



Direct Loan Application Instructions

Steps to apply for a Loan at Otero Junior College

OJC only certifies Direct Student Loans from the U.S. Department of Education.

All borrowers need a current year **FAFSA** on file with OJC, an FSA ID, and a Social Security Number in order to apply.

1. Access www.studentaid.gov. Sign in with FSA ID and Password. Then complete **Entrance Counseling for Direct Loans**.
2. Remain on www.studentaid.gov and complete the **Master Promissory Note (MPN)**. The MPN will ask for two references; current addresses are required.
3. Complete the **Federal Direct Stafford Loan Application** form attached. Steps 1&2 should be completed before submitting a **Direct Loan form**. Submit the completed application to the Financial Aid Office or by mail and email. Incomplete applications will not be processed.

Please allow 2 weeks for processing

Annual Direct Student Loan Limits

Limits are set by the U.S. Department of Education

Dependent Students: less than 24 years of age/per FAFSA, unmarried, no children, and not a veteran

Grade Level	Max Subsidized	Additional Unsubsidized	Total Amount
Freshman (<30 credits earned)	\$3500	\$2000	\$5500
Sophomore (30+ credits earned)	\$4500	\$2000	\$6500

Independent Students: meet one of the above Dependent criteria or are otherwise deemed Independent on the FAFSA (and dependents whose parents Direct PLUS is denied).

Grade Level	Max Subsidized	Additional Unsubsidized	Total Amount
Freshman (<30 credits earned)	\$3500	\$6000	\$9500
Sophomore (30+ credits earned)	\$4500	\$6000	\$10500



Federal Direct Stafford Loan Acceptance Form

Office of Financial Aid
1802 Colorado Ave.
La Junta, CO 81050
719-384-6834
financialaid@ojc.edu

12-12-12
Social Security Number

S 1234567890
Student ID Number

12-12-12
Date of Birth

Name: Last First Phone # ()

Please allow at least two weeks for this loan request to be processed. If any part of this form is incomplete, processing will be delayed. In addition, this form must be submitted no later than 6 weeks prior to the end of the semester for which you are requesting funds. OJC reserves the right to reduce or deny this loan request due to overall loan debt, debt to income ration, lack of transfer credits, deficient GPA, enrollment or unsuccessful academic history.

- 1. Please check the type of loan(s) you are requesting: (you may request Subsidized and/or Unsubsidized) Subsidized Unsubsidized

2. Please indicate the total amount you wish to apply for: \$.00
Maximum Amounts: \$3500 Freshman (0-29 earned credit hours).
\$4500 Sophomore (30+ earned credit hours).
Additional Amounts: \$2000 additional for Dependent student
\$6000 additional for Independent student

- 3. Please check the period of attendance (only one) for which the loan is needed: Fall/Spring Spring Only Spring/Summer

4. What is your educational/career goal (when your education is completed)?
Degree Career Graduation Date

In order to receive a loan, you must agree to the following conditions:

- 1. By signing this form I understand that my full loan request may not be approved.
2. I have read and understand the Financial Aid Handbook.
3. I understand that my financial aid file must be complete before my loan is processed.
4. I understand that I must be in an approved degree or certificate program.
5. I understand that I must be making satisfactory academic progress.
6. I understand that my address must be current with OJC. Bad addresses may delay my refund.
7. I understand that I must maintain at least a half-time (6 credit hours) enrollment status in order to receive and keep my student loan each semester.
8. I understand that if I fail or withdraw from all or part of my classes, I may be asked to return all or part of my loan.
9. I understand that my school balance will be paid for first, and then I will be sent any remaining funds via HigherOne.
10. I understand that the total loan amount awarded will be split evenly, in 2 disbursements, throughout the loan period. If I feel that I have special circumstances, such as completing my program of study in one semester, I may schedule an appointment with my financial aid advisor to discuss my situation. I understand that under no circumstances will more than 50% of my student loan eligibility be disbursed at one time unless it is past the second or subsequent disbursement date. I also understand that student loans will not disburse until after 30 days of class each semester.
11. I understand that by signing below I am acknowledging that I have read and understand the above conditions.

You must complete a Master Promissory Note and Entrance Counseling (if you have not already done so) at: www.studentaid.gov

Signature Date

Loan Review for all borrowers of Direct Student Loans

Repayment

Your loan servicer will provide information about repayment and will notify you of the date loan repayment begins. It is very important that you make your **full** loan payment **on time** either monthly (which is usually when you'll pay) or according to your repayment schedule. If you don't, you could end up in default, which has serious consequences. Student loans are **real** loans—just as real as car loans or mortgages. **You have to pay back your student loans.**

Default

If you default, it means you failed to make payments on your student loan according to the terms of your promissory note, the binding legal document you signed at the time you took out your loan. In other words, you failed to make your loan payments as scheduled. Your school, the financial institution that made or owns your loan, your loan guarantor, and the federal government all can take action to recover the money you owe. Here are some consequences of default:

- National credit bureaus can be notified of your default, which will harm your credit rating, making it hard to buy a car or a house.
- You will be ineligible for additional federal student aid if you decide to return to school.
- Loan payments can be deducted from your paycheck.
- State and federal income tax refunds can be withheld and applied toward the amount you owe.
- You will have to pay late fees and collection costs on top of what you already owe.
- You can be sued.

Repayment Plans

When it comes time to start repaying your student loan(s), you can select a repayment plan that's right for your financial situation. Generally, you'll have from 10 to 25 years to repay your loan, depending on which repayment plan you choose.

Standard Repayment

With the standard plan, you'll pay a fixed amount each month until your loans are paid in full. Your monthly payments will be at least \$50, and you'll have up to 10 years to repay your loans.

Your monthly payment under the standard plan may be higher than it would be under the other plans because your loans will be repaid in the shortest time. For that reason, having a 10-year limit on repayment, you may pay the least interest.

Extended Repayment

Under the extended plan, you'll pay a fixed annual or graduated repayment amount over a period not to exceed 25 years. As a Direct Loan borrower, you must have more than \$30,000 in outstanding Direct Loans. This means, for example, that if you have \$35,000 in outstanding FFEL Program loans and \$10,000 in outstanding Direct Loans, you can choose the extended repayment plan for your FFEL Program loans, but not for your Direct Loans. Your fixed monthly payment is lower than it would be under the Standard Plan, but you'll ultimately pay more for your loan because of the interest that accumulates during the longer repayment period.

This is a good plan if you will need to make smaller monthly payments. Because the repayment period will be 25 years, your monthly payments will be less than with the standard plan. However, you may pay more in interest because you're taking longer to repay the loans. Remember that the longer your loans are in repayment, the more interest you will pay.

Graduated Repayment

With this plan, your payments start out low and increase every two years. The length of your repayment period will be up to ten years. If you expect your income to increase steadily over time, this plan may be right for you. Your monthly payment will never be less than the amount of interest that accrues between payments. Although your monthly payment will gradually increase, no single payment under this plan will be more than three times greater than any other payment

Income Based Repayment (IBR) – Effective July 1, 2009

Income Based Repayment is a new repayment plan for the major types of federal loans made to students. Under IBR, the required monthly payment is capped at an amount that is intended to be affordable based on income and family size. You are eligible for IBR if the monthly repayment amount under IBR will be less than the monthly amount calculated under a 10-year standard repayment plan. If you repay under the IBR plan for 25 years and meet other requirements you may have any remaining balance of your loan(s) cancelled. Additionally, if you work in public service and have reduced loan payments through IBR, the remaining balance after ten years in a public service job could be cancelled.

Income Contingent Repayment (ICR) (Direct Loans Only)

This plan gives you the flexibility to meet your Direct Loan obligations without causing undue financial hardship. Each year, your monthly payments will be calculated on the basis of your adjusted gross income (AGI, plus your spouse's income if you're married), family size, and the total amount of your Direct Loans. Under the ICR plan you will pay each month the lesser of:

1. The amount you would pay if you repaid your loan in 12 years multiplied by an income percentage factor that varies with your annual income, or
2. 20 percent of your monthly discretionary income.

If your payments are not large enough to cover the interest that has accumulated on your loans, the unpaid amount will be capitalized once each year. However, capitalization will not exceed 10 percent of the original amount you owed when you entered repayment. Interest will continue to accumulate but will no longer be capitalized (added to the loan principal).

The maximum repayment period is 25 years. If you haven't fully repaid your loans after 25 years (time spent in deferment or forbearance does not count) under this plan, the unpaid portion will be discharged. You may, however, have to pay taxes on the amount that is discharged.

Loan Repayment Information

My Current Loan Debt Is \$ _____
 Look up your current loan debt at www.nsls.ed.gov
 using your FSA username and password

How much more I will need to borrow to \$ _____
 accomplish my Educational/Career Goal?

My Total Expected Loan Debt When finished: \$ _____

Please use below chart to determine what your estimated monthly student loan payment will be. \$ _____

Sample Student Loan Repayment Chart

Total loan debt	Number of months	<u>Total Monthly Payment</u>	Total Interest (6.8%)	Total Payment (Interest + Principal)
\$3,500.00	90	<u>\$50.00</u>	\$970.00	\$4,471.02
\$4,500.00	120	<u>\$51.79</u>	\$1,714.80	\$6,214.80
\$9,500.00	120	<u>\$109.33</u>	\$3,619.60	\$13,119.60
\$13,000.00	120	<u>\$149.60</u>	\$4,952.00	\$17,952.00
\$15,000.00	120	<u>\$172.62</u>	\$5,714.40	\$20,714.40
\$17,500.00	120	<u>\$201.39</u>	\$6,666.80	\$24,166.80
\$20,000.00	120	<u>\$230.16</u>	\$7,619.20	\$27,619.20
\$22,500.00	120	<u>\$258.93</u>	\$8,571.60	\$31,071.60
\$25,000.00	120	<u>\$287.70</u>	\$9,524.00	\$34,524.00
\$27,500.00	120	<u>\$316.47</u>	\$10,476.40	\$37,976.40
\$30,000.00	120	<u>\$345.24</u>	\$11,428.80	\$41,428.80
\$32,500.00	120	<u>\$374.01</u>	\$12,381.20	\$44,881.20
\$35,000.00	120	<u>\$402.78</u>	\$13,333.60	\$48,333.60
\$40,000.00	120	<u>\$460.32</u>	\$15,238.40	\$55,238.40
\$42,500.00	120	<u>\$489.09</u>	\$16,190.80	\$58,690.80
\$45,000.00	120	<u>\$517.86</u>	\$17,143.20	\$62,143.20
\$47,500.00	120	<u>\$546.63</u>	\$18,095.60	\$65,595.60
\$50,000.00	120	<u>\$575.40</u>	\$19,048.00	\$69,048.00
\$52,500.00	120	<u>\$604.17</u>	\$20,000.40	\$72,500.40
\$55,000.00	120	<u>\$632.94</u>	\$20,952.80	\$75,952.80
\$57,500.00	120	<u>\$661.71</u>	\$21,905.20	\$79,405.20

I have read through the above information regarding student loans and understand the consequences of Default.

 Student Signature

 Date

 Printed Name

 S#



Federal government regulations (34 CFR 682.604, 34 CFR 685.304, 34 CFR 668.165 and 34 CFR Subpart D) require you to complete the following:

STUDENT INFORMATION - Please print all information and fill out completely.

Full Name _____			SSN _____
Current Address _____			Date of Birth _____
City _____ (____) _____	State _____ (____) _____	Zip _____ (____) _____	Driver's License # & Issuing State _____
Home phone _____	Work phone _____	Cell phone _____	
Email Address _____			

REFERENCES FOR STUDENT (These must be different than those on the MPN. Please provide separate addresses for each reference). Please complete for all **four** references.

1. _____ Name of Relative/Friend	_____	Street Address
_____	_____	Relationship to you
City State Zip (____) _____	_____	(____) _____
Home phone _____	_____	Cell phone _____
2. _____ Name of Relative/Friend	_____	Street Address
_____	_____	Relationship to you
City State Zip (____) _____	_____	(____) _____
Home phone _____	_____	Cell phone _____
3. _____ Name of Relative/Friend	_____	Street Address
_____	_____	Relationship to you
City State Zip (____) _____	_____	(____) _____
Home phone _____	_____	Cell phone _____
4. _____ Name of Relative/Friend	_____	Street Address
_____	_____	Relationship to you
City State Zip (____) _____	_____	(____) _____
Home phone _____	_____	Cell phone _____

SPOUSE INFORMATION

Spouse's Full Name _____	SSN _____
_____	(____) _____
Address City State Zip _____	Cell Phone _____
_____	(____) _____
Name of spouse's employer _____	Work Phone number _____

*I authorize my school to release information about my loan to the references on the loan and to members of my immediate family, unless I submit written directions otherwise.

Student Signature _____ **Date** _____