

Direct Loan Program Statements, Terms and Conditions

PURPOSE OF THIS DOCUMENT:

By submitting a request for a student loan you are certifying that you understand your rights and responsibilities related to accepting a loan and intend to honor your responsibilities as a student loan borrower. **If you do not understand or have questions about any of the statements below, you may make an appointment to meet with the Financial Literacy/Default Prevention Specialist by calling (707) 476-4183 or by Emailing: studentloanassistance@redwoods.edu**

Please Carefully Read the Following Statements:

I acknowledge that loan funds will be used to assist in meeting my educational costs. **Loan proceeds may not be used to purchase or lease an automobile, go on vacations, or other non-educational related expenses.**

I understand that College of the Redwoods recommends a total level of loan debt not to exceed \$15,000. If the amount I am requesting to borrow will put me at a considerable level of loan debt in relation to the federal limits I may be required to submit a Direct Loan Appeal. **That Financial Aid staff may use professional judgment to decline or reduce the loan requested for students at risk to default on a case-by-case basis per HEA Sec. 479(A)(c), 34 CFR 685.301(a)(8), DCL GEN-11-07.** In circumstances when professional judgment is used, a written explanation will be provided to the student. Some reasons federal loans may be denied or reduced include but are not limited to:

- The student is not making steady progress in a degree, certificate or transfer program. **This decision is made independently from the Satisfactory Academic Progress Appeal process.**
- The student has already borrowed the maximum loan amount appropriate for community college programs.
- The student appears to be or has been in default or delinquent on federal financial aid obligations.
- The student has a drastic change in requested borrowing amount from previous year(s).
- The student has valid and applicable education for employment and is choosing to pursue another educational endeavor. **This decision is made independently from the Satisfactory Academic Progress Appeal process.**
- The student has met the maximum eligibility for subsidized loans based on the length of the student's academic program. **This decision is made independently from the Satisfactory Academic Progress Appeal process.**
- I understand that the decision to deny or reduce aid is appealable to the Director, Enrollment & Financial Aid Services, and that the Director's decision is final.

Additional Terms:

I understand that I am applying for a Federal student loan that must be repaid according to my repayment plan, even if I do not complete my education, drop out, get a job or am dissatisfied with the education I receive or unable to find employment after graduation. That if I submit a Direct Loan & Obligation Application prior to notification from Financial Aid that my file is complete, or prior to completion of the Loan Entrance counseling, a signature of a Master Promissory Note (MPN), that my the Direct Loan Application may be returned and not processed.

I am requesting a loan for the amount for which I am eligible to borrow. I understand that my total financial aid awards cannot exceed my cost of attendance/budget. I understand my eligibility for other programs may be limited/reduced by my loan amount, or if additional grants, scholarships, or other awards are added after a loan has been awarded, but prior to disbursement, my loan amount may be reduced to accommodate the new awards.

I have read and I understand the conditions of borrowing a Federal Direct Stafford Loan for attendance at College of the Redwoods and I have read and I understand the Financial Aid policies available on our website.

I understand that loan funds will not be disbursed until at least 30 days after the start of the new term as part of College of the Redwood's default prevention and management plan and that I must plan accordingly. I must be enrolled in and **attending six** or more eligible degree applicable units to receive loan funds. That the actual amount of the loan may be less than the amount I have requested due to my loan eligibility and grade level.

I understand that I must meet Satisfactory Academic Progress (SAP) **each semester** to be eligible to receive a loan. That if I do not meet SAP, I will lose loan eligibility for the following semester and any undisbursed portion of my student loan will be canceled. That in response to default prevention and management plan, if I am a first time student loan borrower at College of the Redwoods, I may be required to meet with Financial Aid and/or advising staff to complete financial and academic planning.

I understand that in response to default prevention and management , I may be required to meet with the Financial Literacy Advising Specialist prior to the loan certification, if I have (had) academic performance difficulties, including but not limited to, withdrawing

from a course(s) and/or being placed on 'Warning' SAP status for Financial Aid. I understand academic performance from schools other than College of the Redwoods may be taken into consideration when determining if I must meet with the specialist.

I understand that an origination fee will be deducted from each loan disbursement by the Department of Education. That interest on Subsidized Loans is paid by the taxpayers while I am enrolled in and complete at least six units each term.

I understand that College of the Redwoods is committed to default prevention and management and strives to limit loan defaults and the debt of students. A high loan default rate may affect all College of the Redwoods students' eligibility for grants, loans, and Federal Work Study. That I may be required to complete *enhanced* loan entrance and/or exit counseling and financial literacy education on an annual basis as a borrower and/or upon reaching a specific level of total loan debt.

I understand if my student account has a balance from tuition charges, on-campus housing or other fees, that this balance will be deducted from my student loan disbursement. If my student loans exceed the total charges, my account will have a credit balance and a disbursement will be made via my BankMobile refund preference. That inaccurate or incomplete loan application information, including but not limited to, budget information or any other forms required for the loan application process, will delay loan processing. I understand it is my responsibility to notify the Financial Aid Office once all required forms and/or processes have been completed.

I understand that loans taken out prior to July 1, 2014 or on/after July 1, 2015 may have a 6 month grace period. That a loan for which the 1st disbursement is made after July 1, 2014 and before July 1, 2015 that interest will begin to accrue during the grace period.

I will promptly contact my Direct Loan Servicer (s) and the Financial Literacy/Default Prevention Specialist when I graduate or withdraw from school, carry less than six units per term, or change my name and/or address. I understand that before I drop below 6 units, withdraw or graduate from College of the Redwoods, that I must complete exit loan counseling. I understand I will be notified of my exit loan counseling requirement via my personal and student email each semester until I have completed the exit loan counseling requirement.

I understand that for any students and/or parent applying for a Title IV, HEA loan that the loan(s) will be submitted to the National Student Loan Data System (NSLDS), and will be accessible by guaranty agencies, lenders, and institutions determined to be authorized users of the data system. That interest on an unsubsidized loan will begin to accrue immediately after the first disbursement. I understand that while I am in college, if I choose not to pay the interest as it accrues, this will increase the total amount that I have to repay.

I understand that failure to meet the terms of loan repayment may require the entire amount of the loan, plus collection and legal costs to become repayable immediately.

Borrower Certification

Under penalty of perjury, I certify that the information I have provided to College of the Redwoods is true and accurate. I understand that if I give false or misleading information, my loan will be denied, I may jeopardize my eligibility to receive other financial aid funds, I may be referred to the Student Conduct Officer, and I may be fined, sentenced to jail, or both. I certify that I am not in default or delinquent on any educational loan and that I do not owe a repayment of federal funds. If the amount I am requesting to borrow will put me at a considerable level of loan debt in relation to the federal limits, or if I have previously defaulted on a student loan, I may be required to submit a Direct Loan Appeal. I understand that inaccurate or incomplete loan documentation, including but not limited to, budget information or any other forms required for the loan application process, will delay loan processing. I understand it is my responsibility to notify the Financial Aid Office once all required forms and processes have been completed. I also understand I have the right to cancel all or a portion of my awarded loan amount. I have read and understand the Financial Aid Policies available on the CR website: <https://www.redwoods.edu/Financial-Aid/>.

I affirm that I have read the above statements and agree to accept my responsibilities. Any false statements may be grounds for refusal to originate a federal loan; may result in referral to the Student Conduct Officer and/or to the Department of Education's Office of Inspector General. I recognize the responsibility and commitment to repay all student loans. I realize that if I have do not have an understanding of each statement, that I have the right to meet with the Financial Literacy Advising Specialist if I have any questions or need more information. I understand that this is a federal education loan and I must repay this loan.

****Do not submit a request for a student loan if you do not fully understand your rights and responsibilities related to this loan!****