

Dear Financial Aid Applicant:

The Financial Aid Office at Western Iowa Tech Community College wants to assist you with financing your education. Your Financial Aid Award indicates if you are eligible for a Federal Direct Loan. The following material will provide you with the information you need to complete the loan application should you decide to apply.

You should complete your Loan Request Form according to the directions and submit it to the Financial Aid Office. This form may be completed at any time but should be submitted to us before **July 15 for the fall semester**.

After you submit your Loan Request Form to our office, we will electronically submit your loan information to the Direct Loan Servicing Center. See inside for additional hints to successfully completing your loan application.

If you have any questions about the loan process, please contact the Financial Aid Office at 712-274-6402 or 800-352-4649 extension 6402 or via email at [finaid@witcc.edu](mailto:finaid@witcc.edu).

Sincerely,

The Financial Aid Staff

### ***Before You Borrow:***

The estimated loan eligibility listed on your award letter is for informational purposes. The Financial Aid Office at Western Iowa Tech Community College encourages you to borrow **wisely**.

### ***Do You Really Need a Loan?***

For most students and their families, paying for college involves combining several resources to pay educational costs. First consider grants, scholarships, or other assistance for which you qualify. Savings, income from work, and assistance from family members can all be possible funding sources. Loans can be a resource if other sources are insufficient. **If you do decide to borrow, remember that you are accepting a serious, long-term responsibility to repay your loan.** Be sure you understand the terms of your loan as stated in the Master Promissory Note.

### ***How Much Do You Need to Borrow?***

- Estimate your total costs for the school year. Include charges for tuition and fees, books, equipment and supplies, and WITCC housing and meal plan if applicable.
- Subtract grants and scholarships from the total costs.
- Subtract what will be paid from savings, income and other resources. Parents of dependent students may wish to consider a Parent Loan for Undergraduate Students (PLUS) to assist in covering any remaining balance.

**We discourage borrowing to pay basic living expenses if they are covered by other sources of income or assistance.** Be aware of maximum loan amounts and any interest accruing on unsubsidized loans while you are in school.

### ***How Much Will Your Payments Be?***

Loan repayment begins 6 months after you graduate or stop attending at least half time. Refer to the repayment chart to help estimate the amount of your monthly payment based on the total amount of loans borrowed. If you borrow an unsubsidized loan, you may estimate the amount of interest accruing on the loan while in school using the interest chart. Note that it is to **your advantage** to pay the interest while in school.

If you have any questions, please feel free to contact the Financial Aid Office at (712) 274-6402 or (800) 352-4649 extension 6402.

## The Loan Application Process: Information You Need to Know

Review the Financial Aid Award offered to you by Western Iowa Tech Community College.

Once your attendance is verified, WITCC will credit all grants, scholarships, and processed student loans to your student account as scheduled.

*If you need to borrow a student loan, please follow the steps below:*

### NEW BORROWERS

1. Log in to [www.mywitcc.com](http://www.mywitcc.com) and go to the Direct Loan Request Form under the Student Tab.
2. Complete the Loan Request Form.
3. Complete the Master Promissory Note (You will be re-directed to [www.studentloans.gov](http://www.studentloans.gov) )
4. Complete Entrance Counseling. (This also is on the [www.studentloans.gov](http://www.studentloans.gov) website.)
5. You will receive a Notice of Loan Guarantee from the servicer. Students that do not have access to a computer may use a computer in the Financial Aid Office or a public library to complete the MPN and Entrance Counseling online. You must **complete a MPN and Entrance Counseling before any funds will be disbursed.**
4. The Direct Loan Servicing Center will disburse funds, as scheduled, to WITCC when steps 2, 3 and 4 have been completed.

**Entrance Counseling is required for all borrowers who are attending WITCC for the first time.** This must be completed prior to the first disbursement of loan funds. Entrance loan counseling must be completed online at [www.studentloans.gov](http://www.studentloans.gov). After you complete the Entrance Counseling, should you have questions about the Federal Direct Student Loan Program, please contact the Financial Aid Office at 800.352.4649 or 712.274.6402 or via email at [finaid@witcc.edu](mailto:finaid@witcc.edu).

### RETURNING BORROWERS

1. Log in to [www.mywitcc.com](http://www.mywitcc.com) and go to the Direct Loan Request Form under the Student Tab.
2. Complete the Loan Request Form.
3. You will receive a Notice of Loan Guarantee and information from the servicer.
4. The Direct Loan Servicing Center will disburse funds, as scheduled, to WITCC.

**NOTE: The loan application process can take up to 2 months. Submit your Loan Request Form Early!**

**If you plan to use a student loan for Summer, contact the Financial Aid Office.** You must be attending at least 6 credit hours each semester to receive loan funds.

Read and respond to all future mailings from WITCC and the Direct Loan Servicing Center. If you have any questions, contact WITCC at 712-274-6402 or 800-352-4649 extension 6402.

### Examples:

Attendance Period	Fall Amt.	Spring Amt.	Summer Amt.	Total Amt.
2 Semesters	\$1750	\$1750	\$0	= \$3500
2 Semesters + Summer	\$1167	\$1167	\$1166	= \$3500

## Repayment Charts

### Repayment (Principal and Interest)

Estimated monthly payments for Direct Loan at the interest indicated.

Total Borrowed	Monthly Payment at 6.8%	Monthly Payment at 5.7%
\$3500	\$50 *	\$50 *
\$7000	\$81	\$72
\$15,000	\$173	\$167

\*Minimum Monthly Payment is \$50. Payment amounts are based on 10 year standard repayment plan. 120 equal monthly payments. Loans originated for the 2009-2010 are based on the 5.7% interest rate.

### In-school Interest (on Unsubsidized Loan)

Approximate monthly interest charge at the interest indicated. Interest charge, if not paid monthly, will be added to the amount you borrowed. It will increase the amount you owe.

Total Borrowed	Monthly Interest at 6.8%
\$3500	\$23
\$7000	\$40
\$15,000	\$85

Loan repayment begins 6 months after you graduate or stop attending at least half time. Refer to the repayment chart to help estimate the amount of your monthly payment.

If you borrow an unsubsidized loan, you may estimate the amount of interest being charged on your loan while you are in school using the In-school Interest chart. Note: It is to your advantage to pay the interest while in school. For more information on your student loan and loan repayment calculators visit [www.studentloans.gov](http://www.studentloans.gov).

**ALL loan proceeds will be electronically transmitted to each student's account IF the student meets ALL eligibility requirements such as completion of the entrance interview, at least half-time enrollment, satisfactory academic progress, etc.**

- I understand that if I apply as a part-time student, I will enroll in a minimum of six (6) credit hours for each semester included in my loan period.
- I understand that Federal Regulations require multiple disbursements of all loan funds.
- I understand that loan funds will not be disbursed until 30 days after attending at least 6 credit hours.
- I understand that all funds will be credited to my account first, with any remaining balance refunded to me.
- I understand that I am applying with a Master Promissory Note. I understand that I may receive one or more loans under this Master Promissory Note and that I must repay such loans.
- I understand that if this is the first loan I am borrowing at WITCC, that federal regulations require me to complete a loan counseling session prior to receiving my first disbursement. If I fail to do so, my loan will be canceled and the funds returned to the lender.
- You may be able to charge books at the WITCC bookstore if you have:
  - submitted your LRF
  - received a notice of loan guarantee from the Direct Loan Servicing Center
  - a valid Master Promissory Note on file with the Direct Loan Servicing Center 30 days prior to the start of the semester

There are two types of Federal Direct Student Loans: subsidized and unsubsidized. Eligibility for the subsidized Direct is based on financial need and features deferment of principal and elimination of interest charges while enrolled at least half-time.

The unsubsidized Direct Loan **does** accrue interest while the student is enrolled. Students borrowing an unsubsidized loan may pay the interest that accrues while in school, or let the interest be added to the loan amount (capitalized). This option may be indicated on the promissory note. Remember, it is to **your advantage** to pay the interest while in school.

The amount of Federal Direct Loan a student may borrow is dependent upon the student's enrollment status and other financial aid. Subsidized loan maximums are:

\$3500 1st year of program of study

\$4500 2nd year of a program of study

You must have completed one-half of the required credit hours of your program of study to qualify for 2<sup>nd</sup> year loan amounts. Independent students (as determined by the FAFSA) may be eligible for an additional \$6000 in unsubsidized loan if needed. Dependent students (as determined by the FAFSA) may be eligible for an additional \$2000 in unsubsidized loan if needed.

**ALL NEW BORROWERS ATTENDING WITCC FOR THE 2010-2011 SCHOOL YEAR MUST COMPLETE A MASTER PROMISSORY NOTE. YOUR LOAN WILL NOT BE FINALIZED UNTIL THE DIRECT LOAN SERVICING CENTER HAS AN MPN ON FILE. [WWW.STUDENTLOANS.GOV](http://WWW.STUDENTLOANS.GOV).**

A Master Promissory Note is a legal document under which you may receive multiple Federal Direct Student Loans over a maximum ten year period. **You are legally responsible to repay all loans borrowed under a MPN.**

You will receive a Notice of Loan Guarantee specifying the loan amount that was approved and the approximate dates the funds will be electronically transmitted to the college. WITCC will credit your student account with the loan proceeds. If your loan exceeds your charges for the term, a refund check will be written and mailed to **your permanent address**. If you need to update your permanent mailing address, go to [www.mywitcc.com](http://www.mywitcc.com).

You have the right to cancel your loan prior to disbursement or within 14 days of disbursement if you have not received any refund. Students wanting to cancel their loans must notify the Financial Aid Office in writing.

# Western Iowa Tech Community College

## Federal Direct Loan Request Form Instructions

### 2010-2011

The Direct Loan Request Form (LRF) **MUST** be submitted before your Direct Loan can be processed for the 2010-2011 school year. Refer to your Award Notice and the Loan Information for loan eligibility and new information.

**PLEASE SUBMIT AS SOON AS POSSIBLE.** Processing time for your loan can take up to 2 months. A completed loan process includes submitting this LRF, receiving a Notice of Loan Guarantee, having a valid Master Promissory Note on file with the Direct Loan Servicing Center, and completing Entrance Counseling. To complete the LRF, fill in steps 1-6.

<b>1. Name. Use your legal name.</b>
<b>2. Social Security Number.</b>
<b>3. Semester. Please check the semester(s) for which you plan to borrow. If you wish to use a student loan for Fall, Spring, and Summer semesters, contact the Financial Aid Office. If you will be enrolled only one semester, indicate the date you plan to graduate from WITCC.</b>
<b>4. Disbursing Direct Loan Amount Requested. <u>Loans must be disbursed in at least 2 installments, ie beginning and mid-point for a one semester loan or 1 each semester for a 2 semester loan. Attending less than 6 hours per semester will result in cancellation of your loan.</u></b>
<b>5. Your Rights and Responsibilities Regarding Your Federal Direct Subsidized/Unsubsidized Loan</b> <ul style="list-style-type: none"> <li>• I understand that if I apply as a part-time student, I will enroll in a minimum of six (6) credit hours for each semester included in my loan period</li> <li>• I understand that Federal Regulations require multiple disbursements of all loan funds.</li> <li>• I understand that loan funds will not be disbursed until 30 days after I begin participating in the required minimum of 6 credit hours each term. Late start classes could delay the disbursement date.</li> <li>• I understand that all funds will be credited to my account first, with any remaining balance refunded to me.</li> <li>• I understand that I am applying with a Master Promissory Note. I understand that I may receive one or more loans under this Master Promissory Note and that I must repay such loans.</li> <li>• I understand that if this is the first loan I am borrowing at WITCC, that federal regulations require me to complete a loan counseling session prior to receiving my first disbursement. If I fail to do so, my loan will be canceled and the funds returned. I may complete this counseling when completing the MPN online or by logging in to <a href="http://www.mywitcc.com">www.mywitcc.com</a>.</li> </ul>
<b>6. Read the statement, sign, and submit the LRF.</b>

**Checklist: (Keep copies of all documents related to your student loan.)**

<input checked="" type="checkbox"/>	Submit completed LRF to Financial Aid Office.
<input checked="" type="checkbox"/>	Receive Notice of Loan Guarantee
<input checked="" type="checkbox"/>	Complete a Master Promissory Note (MPN) online.
<input checked="" type="checkbox"/>	Complete Entrance Counseling if not previously done at WITCC.