LOS MEDANOS COLLEGE
GUIDE TO FEDERAL EDUCATION LOANS

WELCOME
We are here to assist you with financing your college education. This packet contains valuable information and instructions on the loan process. This packet also outlines resources available to you to help make this process as efficient as possible.

Please review this packet carefully and follow the instructions. Remember to keep a file of your education loan documents and other financial aid information.

If you have any questions about the financial aid process, please contact the financial aid office at (925) 439-2181.

We look forward to seeing you on campus.

Sincerely,
The Financial Aid Office of Los Medanos College

SELECTING A LENDER
New borrowers frequently ask for help in selecting a reliable lender. You will find a list of recommended lenders below, but you are not obligated to make your selection from this list. We are confident that you will receive efficient, dependable service from both of these lenders. If you have borrowed previously, we encourage you to stay with your original lender to avoid having to manage repayment with multiple lenders.

BANK ONE-CHASE – 808588
WELLS FARGO – 807176

Financial aid comes in a variety of forms, including grants, scholarships, and loans. This packet describes loans available through the FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP). Education loans require repayment, and there are two main categories: federal and private. Federal loans are guaranteed against default by the federal government. Because the lender assumes less risk, interest rates are lower on federal loans than on private loans.

FEDERAL STAFFORD LOANS
If you demonstrate sufficient financial need, you can qualify for a subsidized Stafford loan — which means the federal government will pay the interest that accrues while you are in school, during a six-month post-school grace period, or in any authorized period of deferment.

If you fail to show sufficient need, you still can qualify for an unsubsidized Stafford loan. With an unsubsidized loan, you will be responsible for paying the interest that accrues during school, grace, and deferment periods. If you choose not to make interest payments while in school, the interest will be "capitalized," which means that the lender will add the accrued, unpaid interest to the principal balance of the loan. Future payments will be based on both the principal (original amount borrowed) plus any capitalized interest.

When you graduate or leave school, you’ll have a six-month grace period before repayment begins. You may receive up to 10 years to repay Federal Stafford Loans with a minimum payment amount of $50 per month. You may be able to defer payments at certain times if you return to school, are unemployed, or experience economic hardship.

FEDERAL PLUS LOANS
PLUS loans are available to parents who have children pursuing undergraduate studies only. Each year, a parent may borrow money for tuition, fees, books, room and board. Overall, the parent can borrow up to the actual cost of the education, minus any aid the student receives. A birth parent, stepparent, or adoptive parent with a good credit history may borrow for each dependent child who is enrolled in school at least half-time.

PLUS loans are different from Stafford loans because the parent borrower must show creditworthiness. Because the PLUS loan amount can be as much as the actual cost of education, the parent applying must undergo a credit check. The lender will secure a credit report after receipt of a PLUS loan application. Based on the credit report, the lender decides whether to extend a PLUS loan to the applicant.

Unlike Stafford loans, there is no grace period regarding repayment. Repayment on a PLUS loan begins as soon as the loan is fully disbursed. Parents may receive up to 10 years to repay the loan.
**BASIC REQUIREMENTS**

- All students applying for Federal Stafford Loans and parents applying for Federal PLUS Loans must be U.S. citizens or eligible non-citizens.
- All students must be enrolled on at least a half-time basis (or at least six credits per semester) to qualify for Federal Stafford Loans or to have their parents qualify for Federal PLUS Loans.
- Students must attend classes and maintain satisfactory academic progress to continue to be eligible for their loans.
- If students withdraw from classes before the end of the term, they still must repay their loans.

**DISBURSING YOUR LOAN FUNDS**

Your lender will disburse your loan funds to your school in two or more installments. First-time borrowers may not receive their funds until 30 days after classes begin. Funds must be used for education-related expenses only, such as tuition, fees, books, and room and board. All Los Medanos borrowers must attend a loan counseling session before their loans will be disbursed. This loan counseling provides more information on borrowing money for college and ensures that you understand your rights and responsibilities as a borrower.

**INTEREST RATES**

Interest rates change each year on both types of Stafford loans (subsidized and unsubsidized) and on Federal PLUS Loans for parents. Interest rates are adjusted annually on July 1 and remain in effect through June 30 of the following year.

Though the rates on these loans vary, the government puts limits on them. Rates on Stafford loans cannot exceed 8.25%, and PLUS loans are capped at 9%. Interest rates on Stafford loans also change as your student status changes. For example, rates are lowest while you’re in school, in the six-month grace period after leaving school, or during authorized periods of deferment.

**ESTIMATED REPAYMENT CHART**

<table>
<thead>
<tr>
<th>AMOUNT BORROWED</th>
<th>8.25%</th>
<th>9.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,625</td>
<td>$50*</td>
<td>$50*</td>
</tr>
<tr>
<td>$3,500</td>
<td>$50*</td>
<td>$50*</td>
</tr>
<tr>
<td>$5,500</td>
<td>$67</td>
<td>$70</td>
</tr>
<tr>
<td>$7,500</td>
<td>$92</td>
<td>$95</td>
</tr>
<tr>
<td>$8,500</td>
<td>$104</td>
<td>$108</td>
</tr>
<tr>
<td>$10,000</td>
<td>$123</td>
<td>$127</td>
</tr>
<tr>
<td>$15,000</td>
<td>$184</td>
<td>$190</td>
</tr>
</tbody>
</table>

* Minimum $50 payment is shown. Last payment may be less than $50. Making payments greater than minimum will result in lower total interest costs and a shorter loan repayment term.

**PLUS LOAN WORKSHEET**

If you plan to supplement your dependent student’s financial aid package with a PLUS loan, you will need to determine the amount to request for the loan period (normally two semesters unless otherwise indicated by the Financial Aid Office). Use the Estimated Expense data on your dependent student’s Financial Aid Award Letter to calculate approximately how much you can request.

**STEP 1:** To determine the Estimated Cost of Attendance (COA), add the following:

- Tuition and Fees
- Room and Board
- Books and Supplies
- Transportation
- Personal Expenses

**TOTAL COST OF ATTENDANCE =**

**STEP 2:** Add your Financial Aid Awards

- **GRANTS:** Federal Pell, Federal SEOG, and Cal Grant
- Scholarships
- Federal Work Study
- **LOANS:** Federal Stafford and Federal Perkins
- Other Loans

**TOTAL FINANCIAL AID AWARDS =**

**STEP 3:** Subtract COA from your total awards to determine need

**MAXIMUM PLUS LOAN NEED**

* Refer to your Award Letter

**This is the approximate maximum you can request for this loan period. Parent borrower eligibility is based on a credit check with no adverse credit history."
LOS MEDANOS COLLEGE STAFFORD LOAN REQUEST FORM

NEW BORROWER: Complete and return to the Financial Aid Office to initiate the loan process. If you wish to apply for a Stafford Loan, complete and return this form to the Financial Aid Office. Remember, you will still need to complete the Master Promissory Note (MPN) to complete the entire loan request process.

CONTINUING BORROWER: Use only to request changes. Please review your Financial Aid Award Letter to determine which loans you are eligible to receive.

STUDENT BORROWER (Please PRINT your full name)

_______________________________________________________________________________________
First Name MI Last Name

_______________________________________________________________________________________
Social Security Number Date of Birth (MM/DD/YYYY)

_______________________________________________________________________________________
E-mail Address Driver's License State/Number

Permanent Address (Please note that for processing of your loans, ALL mail will be sent to this address)

_______________________________________________________________________________________
Street Address

_______________________________________________________________________________________
City State Zip Code

Telephone Number (Please remember to indicate your area code)

NEW BORROWERS — PLEASE SELECT A LENDER

Lender Name: _______________________________________________________ Lender Code: ________________________________

If you have been awarded Unsubsidized Stafford Loan, do you want to be billed interest while you are in school?  

☐ Yes  ☐ No

PLEASE NOTE: IF YOU HAVE ANY PRIOR LOANS, CONTACT THE FINANCIAL AID OFFICE FIRST BEFORE SUBMITTING THIS FORM.

PLEASE CHOOSE ONE OF THESE TWO OPTIONS:

☐ I request the MAXIMUM loan amounts

☐ I request a CHANGE ONLY in the following loan amounts:

<table>
<thead>
<tr>
<th>TERM</th>
<th>REQUESTED AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2005</td>
<td>$_________________</td>
</tr>
<tr>
<td>Spring 2006</td>
<td>$_________________</td>
</tr>
</tbody>
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ENTRANCE INTERVIEW

New borrowers are required to receive loan entrance counseling prior to receiving their first loan disbursement. Freshmen will receive counseling as a group during orientation prior to the start of your first term. If you are a current student who has not borrowed previously contact the Financial Aid Office. The purpose of this meeting is to review your rights and responsibilities as a borrower so you can properly manage your future indebtedness.

AUTHORIZATION STATEMENT

I request Los Medanos College Financial Aid Office to forward my loan request to my lender. I authorize the school to pay any outstanding charges with my Stafford loan process. I understand that Los Medanos College will then mail any excess funds directly to me by check. I understand that unless I take action to request a decrease or cancellation of the loan amount, all loans will be processed as shown on my most current award letter.

_______________________________________________________________________________________
Student's Signature Date
LOS MEDANOS COLLEGE PARENT PLUS LOAN REQUEST FORM

Please complete and return this form to the Los Medanos College Financial Aid Office to initiate your loan processing. Any changes must be requested prior to the start of each semester. Our FAX number is (925) 427-1599. The Financial Aid Office will process your request and electronically certify your loan. If credit approved, you will receive a pre-printed PLUS Loan Master Promissory Note (MPN). Complete and return the PLUS loan MPN as instructed. By completing this request form, repeat borrowers using the same lender will only have to complete the MPN once, and simply indicate a yearly loan request amount for subsequent loans.

PARENT BORROWER (Please PRINT your full name)

Parent First Name ____________________________ Parent MI ____________________________ Parent Last Name ____________________________

Social Security Number ____________________________ Date of Birth (MM/DD/YYYY) ____________________________

E-mail Address ____________________________ Driver’s License State/Number ____________________________

Street Address ____________________________

City ____________________________ State ____________________________ Zip Code ____________________________

Home Telephone Number (Please remember to indicate your area code) ____________________________ Work Phone Number ____________________________

U.S. Citizenship Status (Check one and list ID # if applicable): ☐ Citizen/National ☐ Eligible Non-citizen — ID #: ____________________________

State of Legal Residence ____________________________ Since (MM/YY) ____________________________

Employer’s Name ____________________________

Employer’s Street Address ____________________________ City ____________________________ State ____________________________ Zip Code ____________________________

Are you currently in default on a federal education loan, or do you owe a refund on a federal student grant? ☐ Yes ☐ No

IF YES, STOP. YOU MUST CONTACT THE FINANCIAL AID OFFICE AT LOS MEDANOS COLLEGE FOR FURTHER PROCESSING INSTRUCTIONS.

Requested Loan Amount: $ ____________________________

Lender Name: ____________________________________________ Lender Code: ____________________________

STUDENT INFORMATION

First Name ____________________________ MI ____________________________ Last Name ____________________________

Social Security Number ____________________________

AUTHORIZATION

I authorize Los Medanos College to credit loan proceeds received via check to my dependent student’s tuition/fee account. In the event there are excess loan funds, I authorize the following refund of excess PLUS loan funds:

☐ Please mail the refund check for any excess PLUS loan funds directly to my dependent student.

☐ Please mail the refund check for any excess PLUS loan funds directly to me.

Parent Borrower’s Signature ____________________________ Date ____________________________

1-800-487-4404 • www.StudentLoanNet.com
e-mail us at: studentloans@chase.com

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