent on the completion of verification and will be asked to bring in the verification documentation or pay the school in cash in place of that aid.

Lincoln Educational Services schools will not disburse any Title IV aid that is contingent on verification until the verification process is complete. Exception: The Federal unsubsidized Stafford Loan, the Federal PLUS Loan, and the TEACH Grant are not contingent on the verification process.

If additional documentation is required, the institution requests the documentation from the student verbally or in writing. When verification is complete, the student will be notified verbally that the verification process is complete and he/she is allowed the disbursement of Federal aid. Disbursement of funds will begin in accordance with Federal Regulations. This means if the student is eligible, his/her first disbursement of Federal Pell, Federal SEOG and Federal Perkins can be disbursed on the student's start date.

If any errors are found as the result of the verification, the student is responsible for correcting the SAR and mailing it promptly to the Central Processing System (CPS). If an ISIR is available, the institution will make the necessary corrections and reprocess the ISIR through the institution's system. In order for the institution to reprocess the ISIR it must contain signed documentation in the student's file to reflect the corrections made.

The institution may refer any instance in which there is reason to believe that an applicant has applied for Title IV, HEA program funds under false pretenses to state or local law enforcement agencies for investigation and report the referral of that instance to the Inspector General of the Department of Education.

The student is to comply with the verification requests noted in comment section of the SAR/ISIR and any additional requests made by the institution by completing the verification forms provided by the institution. They must also submit any additional documents requested.

III. SEVEN TITLE IV PROGRAMS

A. Federal Pell Grants

- **Grant - No repayment**
- **Undergraduate students only**

The Federal Pell Grant program provides financial assistance to undergraduate students to help pay for education after high school. Unlike loans, grants do not need to be paid back.

In order to qualify for Federal Pell Grants, you must meet the eligibility requirements listed on pages 1, 2, and 3.

The amount of Federal Pell Grants funds for which you will be eligible will depend upon:

- **Your Expected Family Contribution***
- **Your Cost of Education***
- **Your enrollment status (full or part-time)**
- **Your program length**

The maximum award can change yearly. The maximum award for the 2011-12 award year is \$5,550.

You are not eligible to receive a Pell Grant if you are subject to an involuntary civil commitment upon completion of a period of incarceration for a forcible or nonforcible sexual offense.

The duration of a student's eligibility to receive Federal Pell Grants is eighteen (18) semesters or the equivalent as determined by regulation.

You should apply as soon as possible for Federal Student Aid. See page 43 or your Financial Aid Administrator for application deadlines.

Once you have submitted all three parts of your Student Aid Report **(SAR)*** or your school has received the Institutional Student Information Record **(ISIR)***. The school will credit your award to your account, pay you directly, or use a combination of these methods.

Your school must inform you in writing how much your award will be and how and when you will be paid. Schools that are not defined as traditional term schools must issue payments at least twice per academic year. Those schools that are defined as traditional term schools must issue payment at least once per term.

B. Iraq and Afghanistan Service Grant

If you are not eligible for a Pell Grant but your parent or guardian was a member of the U.S. Armed Forces and died as a result of service performed in Iraq or Afghanistan after September 11, 2001, you are 24 years old or enrolled in college at the time of your parent's or guardian's death, you will be eligible to receive an Iraq and Afghanistan Service Grant equal to the amount of a maximum Pell Grant for the award year, except that the amount will not exceed that cost of attendance for that award year. You must though be at least a part-time student at the time of your parent's or guardian's death.

C. Teacher Education Assistance for College and Higher Education (TEACH) Grant Program (As of 7/1/11, no LESC School participates in this Program)

- **Grant - No repayment, but with a provision**
- **For Students who plan on becoming Teachers**
- **To qualify must achieve a 3.25 grade point average**

The Teacher Education Assistance for College and Higher Education (TEACH) Grant provides financial assistance to students who are planning to become teachers. The student must be enrolled in a

degree program which will result in a teacher degree or enrolled in a program with courses that can be transferred into a teacher degree program.

One of the requirements of this grant program is for the student to sign each year an Agreement to Serve (ATS) contract with the federal government. In the ATS the student must agree to serve as a full-time teacher for a total of not less than four academic years within eight years of completing his/her program of study. This teaching service must be completed at a low-income school in a high-need field. If this agreement is not met, the TEACH Grant funds will be converted to a Federal Direct Unsubsidized Stafford Loan that must be paid with interest. The interest will be charged from the date of each TEACH Grant disbursement.

To qualify for the TEACH Grant the student must maintain a 3.25 grade point average (gpa). If the student is in his/her first year of study the gpa applies to the student's cumulative high school record. Alternatively, a student can qualify if he/she scores above the 75th percentile on an undergraduate admissions test.

These requirements are in addition to the eligibility requirements listed on pages 1, 2, and 3.

The amount of TEACH Grant funds for which you will be eligible will depend upon:

- **Your Cost of Education***
- **The other financial aid you receive**

You can receive up to \$4,000 per year for four years.

The school will inform you in writing, via your Award Letter (AL) or some other notification, of how much your award will be and how and when you will be paid. The TEACH Grant funds will be scheduled in at least two disbursements.

D. Federal Supplemental Educational Opportunity Grants (FSEOG)

- **Grant - No Repayment**
- **Undergraduate students only**
- **Campus-based program**

The Federal Supplemental Educational Opportunity Grant Program (FSEOG) provides financial assistance to undergraduates to help pay for education after high school.

This grant is for students with exceptional need (priority given to Federal Pell Grant recipients) and does not have to be paid back.

In order to qualify for FSEOG, you must meet the eligibility requirements listed on pages 1, 2, and 3.

The amount of FSEOG for which you will be eligible will depend upon:

- **Your school's packaging procedures**
- **The availability of Federal SEOG funds at your school**
- **Your Expected Family Contribution***
- **Your degree of demonstrated need**
- **The amount of other aid you will be receiving**

You can receive up to \$4,000 FSEOG per academic year depending on your need, the availability of the FSEOG funds at your school, and the amount of other aid you will be receiving.

Due to limited program funds, not everyone who qualifies for an FSEOG will get one.

Your school may award FSEOG to students who are attending **half-time*** and **less than half-time***. See your Financial Aid Administrator to find out if this funding is offered at your school.

As with the other Federal Grant Programs, once you have submitted your **SAR/ISIR*** your school will credit your award to your account, pay you directly, or use a combination of these methods. The school will inform you in writing, via your Award Letter (AL) notification or some other notification, of how much your award will be and how and when you will be paid. FSEOG funds are usually scheduled in at least two disbursements.

E. Federal Work-Study (FW-S) (Not available at all School locations)

- **Provides jobs to earn money for school expenses**
- **Based on need and availability of funds**
- **Campus-based program**

The FW-S program provides jobs to undergraduate and graduate students to assist them in meeting their educational expenses.

In order to qualify for FW-S, you must meet the eligibility requirements listed on pages 1, 2, and 3.

The amount of FW-S for which you will be eligible will depend upon:

- **Your school's packaging procedures**
- **Your degree of demonstrated need**
- **The availability of FW-S funds at the school**
- **The amount of other aid you will be receiving**
- **The availability of jobs and scheduling which do not conflict with your class schedule**

Federal Work Study jobs can be located on or off campus. Your school will attempt to place you in a position that will complement your academic and career goals.

Your school may set your work schedule. The Financial Aid Administrator will take into consideration your need, class schedule, health, and academic progress prior to arranging a job and assigning work hours. Your school must inform you of the terms and conditions of any employment that is part of your financial aid package.

If you are an undergraduate, you will be paid on an hourly basis. You will be paid at least the current Federal minimum wage and your school must pay you at least once a month.

Like FSEOG, a school may use part of its FW-S allocation for **half-time*** students and in some cases, for **less than half-time*** students. Contact your school's financial aid office for more information

If FW-S will be part of your aid package, you will receive notification via your Job Description form or some other notification letter listing the amount of the award scheduled for you.

F. Federal Perkins Loan Program (Not Available at all School locations)

- **Loan – Must be repaid**
- **Campus-based program**

The Federal Perkins Loan is a low-interest loan to help undergraduate and graduate students pay for education after high school. Federal Perkins funds are a loan and therefore must be repaid with interest.

In order to qualify for Federal Perkins funds, you must meet the eligibility requirements listed on pages 1, 2, and 3.

The amount of Federal Perkins Loan for which you will be eligible for will depend upon:

- **Your School's packaging procedures**
- **The availability of Federal Perkins funds at your school**
- **Your degree of demonstrated need**
- **The amount of other aid you will be receiving**

Eligible students may borrow up to \$5,500 in Federal Perkins funds per award year for a student who has not successfully completed a program of undergraduate education or \$8,000 per award year for a graduate or professional student.

Your school may award Federal Perkins to students who are attending **half-time*** and even **less than half-time***. See your Financial Aid Administrator to find out if this funding is offered at your school.

Like the other Federal Grants, once the **SAR/ISIR*** has been submitted and you have signed a promissory note, your school will credit your award to your account, pay you directly, or use a combination of these methods. The school will inform you in writing, via the Award Letter (AL) notification or some other notification, of how much your award will be and how and when you will be paid. The loan funds are usually scheduled in at least two disbursements.

If you are attending at least **half-time*** you have an initial grace period of nine months after you graduate, leave school, or drop below **half-time***. If you are **less than half-time*** student, your grace period may be different. At the end of your grace period you must begin repaying your loan; you have up to ten years to repay your loan.

If you return to school after your nine month grace period has ended, the grace period after you cease to attend will only be six months.

The amount of your monthly loan payment will depend upon the amount of your loan and the length of your repayment period.

Generally a minimum payment of \$40.00 to \$50.00 a month is required, depending on the time your loan was disbursed. Your school may let you pay less than \$40.00 a month if special circumstances occur.

A loan repayment coupon book will be mailed to you during your grace period. You are expected to return the proper coupon with your payment each month. Frequency of payments and amounts due are determined by provisions in the **promissory note*** and any agreements made when exiting the school. The schedule of repayment may be invalidated by submission of forms requesting a deferment or cancellation, or by late payments.

Under certain conditions you can defer your Federal Perkins Loan repayment. To obtain a deferment you must complete a deferment request and submit it to your school. Deferment applications will be provided for you on request by your school or your school's billing agent. See page 39 for a summary of deferments available to Federal Perkins Loan borrowers.

If you are willing, but financially unable, to make the required payments on a loan you may request forbearance from the school. Forbearance is the temporary cessation of payments, allowing an extension of time for making payments, or allowing smaller payments than were previously scheduled. Interest will continue to accrue, even during the period of forbearance; the borrower is always responsible for repayment of accrued interest charges. The borrower must request forbearance in writing.

If you die, or become permanently disabled, your loan will be totally canceled. Your surviving family or you will need to contact the school's billing agent.

Part of your loan will be canceled for each completed academic year you are a full-time teacher of handicapped children or for each academic year you teach full-time in a designated elementary or secondary school that qualifies for Title 1 assistance (low-income schools).

Part of your loan will be canceled for each year of full-time work in specified Head Start programs.

Up to 70% of your loan may be canceled for service as a Peace Corps or Vista volunteer.

If you serve as an enlisted person in certain selected specialties of the U. S. Army, the Army Reserves, or the Army National Guard the Department of Defense will, as an enlistment incentive, repay a

portion of your loan. Contact your recruiting officer if you think you may qualify.

All or part of your loan may be canceled if you are a full-time nurse or medical technician (applies to Federal Perkins loans made on or after July 23, 1992.)

All or part of your loan can be canceled if you are in service as a full-time law enforcement or corrections officer. (Applies to Federal Perkins loans made on or after November 29, 1990.)

The Federal Perkins Loan program, again, is a **loan** and must be repaid with interest. Although your school will cooperate with you in any way possible, late payments and other types of neglect, i.e. failure to report an address change or to submit forms on time, could result in action by a collection agency. This action will impair your credit, eliminate further availability of Financial Aid, and impair relations with the school. The Internal Revenue Service may also withhold your income tax refund and apply it toward your loan repayment.

G. William D. Ford Federal Direct Loan Program (FDLP)

- **Loan - Must be repaid**
- **Graduate and Undergraduate Students**
- **Federal subsidized Stafford, Federal Unsubsidized Stafford Loans, and Federal PLUS Loans**

1. Federal Stafford Loan Program

The Federal Stafford Loan is a low-interest loan made by the U.S. Department of Education to help you pay for your education after high school.

In order to qualify, you must meet the eligibility requirements listed on pages 1, 2, and 3.

There are two types of Stafford loans: subsidized and unsubsidized. You must have financial need to receive a subsidized Stafford Loan. Financial need is not a requirement to obtain an unsubsidized Stafford Loan. The U.S. Department of Education will pay (subsidize) the interest that accrues on subsidized Stafford Loans during certain periods.

The amount of Federal Stafford Loan you will be eligible for will depend upon:

- **What year of school you are in?**
- **Whether you are a dependent or independent student.**

Subsidized Stafford Loans

- **Available to students who demonstrate need**
- **The U.S. Department of Education pays the interest:**

While you are in school at least half-time

For the first six months after you leave school (referred to as a "grace period")

During a period of deferment (a postponement of loan payments)

Unsubsidized Stafford Loans

- **Does not require students to demonstrate financial need.**
- **The U.S. Department of Education does not pay interest on unsubsidized loans.**

The following Federal Stafford Loan limits are effective for subsidized loans certified on or after July 1, 2011:

Undergraduate dependent/independent students who have not yet completed their first year of study:

- Up to \$3,500 for a program of study at least an academic year in length.
- A prorated amount of \$3,500 if the program is shorter than an academic year in length.

For subsidized loans first disbursed on or after July 1, 2011, loan limits for undergraduate dependent/independent students who have completed their first year of study, but have not yet completed the remainder of the program:

- Up to \$4,500 for a program of study of at least an academic year in length.

- A prorated amount of \$4,500 for a program whose remaining academic year is less than a full academic year in length.

Students who have completed two years of study, and the remainder of their program is at least one academic year long, may borrow up to \$5,500. For periods of undergraduate study less than an academic year, the loan will be prorated as mentioned above. See your Financial Aid Administrator to determine how much you may be eligible to borrow.

The following Federal Stafford Loan limits are effective for unsubsidized loans certified on or after July 1, 2011:

Undergraduate independent students for their first and second year of study and dependent students whose parents can not borrow a PLUS loan:

- Up to \$4,000 for a program of study at least an academic year in length.
- A prorated amount of \$4,000 if the program is shorter than an academic year in length.

In addition to the above limits, effective July 1, 2008, a dependent or independent undergraduate student may borrow an additional \$2,000 unsubsidized Stafford loan per grade level if the student's cost of attendance* minus the other aid warrants the need for additional funding.

The total Federal Stafford Loan debt you may have outstanding as a dependent undergraduate is \$31,000 of which no more than \$23,000 can be subsidized, and as an independent undergraduate \$57,500 of which no more than \$23,000 can be subsidized.

For all Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed on or after July 1, 2011 an origination fee of 1 percent will be deducted proportionately from each loan disbursement made to you.

If your loan(s) was first disbursed on July 1, 2011 it will carry a fixed interest rate of 3.4% for a subsidized loan and 6.8% for an unsubsidized loan while you are in school and after you go into repayment.

2. Federal PLUS Loans for Parents of Undergraduate Students and Graduates

Federal PLUS Loans are for parent borrowers and as of July 1, 2006 for graduate borrowers. These loans provide additional funds for expenses that are incurred as a direct result of being enrolled in school. Federal PLUS Loans are made by The U.S. Department of Education. The interest rate on loans made after July 1, 2011 is a fixed rate of 7.90%.

There is also an origination fee that is charged on each loan of 4%. This fee will be deducted proportionately from each disbursement of the loan.

To qualify for FPLUS loans you must meet the eligibility requirements listed on pages 1, 2 and 3.

The amount of FPLUS Loans you will be eligible for will depend upon:

- **Your school's cost of attendance***
- **The amount of other aid you will be receiving**

By signing the Master Promissory Note your parent(s) has authorized the Department of Education to transfer their loan proceeds electronically to the school. When the funds are received via EFT (Electronic Funds Transfer) they will be credited to your account.

Federal PLUS borrowers generally must begin repayment of both principal and interest within 60 days of the last loan disbursement.

Under certain conditions the borrower can defer FPLUS repayment. To obtain a deferment the borrower must complete a deferment request and submit it to their lender. See page 33 for a summary of deferments.

If an FPLUS loan is obtained by two parents as co-makers and only one of the borrowers dies, becomes totally and permanently disabled, or has his or her loan discharged in bankruptcy, the other borrower remains obligated to repay the loan.

IV REPAYMENT OPTIONS FOR STAFFORD AND PLUS LOANS

A. Federal Stafford Loans

Repayment of a Federal Stafford Loan begins six months after you graduate, leave school, or drop below **half-time***. This period of time is called the grace period.

- For a subsidized loan, you don't have to pay any principal and you will not be charged interest during the grace period.
- For an unsubsidized loan, you don't have to pay any principal, but you will be charged interest during the grace period. Remember you can pay the interest as you go along or it will be capitalized (i.e., added to the principal loan balance) later.

The amount of each payment depends upon the size of your debt, and the repayment plan you select. Repayment plans for Stafford loans vary between 10 to 25 years. The following repayment plans are available for Direct Stafford borrowers:

A Standard Repayment Plan

A Graduate Repayment Plan

An Extended Repayment Plan

Income-Contingent Repayment (ICR) Plan

Income-Based Repayment (IBR) Plan

The Standard Repayment Plan has a fixed annual amount of at least \$50.00 a month paid over a fixed period of time not to exceed 10 years.

A loan repayment coupon book will be mailed to you during your six-month grace period. You are expected to return the proper coupon with your payment each month. Frequency of payments and amounts due are determined by provisions in the **promissory note***. The schedule of repayment may be invalidated by submission of forms requesting deferment or cancellation, or by late payments.

Under certain conditions you can defer your Federal Stafford Loan payment. To obtain a deferment, you must complete a deferment request and submit it to your lender/Service for the U.S. Department of Education. See page 33 for a summary of deferments. Your loan may be canceled if you die or become permanently and totally disabled.

Late payments and other types of neglect, such as failure to report a change in your address, may result in action by a collection agency. If you default on your loan it may affect your future credit rating. It can also result in the IRS withholding your tax refund and applying it toward your loan repayment.

If you default on your loan, you cannot receive further Federal Aid until you make satisfactory arrangements to repay your loan.

The chart below shows estimated monthly payments and total interest charges for 3.40 percent subsidized Stafford loans of varying amounts, with **standard repayment periods**:

STANDARD REPAYMENT PERIODS				
<u>Total Indebtedness</u>	<u>Number of Payments</u>	<u>Monthly Payment</u>	<u>Interest Charges</u>	<u>Total Repaid</u>
\$ 3,500.00	79	\$ 50.00	\$ 406.62	\$ 3,906.62
4,000.00	91	50.00	542.51	4,542.51
7,500.00	120	73.81	1,357.20	8,857.20
10,000.00	120	98.42	1,810.40	11,810.40
20,000.00	120	196.84	3,620.80	23,620.80

Source: Direct Loan site-www.direct.ed.gov/calc.html

The chart below shows estimated monthly payments and total interest charges for 6.80 percent unsubsidized Stafford loans of varying amounts, with **standard repayment periods**:

STANDARD REPAYMENT PERIODS				
<u>Total Indebtedness</u>	<u>Number of Payments</u>	<u>Monthly Payment</u>	<u>Interest Charges</u>	<u>Total Repaid</u>
\$ 4,000.00	107	\$ 50.00	\$ 1,344.00	\$ 5,344.00
6,000.00	120	69.00	2,286.00	8,286.00
9,500.00	120	109.00	3,619.00	13,119.00
12,500.00	120	144.00	4,762.00	17,262.00
20,000.00	120	230.00	7,619.00	27,619.00

Source: Sallie Mae – Loan Repayment Calculator

Your Financial Aid Advisor will assist you in selecting the best repayment plan for you. To get more details on all the

repayment plans listed above, you may go to the Department of Education's web site www.FederalStudentAid.ed.gov

B. Federal PLUS Loans for Parents of Dependent Students and Graduates

The repayment period for a PLUS loan begins on the date the loan is fully disbursed—there is no grace period. However, graduate student PLUS borrowers may defer repayment while they are enrolled in school at least half-time.

Interest is charged on PLUS loans during all periods, beginning on the date of the first loan disbursement. A PLUS borrower may pay the interest as it accrues during a deferment, or allow it to accrue and be capitalized at the end of the deferment period.

Your parents and graduates students have nearly all the repayment options of the Stafford loan borrower. The exception is that the Income-Contingent Repayment Plan and the Income-Based Repayment Plan are not available to parent PLUS Loan borrowers.

V. DEBT MANAGEMENT

Debt Management is the borrower's ability and desire to control the level of his or her indebtedness as well as repay the loans that have been assumed.

One way to prepare yourself to repay your loan is to calculate the amount you will owe when you leave school:

Take the amount you borrowed this year, plus any amount you borrowed in previous years, and the amount you expect to borrow for your future education; add them together. This will give you your total indebtedness at the time you graduate.

This calculation does not include any interest you will owe, because the interest rate may vary and your total loan amount will be affected by how long you take to repay.

Your school's Financial Aid Administrator can help you determine what the average student attending your school will borrow through the Federal Direct Loan Program.

Situations may occur that could make loan repayment more difficult than you anticipated, i.e. job loss or a career change. Under these conditions loan consolidation or refinancing may be of help to you. If your loan is in default you will not be able to refinance, and loans more than 90 days

delinquent are not eligible for consolidation. The U.S. Department of Education can provide you with more information about loan consolidation and the refinancing options available to you.

A. Loan Deferment Options

Once you begin to repay your loan, there are certain options to help you if you need to postpone repayments. The following deferments may be available if you do not have a prior balance with the Federal Family Loan Program (FFELP)*:

- Enrolled at least Half-Time
- In a Full-time Graduate Fellowship Program of Study
- In a Full-time Rehabilitation Program for individuals with disabilities
- Are unemployed
- Have an Economic Hardship
- Serving on Active Duty during a War
- In the National Guard/Reserves & called to active duty
- Serving during a National Emergency
- Have joined the Army, Navy, or other Armed Service

***The Federal Family Educational Loan Program was eliminated on June 30, 2010.**

If you have a prior loan balance with FFELP see your Financial Aid Advisor for additional deferments that may be available to you

You have a legal obligation to repay your loan, regardless of your financial situation. However, your lender, the U.S. Department of Education, may allow you to:

- Have a short period of time in which you do not have to make payments, or
- Extend the amount of time during which you will make payments, or
- Allow you to make smaller payments than you are scheduled to make, if the financial need arises.

B. Loan Consolidation

The Federal Stafford and Federal Perkins Loans are eligible for "loan consolidation." Loan consolidation is a plan that allows the Federal Government to repay your existing student loans and to create one new loan. You must be in repayment, or have entered your grace period, before your loans can be consolidated. The interest rate on the consolidated loan is a fixed rate for the life of the loan. Currently the interest rate is capped at 8.25 percent. The repayment period will be from ten to thirty years, depending on the amount to be repaid.

C. Loan Default

If you fail to make loan payments when they are due, you will be considered in default. You are in default on your loan if:

- You do not follow the terms of your **Promissory Note***, or
- You are 270 days late or more in making a monthly payment, and
- The Department of Education's selected servicer of your loan determines that it is reasonable to believe that you do not intend to repay your loan.

If you are considered to be in default, the U.S. Department of Education will remove your loan from the servicer and turn it over to a contracted collection agency to collect any principal and interest payments that are due.

The servicer can also collect from you any reasonable costs that it has incurred while attempting to collect the overdue payments.

If you do not have enough money to repay your loan, the servicer may postpone collection activities until you accumulate sufficient money or property. The servicer may then take legal action to garnish your wages (meaning your employer will be required to take payments for your servicer out of your wages) or to take any land, personal property, or other assets.

During the time you are in default, the servicer may continue to charge you interest on your loan. In addition, the servicer or the Department of Education may report to a credit bureau that you have not repaid your loan. This report can injure your credit and make it difficult to obtain credit in the future.

Paying back your loan on time is the surest way of building a good credit history. Good credit is very important when applying to purchase such things as a car or a house. Problems can occur if you do not pay your loan back on time, such as:

- Loss of federal and/or state income tax refunds
- Loss of eligibility for further financial aid
- Possible legal action

An additional plus to paying back your student loan(s) is that it will help ensure that the door remains open for other students to borrow for their education, as you have.

D. Borrower Responsibilities

When you borrow money under the Federal Direct Loan Programs, you become partners with the Federal Government. The government makes money available to you to pay for your education, and you agree to pay back the loan amount, with interest, and on time. Your responsibilities include:

- Thinking about how much you are borrowing: Think about how the amount of the loan will affect your future finances, and what your repayment obligation means before you take out a student loan.
- Completing all application forms truthfully and accurately. Sign a promissory note.
- Reading, understanding and keeping copies of all forms
- Providing additional documentation or information as requested
- Making payments on time: You are required to make payments on time even if you don't receive a bill, repayment notice, or a reminder. You also must make monthly payments in the full amount required by your repayment plan. Partial payments do not fulfill your obligation to repay your student loan on time.

- Notifying your servicer or school of anything that affects your ability to repay your loan
- Informing the servicer if you change your name, address, or social security number
- Informing the servicer if you graduate, drop out of school, transfer to a different school, or drop to below a half-time enrollment status as defined by your school
- Receive entrance and exit counseling: First-time borrowers must complete an entrance counseling session before your first loan disbursement. You also must receive exit counseling before you leave school to make sure you understand your rights and responsibilities as a borrower.

The first Federal Stafford Loan payment is due six months after you are no longer enrolled in school at least half-time. A six month "grace period" allows you time to find a job and arrange a repayment schedule. The first FPLUS Loan payment is due within 60 days after the last disbursement (unless a deferment has been approved).

Remember, your loan money can be used only for tuition and other related educational expenses.

E. Borrower Rights

When you take out a loan, you must sign a master promissory note. You must be given a copy of the completed note, and the original note must be returned to you when the loan is paid in full.

You must be given a list of deferment conditions.

In signing the master promissory note, you have authorized the lender, the U.S. Department of Education, to transfer your funds to the your school electronically or what is referred to as electronic funds transfer process (EFT). Before your school negotiates your first loan disbursement, your school/lender must also give you the following information about your loan:

- What state grant assistance is available to you from the state in which you reside?
- What financial aid programs are available at your school and how you can qualify for them? Also, the

yearly and total amounts you can borrow and the maximum and minimum repayment periods

- Details about your loan.
- A description of the grace period.
- How your financial need was determined and what items were considered in your budget
- A complete list of loan fees, and information on how they are collected (these will also have to be repaid)
- Your school's policies concerning enrollment, required attendance, and good academic standing
- Your school's policy on returns if you should leave school
- An explanation of default and its consequences
- Change in loan servicers: If your lender changes loan servicers, both the old and the new servicer must give you the identity of the new loan servicer and the address where payments must be sent, and the telephone numbers of both the old and new servicer.

Before your repayment period begins, your school/lender must tell you:

- The amount of your total debt (principal and interest), what your interest rate is, and the total interest charges on your loan
- Where to send your payments and where to write if you have questions
- When your first payment is due and the number, frequency and amount of all payments
- What fees you should expect during the repayment period
- What prepayment, refinancing, and consolidation options are available to you?
- You must be given a loan repayment schedule

If you are willing but unable to meet your repayment schedule and are not eligible for a deferment, you may request forbearance. Forbearance means permitting payments to be stopped temporarily, allowing an extension of time for making payments, or making smaller payments than were originally scheduled. Your lender, the U.S. Department of Education, is not obligated to grant you forbearance or a delay in repayment.

With a Subsidized Federal Stafford Loan, you have a right to federal interest benefits. This means that the Federal Government will pay the interest on your loan until your repayment period begins.

They will also pay the interest during authorized deferment periods. You must arrange with the lender to pay the interest on your Federal Stafford Loan if you do not qualify for federal interest benefits.

Remember, if you ever have any questions, do not hesitate to ask. You have the right to an honest and complete answer to any question you may have about your Federal Stafford or Federal PLUS Loan.

SUMMARY OF FEDERAL PERKINS DEFERMENTS AVAILABLE

The following deferment conditions are available to all Federal Perkins loan borrowers. Interest does not accrue during the deferment period.

- In-school deferment; enrolled at least half-time
- Rehabilitation training as approved by the Department for disabled individuals.
- Enrolled in a Graduate Fellowship Program approved by Dept of ED
- Inability to secure full-time employment (Limit of 3 Years)
- Economic Hardship as determined by the school (Limit of 3 Years)
(Serving as a Peace Corp volunteer is included under hardship)
- Serving in Active Duty during a War
- Serving during a National Emergency
- Serving in the National Guard during a War

GLOSSARY

Academic Year (AY) – A period of time in which a full-time student is expected to complete the equivalent of at least 24 semester credits/36 quarter credits/900 clock hours and 30/26 instructional weeks. The school catalog should be checked for the definition of the AY of the program of your enrollment.

Award Year – The Financial Aid award year is a twelve month period beginning on July 1st of one year through June 30th of the following year.

Cost of Attendance - The student's Cost of Attendance (COA) includes not only tuition and fees but the student's living expenses while attending school. The COA is estimated by the school, within guidelines established by federal law. The COA is used in a formula with the student's Expected Family Contribution (EFC) to determine the student's need for aid.

Eligible Non-Citizen - See "U.S. Citizen/Eligible Non-Citizen"

Entrance/Exit Interview - A counseling session you must attend before your first disbursement, and again before you leave your school, if you have received any of the loans described in this booklet. You will receive information on the average amount borrowers owe the amount of your monthly repayment, and information about deferment, refinancing, and loan consolidation options.

Expected Family Contribution (EFC) - This figure is determined by mathematical formula and indicates how much of your family's financial resources should be available to help pay for your school expenses. The financial information you fill in on the FAFSA, such as adjusted gross income and tax liability is considered in determining your family's financial strength. The EFC is used to determine your eligibility for aid from the Federal Pell Grant, campus based, and Federal Stafford Subsidized Loan programs.

FAFSA – Free Application for Federal Student Aid-This application is the first step in the financial aid process. The FAFSA is used to apply for federal student aid, such as grants, loans, and work-study. In addition, most states and colleges use information from the FAFSA to award nonfederal aid.

Half-Time - For schools measuring progress by credit hours and academic terms (semesters, trimesters, or quarters), "half-time" means at least 6 semester or quarter hours per term. For schools measuring progress by credit hours, but not using academic terms, "half-time" means at least 12 semester hours or 18 quarter hours per year. For schools measuring progress by clock hours, "half-time" means at least 12 hours per week. Note that schools may set higher minimums than those cited here.

Incarcerated – A student is considered to be incarcerated if he/she is serving a criminal sentence in a federal, state, or local penitentiary, prison, jail, reformatory, work farm, or similar correctional institution. A student is not considered to be

incarcerated if he/she is in a half-way house or home detention or is sentenced to serve only weekends.

Institutional Student Information Record (ISIR) - The federal electronic output document that is received by the institution you designated on your original FAFSA application. The ISIR contains a family's financial and other information as reported by the student on the financial aid application. The student's eligibility for aid is indicated by the EFC printed on the front of the ISIR.

NSLDS - (National Student Loan Data System) - A data base system set up by the Federal Government to enable a school to view a student's financial aid history and thereby verify the affect on the current financial aid eligibility. NSLDS will also help the school to track changes to the student's financial aid history through the post screening and transfer student monitoring processes.

Promissory Note or Master Promissory Note - A legal document that a borrower signs to receive a loan, the Promissory Note is the borrower's promise to repay the loan, with interest, in specified installments. The Promissory Note will also include any information about the grace period, deferment, or cancellation provisions, and the student's rights and responsibilities with respect to that loan. A single Master Promissory Note is good for ten (10) years.

Rigorous High School Program – A program is immediately recognized as rigorous if it is an advanced or honors program as defined by the state. Other programs that will be recognized as having evidence of rigor will be: The State Scholars Initiative requirements, A set of courses similar to those required under the State Scholars Initiative, and Advanced Placement or International Baccalaureate courses and test scores. These three programs are similar to college preparatory programs.

SAR - See "Student Aid Report"

Satisfactory Academic Progress - You must be maintaining satisfactory academic progress towards a degree or certificate to be eligible to receive Federal Student Aid. Each individual school develops a policy for students to follow that usually takes into consideration standards for both grades and attendance. Consult your school's Financial Aid Administrator to find out what standards you must meet to remain eligible for Federal Student Aid.

Statement of Updated Information - A statement on the SAR/ISIR which requires a student signature. The statement serves as certification that the student's dependency status, household size, and number of family members enrolled in college are accurate at the time the SAR/ISIR is signed. If any information changes after you apply, you must update it so that it is correct on the date you sign your SAR/ISIR. The only exception to this requirement is a change in your marital status.

Student Aid Report (SAR) - The federal output document printed by a FAFSA processor and mailed to the student. The SAR contains the family's financial and other information as reported by the student and the parent, if applicable, on the FAFSA. The student's eligibility for aid is indicated by the EFC printed on the front of the SAR.

Your Financial Aid Administrator will be able to inform you of the amount of aid you can expect to receive while attending school.

Tax Return- When completing a FAFSA, the data used is from the last completed Federal Tax Return for the calendar year proceeding the award year. For instance, the 2010 Federal Tax Return would be used for the 2011-12 award year.

U.S. Citizen/Eligible Non-Citizen - You must have one of the following statuses to receive Federal Student Aid:

- U.S. Citizen (including District of Columbia, Puerto Rico, U.S. Virgin Islands, Guam, and Northern Mariana Islands)
- U.S. National (including natives of American Samoa or Swain's Island)
- U.S. Permanent resident who has an I-151, I-551, or I551C (Permanent Resident Card). (See the Financial Aid Advisor for the current eligibility for these individuals.)

If your status does not fall within one of the above categories, you must have an arrival/departure record (I-94) from the U.S. Citizenship and Immigration Services (USCIS) showing one of the following designations:

- Refugee
- Asylum Granted
- Cuban-Haitian Entrant, Status Pending
- Conditional Entrant (valid only if issued before April 1, 1980)
- Victims of Human Trafficking, T-visa (T-2, T-3, or T-4, etc.) holder, or your parent is the holder of a T-1 visa.
- "Parolee" (You must be paroled into the United States for at least one year and you must be able to provide evidence from the US Citizenship and Immigration Services (USCIS) that you are in the United States for other than temporary purpose and that you intend to become a U.S. citizen or permanent resident.

Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau are eligible only for certain types of federal student aid. If you are from one of these places, check with your school's financial aid office for more information.

11/12 FEDERAL DEADLINES

June 30, 2012

Free Application for Federal Student Aid (FAFSA) must be received by the Central Processor. There are No Exceptions to this deadline.

September 15, 2012

Corrections sent electronically must have been processed by the Central Processor by this date. There are No Exceptions to this deadline.

September 15, 2012

A request for a duplicate sent electronically to the Department.

September 21, 2012 or Last Day of Enrollment, Whichever Comes First:

Student Aid Report must be submitted to the school.

September 21, 2012 or 120 days after Last Day of Enrollment, Whichever Comes First:

Verification documentation, if requested, must be submitted to the school.

Please keep in mind these are Federal deadlines. Schools often set deadlines early in the calendar year that must be met in order to receive certain types of funds. Consult the Financial Aid Administrator at your school to find out if you must meet any additional deadlines.

Addresses:

Send in your application to the address given in your application booklet. When checking on your application or requesting a duplicate SAR, make sure to include your full name, permanent address, social security number, date of birth, and signature. To verify the status of your application or to order a duplicate SAR (keep in mind, it takes four to six weeks for processing), write to:

Federal Student Aid Programs
P.O. Box 4691
Mt. Vernon, Illinois 62864-0059

If you need to make any corrections once you receive your Student Aid Report (SAR), complete Part 2 of the SAR, sign the Certification on the back (keep in mind, it takes two to three weeks to process a correction), and send to:

Federal Student Aid Programs
P.O. Box 4694
Mt. Vernon, Illinois 62864-0064

Telephone Numbers:

Federal Student Aid Information Center (General Information):

1-800-4-FED-AID (1-800-433-3243)

Application Processing Center (to find out if your application has been processed or to order a duplicate SAR):

1-319-337-5665

For the hearing-impaired:

1-800-730-8913

For Borrower Services at the Direct Loan Servicing Center:

1-800-848-0979
(Teletypewriter TTY 1-800-848-0983)

For the Direct Loan Consolidation Center:

1-800-557-7392
(Teletypewriter TTY 1-800-557-7395)

For questions with Federal loans, contact the Ombudsman's office

1-877-557-2575
1-202-377-3800
www.ombudsman.ed.gov

Addresses on the World Wide Web (WWW):

www.ed.gov

For Student Aid on the web:

www.Federalstudentaid.ed.gov

For Obtaining a Personal Identification Number (PIN):

www.pin.ed.gov

For Completing the FAFSA on the web:

www.fafsa.ed.gov

For Help in Completing the FAFSA:

www.Federalstudentaid.ed.gov/completefafsa

For Information about Direct Loans:

www.direct.ed.gov

For tracking outstanding Federal Student Loans:

www.NSLDS.ed.gov

For Information on Direct Loan Consolidation:

www.loanconsolidation.ed.gov

For Federal Student Aid Publications:

www.studentaid.ed.gov/pubs