

KENNEBEC VALLEY COMMUNITY COLLEGE

FINANCIAL AID OFFICE

FEDERAL STAFFORD STUDENT LOAN POLICY

EFFECTIVE: 07/02
Updated 3/10, 6/12, 3/15

For purposes of awarding and disbursing Federal Stafford Student Loans (subsidized and unsubsidized), the **Financial Aid Office** uses the following definitions:

Academic Year: Thirty (30) weeks is used as the standard for one academic year, since student attendance required for academic programs offered by Kennebec Valley Community College (KVCC) varies from 30 weeks to 42 weeks. Some allied health offerings require summer session attendance, extending the attendance period from 30 to 42 weeks, but credit hours carried during this term are below half-time (six credit hours) status, making the summer session an ineligible term.

Full-Time Program: Full-time programs are those that require a minimum of 24 credit hours of student attendance per academic year and result in an award of diploma, certificate or associate degree.

Enrollment Status: Full-time borrowers must carry 12 or more credit hours per semester; three-fourths-time borrowers must carry between 9 and 11 credit hours per semester; and half-time borrowers must carry between 6 and 8 credit hours per semester. Less-than-half-time students (those carrying 1 to 5 credit hours) are not eligible to borrow student loans.

Summer Session: Summer semesters are treated as "trailers" and are included in the current financial aid processing year rather than the upcoming fiscal year. The college will not routinely award student loans for this period, since students enrolled in programs that require attendance during the summer session are typically enrolled at a less-than-half-time status. In addition, students are typically packaged to their maximum eligibility by awarding $\frac{1}{2}$ the loan amount in the fall and $\frac{1}{2}$ in the spring semester. However, a student who has not met his/her maximum loan eligibility and is enrolled for six or more credits during summer will be packaged for a loan upon request.

Loan Limits: Through debt management and loan counseling, students are discouraged from borrowing more than the "recommended" eight percent of projected first year earnings. KVCC reserves the right, as granted by the U.S. Dept. of Education, to refuse to certify a student's Stafford loan or to certify the loan for an amount less than the established federal limits. In that instance, KVCC must document the reason and provide that written explanation to the student. KVCC's decision is final and cannot be appealed to the Dept. of Education.

Direct Loan Program: KVCC offers loans through the William D. Ford Federal Direct (Stafford) Loan program, in which borrowers obtain loan funds directly from the US Department of Education,

Adjustments: Adjustments to Financial Aid Office policy may be made for individuals on a case-by-case basis; i.e., transfer students with outstanding loan debt for prior college attendance may exceed typical borrowing limits.

Process for Application, Award, and Disburse: Students interested in borrowing under the Federal Stafford Student Loan Program must:

1. Complete the basic financial aid application process (file the FAFSA and KVCC Financial Aid Information form and provide all requested documents to the Financial Aid Office. (See **Application and Verification Policy**)
2. Complete an individual, web, or group **Entrance Interview** provided by the Financial Aid Office. Entrance and Exit Interviews are conducted with all KVCC borrowers to help them to understand their rights and responsibilities to the college, lenders, servicers, future students, and to themselves. While we cannot require students who have previously completed a loan entrance interview to undertake a new one when entering KVCC, we strongly recommend it. KVCC uses Internet web access, video, printed materials and individual or group in-person sessions to deliver pertinent information to borrowers and prospective borrowers. Most students complete their entrance interviews online. The following information is provided to students during the **Entrance Interview** and at other times while borrowers are enrolled at the college or involved in the loan repayment process.

Entrance Interview

- Assist students in the completion of forms.
 - Assist students with preparing educational, personal and household budgets (on request).
 - Review requirements for satisfactory academic progress
 - Explore all sources of aid (scholarships, gifts, veteran benefits, agency assistance, etc.).
 - Review college refund policy.
 - Stress constraints of aid.
 - Urge students to read and save all loan documents.
 - Describe consequences of multiple borrowing.
 - Explain sale and servicing of loans.
 - Review loan repayment obligations.
 - Provide data on average anticipated monthly payments.
 - Provide name, address and phone number of lender.
 - Verify school record of borrower's name, SSN, references, and driver's license number.
 - Stress the importance of keeping the lender and school informed of any changes of name, address, marital status, financial status, etc.
3. Complete a "**Master Promissory Note for Federal Stafford Loans (MPN)**," online.
 4. Sign and return the student's award letter indicating the loan amount(s) being accepted.
 5. Notify the Office of Academic Affairs (by completing add/drop forms) of all changes to enrollment (credit hours carried).
 6. Maintain satisfactory academic progress as outlined in the "**Satisfactory Academic Progress Policy**," available from the Financial Aid Office and on the KVCC Financial Aid Web Site.
 7. Schedule either group or individual **Exit Interviews** with the Financial Aid Office during the graduating term and complete the interview before leaving the college. Borrowers may also complete their interviews on the interactive web site.

Exit Interview

- Review loan repayment obligations (total student loan debt, estimated monthly payments, length of payment period, total interest to be paid, date of first payment)
- Provide information on debt management strategies.

- Provide data on average anticipated monthly payments.
 - Obtain borrower's expected permanent address, expected employer's name and address, and name, address and phone number of relative or friend.
 - Provide name, address and phone number of lender.
 - Provide information on debt management strategies.
 - Stress the importance of keeping the **lender** informed at all times of any changes of name, address, marital status, financial status, etc. (**Communication*** is one of the most important areas that are stressed to the student borrowers.)
 - Provide information about any changes in the Student Loan Regulations/Laws by maintaining relevant up-to-date bulletin board, brochures, pamphlets, etc.
8. The **Financial Aid Office** forwards loan originations to the Department of Education and checks to see that the student has completed his/her entrance interview and MPN online when loan requests are received from students.
 9. The **Finance Office** notifies students when Electronic Fund Transfers (EFT's) or checks for loan proceeds are received.
 10. The **Office of Academic Affairs** verifies the status of borrower enrollment and satisfactory academic progress. The Financial Aid office verifies the other components of SAP (credits attempted to earned, and completion within 150% of the published length of the student's program).
 11. The **Financial Aid Office** confirms the borrower's eligibility before authorizing release of loan proceeds (i.e., borrower has completed Entrance or Exit counseling; borrower has not been overawarded; credit hours certified by the Office of Academic Affairs agree with enrollment status used for loan award purposes, etc.).
 12. The **Finance Office** credits the loan proceeds to student accounts and/or refund appropriate amounts to students when accounts are satisfied.
 13. The **Financial Aid Office** works with borrowers, lenders and servicers following student termination from KVCC to help borrowers maintain healthy credit histories and to keep the college's default rate low. Some strategies the college employs include:
 - Access and review "delinquent borrower" reports from lenders and guarantors
 - Provide assistance to borrowers who are delinquent on student loan payments
 - Assist borrowers with defaulted student loans to re-establish eligibility for financial aid and to rehabilitate their loans
 - Review draft default reports from the Dept. of Education to ensure that borrower statuses and college default rates are calculated and reported accurately
 - Encourage students to sign up for the SALT financial literacy program