



Los Angeles Harbor College

Student Loan Information Guide

2021-2022

LACCD and Los Angeles Harbor College Loan Philosophy

As low-cost public institutions with limited entrance requirements, we are concerned about our students and believe that it is critical that we establish a clear rationale for student loan eligibility at our institutions. We wish to be certain that when students transfer, they have sufficient loan eligibility to complete their education, and that students who do not intend to go beyond the community college level will not be overly burdened by debt. If students need additional loans when they are receiving a fee waiver and grant assistance, they will almost certainly need to continue to borrow when they transfer. Harbor College is dedicated to supporting student success. Students often need to borrow funds to help with school related expenses and ultimately help students finish their educational goal which is a good investment. However, many students enter into debt without a clear picture of how their loan debt will affect them in the future. Remember, student loans must be repaid with interest. Before you borrow, consider your ability to repay your loans. Defaulting on a student loan will negatively affect your credit history. **For most community college students, loans in addition to other financial assistance are not recommended.**

- Loans are not recommended for first-time students so successful completion (or proof of such at another college) of at least one semester of college level classwork is highly recommended
- Enrollment in a majority of degree applicable classes is also highly recommended
- Ask yourself if your current loan debt, when added to the loan you are requesting, leaves enough loan eligibility for you to finish your goals.
- We reserve the right to use our professional judgment to deny your request. If your request is denied you will receive an explanation via an email that will be sent to your LACCD email account.

Borrower Eligibility

- Complete a 2020-2021 Free Application for Federal Student Aid (FAFSA) at www.fafsa.gov.
- Have received a 2020-2021 Award Letter or a letter stating you are ineligible for any need- based aid.
- Satisfy the general student financial aid eligibility requirements.
- Be enrolled in a minimum of six (6) units. Extension Appeal students must be enrolled in six (6) approved units.
- Comply with Entrance loan counseling requirements.
- Maintain Satisfactory Academic Progress.

Los Angeles Harbor College Loan Disclosure

Even though it is a loan, the college has the right to refuse to certify a loan application for high-risk borrowers. Los Angeles Harbor College has a responsibility to evaluate all student loan requests on a case-by- case basis and Los Angeles Harbor College has the federal authority [HEA Sec, 479(A)(c), 34 CFR 685.301(a) (8)] to reduce or deny loan requests for students that in our professional judgment, are at serious risk of loan default. High levels of indebtedness, coupled with a small amount of progress in an academic program, are common

indicators of high risk for default. After evaluation, your student loan request may be denied or reduced due to conditions below:

- A previous default on a federal student loan.
- Notification of previously discharged federal student loans due to disability or bankruptcy.
- Notification of delinquent federal student loan repayment status.
- Instances of inconsistent, fraudulent FAFSA, or admissions application information.
- Inability to repay -- Applicants with loan indebtedness in excess of a maximum for two-year public institutions.
- Consistently NOT meeting satisfactory academic progress standards.

Things You Should Know...

WHAT IS A DIRECT LOAN?

- Direct Loans are low interest loans to students and parents to help pay for the cost of a student's education after high school. The lender is the U.S. Department of Education rather than a bank or other financial institution.

ENTRANCE COUNSELING REQUIREMENT

- All new borrowers must complete the Entrance Loan Counseling before submitting a loan request document. This will ensure that students understand their rights and responsibilities as a student loan borrower. Go to <http://www.studentloans.gov> and click on "Sign In" under "Manage My Direct Loan". The student will need his/her Federal Student Aid (FSA) ID and password to complete the Entrance Loan Counseling.

EXIT COUNSELING REQUIREMENT

- You will receive a notice from us about Exit Counseling when you graduate or drop below six (6) units or withdraw from classes. The Direct Loan Servicing Center will send you information on your loan repayment options and when repayment begins.

NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)

- Persons that take out federal student loans should be aware that information about those loans will be transferred to the National Student Loan Data System (NSLDS). Certain government agencies, lenders, and approved private companies will have access to that student loan data.

FINANCIAL LITERACY CURRICULUM

- Financial Literacy is a key to a student's success. Los Angeles Harbor College encourages students to use *Money Smart Computer-Based Instruction*. This online product provides financial education for both adults and young adults. The training covers topics such as the basics of borrowing money wisely, using a spending plan to achieve financial goals, and how to use banking products effectively.

o Use the following link to access it: <https://moneysmartcbi.fdic.gov/>

SUBSIDIZED VS. UNSUBSIDIZED

- **Subsidized loans** are awarded on the basis of financial need. You won't be charged any interest until you graduate or drop below six units because the federal government subsidizes the interest during the time you are enrolled. Effective July 2012, the government no longer subsidizes the interest during the six-month grace period. If on July 1, 2013 you did not have an outstanding balance on a Stafford loan you are considered a new borrower. Subsidized Stafford loans will be limited to 150% of your academic program. This means that if you are pursuing a two-year program your eligibility for subsidized Stafford will be limited to three (3) years.
- **Unsubsidized loans** charge interest from the time the money is first disbursed until it is paid in full. The interest is capitalized when you enter repayment, meaning that you pay interest on any interest that has already accrued. One way to minimize how much interest accrues is to pay the interest as it accumulates. **If you still have several years until you receive your degree, this can become very expensive – NOT RECOMMENDED.**

Time Limits for Receiving Subsidized Loans

- If you are a first-time borrower on or after July 1, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans. This time limit does not apply to Direct Unsubsidized Loans or Direct PLUS Loans. If this limit applies to you, you may not receive Direct Subsidized Loans for more than 150 percent of the published length of your program. This is called your “maximum eligibility period.” Your maximum eligibility period is generally based on the published length of your current program. You can usually find the published length of any program of study in your school’s catalog.
- For example, if you are enrolled in a four-year bachelor’s degree program, the maximum period for which you can receive Direct Subsidized Loans is six years (150 percent of 4 years = 6 years). If you are enrolled in a two-year associate degree program, the maximum period for which you can receive Direct Subsidized Loans is three years (150 percent of 2 years = 3 years).
- Because your maximum eligibility period is based on the length of your current program of study, your maximum eligibility period can change if you change to a program that has a different length. Also, if you receive Direct Subsidized Loans for one program and then change to another program,
- the Direct Subsidized Loans you received for the earlier program will generally count toward your new maximum eligibility period.

- Certain types of enrollment may cause you to become responsible for the interest that accrues on your Direct Subsidized Loans when the U.S. Department of Education usually would have paid it. These enrollment patterns are described below.

Do I become responsible for paying the interest on my subsidized loan because...	Yes	No
I am no longer eligible for Direct Subsidized Loans and I stay enrolled in my current program?	X	
I am no longer eligible for Direct Subsidized Loans, did not graduate from my prior program, and am enrolled in an undergraduate program that is the same length or shorter than my prior program?	X	
I transferred into the shorter program and lost eligibility for Direct Subsidized Loans because I have received Direct Subsidized Loans for a period that equals or exceeds my new, lower maximum eligibility period, which is based on the length of the new program?	X	
I was no longer eligible for Direct Subsidized Loans, did not graduate from my prior program, and am enrolled in an undergraduate program that is longer than my prior program?		X
I lose eligibility for Direct Subsidized Loans and immediately withdraw from my program?		X
I graduated from my prior program prior to or upon meeting the 150 percent limit, and enroll in an undergraduate program that is the same length or shorter than my prior program?		X
I enroll in a graduate or professional program?		X
I enroll in preparatory coursework that I am required to complete to enroll in a graduate or professional program?		X
I enroll in a teacher certification program (where my school does not award an academic credential)?		X
I am no longer eligible for Direct Subsidized Loans and I stay enrolled in my current program?	X	
During what period am I responsible for paying the interest on my Direct Subsidized Loans . . .	Before meeting the 150% limit?	After meeting the 150% limit?
While enrolled in school at least half-time	No	Yes

During my grace period on loans first disbursed (paid out) July 1, 2013 through June 30, 2014	Yes	Yes
During my grace period on loans first disbursed (paid out) July 1, 2014 or after	No	Yes
During deferment periods	No	Yes
During certain periods of repayment under the Income-Based Repayment or Pay As You Earn Plan	No	Yes
During forbearance periods	Yes	Yes
During all other periods of repayment	Yes	Yes

REGAINING ELIGIBILITY FOR DIRECT SUBSIDIZED LOANS

- If you become ineligible for Direct Subsidized Loans because you have received Direct Subsidized Loans for your maximum eligibility period, you may again become eligible to receive Direct Subsidized Loans if you enroll in a new program that is longer than your previous program.
- If you regain eligibility to receive additional Direct Subsidized Loans because you enrolled in a program that is longer than your prior program and you previously became responsible for paying all of the interest that accrues on your Direct Subsidized loan, the federal government will pay the interest that accrues on your loans during the periods described in the chart above. However, you will continue to be responsible for paying all the interest that accrues on the **previous Direct Subsidized Loans that you received.**
- For Example, if you are enrolled in a two-year undergraduate program and then enroll in a four-year undergraduate program, your maximum eligibility changes from three years to six years. If you received Direct Subsidized Loans for three years, you were not eligible to receive any more Direct Subsidized Loans in the two-year program. However, when you enroll in the four-year program, you are eligible to receive three more years of Direct Subsidized Loans

PRIVATE LOANS

Private loans are typically more expensive than Stafford loans. Students that are interested in a private loan must do research to find and compare the loans that are available. Los Angeles Harbor College does not have a relationship with any lender. Nor does it endorse any loan. The college will determine a student's eligibility for a private loan **after** the student's eligibility for all federal aid has been determined. The student's eligibility will be constrained by his/her unmet cost. There are significant differences between federal student loans and private loans. The following chart summarizes those differences:

Federal Loans	Private Loans
You will not have to start repaying your federal student loans until you graduate, leave school, or change your enrollment status to less than halftime.	Many private student loans require payments while you are still in school.
The interest rate is fixed and is often lower than private loans—and much lower than some credit card interest rates. View the current interest rates on federal student loans.	Private student loans can have variable interest rates, some greater than 18%. A variable rate may substantially increase the total amount you repay.
Undergraduate students with financial need will likely qualify for a subsidized loan where the government pays the interest while you are in school on at least a half-time basis.	Private student loans are not subsidized. No one pays the interest on your loan but you.
You don't need to get a credit check for most federal student loans (except for PLUS loans). Federal student loans can help you establish a good credit record.	Private student loans may require an established credit record. The cost of a private student loan will depend on your credit score and other factors.
You won't need a cosigner to get a federal student loan in most cases.	You may need a cosigner.
Interest may be tax deductible.	Interest may not be tax deductible.
Loans can be consolidated into a Direct Consolidation Loan. Learn about your consolidation options.	Private student loans cannot be consolidated into a Direct Consolidation Loan.
If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.	Private student loans may not offer forbearance or deferment options.
There are several repayment plans, including an option to tie your monthly payment to your income.	You should check with your lender to find out about your repayment options.
There is no prepayment penalty fee.	You need to make sure there are no prepayment penalty fees.
You may be eligible to have some portion of your loans forgiven if you work in public service. Learn about our loan forgiveness programs.	It is unlikely that your lender will offer a loan forgiveness program.
Free help is available at 1-800-4-FED-AID and on our websites.	The Consumer Financial Protection Bureau's private student loan ombudsman may be able to assist you if you have concerns about your private student loan.

DELAYED DISBURSEMENTS

- Federal regulations require that disbursements to first-time borrowers be delayed until the student has been in attendance for 30 days.

MULTIPLE DISBURSEMENTS

- Federal regulations require that loans be delivered in multiple disbursements. There will be one disbursement for each semester included in the student's loan period. There will be two disbursements if the loan period only covers one semester.

DROPPING BELOW HALF TIME

- You must be enrolled at least half-time, six eligible units, in order to receive a student loan disbursement. If at the time of disbursement, you are not enrolled at least half-time you will not receive a student loan disbursement.

THE RIGHT TO REDUCE OR CANCEL THE STUDENT LOAN

- You have the right to reduce or cancel your student loan. At the time of disbursement an email advising you of your right to cancel a loan will be sent to your LACCD email account. If you choose to exercise this right, you must submit a written request to the Financial Aid Department within 30 days of the date that the email was sent to you.

LOAN ORIGINATION

- LA Harbor College will transmit your loan information to the Direct Loan Origination Center. Approximately two weeks after your loan has been originated you will receive loan disclosure notice from the Direct Loan Origination Center.

FEDERAL LOAN BORROWING LIMITS

- A student's unmet financial need, Remaining Eligibility Period, and annual loan limits determine how much a student may borrow in subsidized Stafford. Students will either be classified as **Grade Level One** (0-30 units completed) or **Grade Level Two** (over 30 units completed and student is enrolled in a program of more than one year). Students enrolled in preparatory coursework required for admittance into a program will be classified as **Grade Level 0**.

The annual subsidized limits are:

Grade Level	Annual Subsidized Maximum
Grade Level 0 Preparatory courses for undergrad program	\$2,625
Grade level 1	\$3,500
Grade level 2	\$4,500

Grade Level 0 Preparatory courses for graduate program	\$5,500
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A student's unmet costs, dependency status, and annual unsubsidized loan limits determine the maximum unsubsidized loan a student may borrow in in academic year.

Grade Level	Annual Subsidized Maximum
Grade Level 0 Preparatory courses for undergrad program	\$2,625
Grade level 1	\$3,500
Grade level 2	\$4,500
Grade Level 0 Preparatory courses for graduate program	\$5,500

The total undergraduate aggregate loan limits are as follows. Maximum combined subsidized and unsubsidized debt.

Grade Level	Annual Subsidized Maximum
Grade Level 0 Preparatory courses for undergrad program	\$2,625
Grade level 1	\$3,500
Grade level 2	\$4,500
Grade Level 0 Preparatory courses for graduate program	\$5,500

Important reminder: If you have several years remaining until you achieve your bachelor's degree, you should consider limiting borrowing, so you retain loan eligibility. You should also know that Pell Grant eligibility is now capped at 12 full-time semesters.

GRADE LEVEL PROGRESSION

If your grade level progresses to a higher level after your loan has been originated, you may be eligible to borrow additional subsidized loan funds. If you would like to be considered for the additional funds, please submit a written request to the financial aid office. Specify the amount that you wish to borrow.

STUDENT LOAN PRORATION FOR GRADUATING STUDENTS

Federal regulations require that when an undergraduate student is enrolled in a program that is one academic year or more in length but is in a remaining period of study that is shorter than a full academic year, their Federal Direct Loan amount must be prorated. A student will be eligible for an amount that is less than the annual limit. At Los Angeles Harbor College the loan amount will be determined based on the following equation:

Subsidized Stafford

$$\begin{array}{rcc} & & \text{Number of Eligible Financial Aid Units} \\ & & \hline \text{Maximum Loan Based on Unmet Cost} & \times & \\ & & 24 \end{array}$$

Example: A second year independent student is enrolled in 11 units and has an unmet need of \$8,000. The maximum subsidized Stafford loan for that student is \$4,500. The loan amount for which the student is eligible is:

$$\$4,500 \times 11/24 = \$2,062.50$$

Unsubsidized Stafford

$$\begin{array}{rcc} & & \text{Number of Eligible Financial Aid Units} \\ & & \hline \text{Maximum Loan Based on Unmet Cost} & \times & \\ & & 24 \end{array}$$

Example: A second year independent student is enrolled in 11 units and has an unmet cost of \$8,000. The maximum subsidized Stafford loan for that student is \$6,000. The loan amount for which the student is eligible is:

$$\$6,000 \times 11/24 = \$2,750$$

INTEREST RATES AND ORIGINATION FEES

Loan Type	Interest Rate	First Disbursement Date	Origination Fee
Subsidized and Unsubsidized Loans	2.75%	Before 10/01/2020	1.059%
		After 10/02/2019	TBD

PLUS	5.3%	Before 10/01/2020	4.236%
		After 10/2020	TBD

Loan Repayment:

Repayment Information

While you are enrolled, at least half-time time (six credit hours as an undergraduate, or four credit hours as a graduate student) your loans will be in an “in school deferment” status. This means you are not required to make payments on your federal loans. It is a good idea, if you are able, to make payments on your loans while you are enrolled. This will help reduce your overall indebtedness when you leave school. Once your enrollment drops to less than half time, your federal loans will enter a grace period status. The grace period is a length of time during which you are not required to make payments on your loans. The length of the grace period depends on the type of loan that you have borrowed.

Federal Stafford Loans (Direct or Federal Family Educational Loan Program) have a six-month grace period while the Perkins Loan offers a nine-month grace period. This is a great time to set up an account with your loan servicer as well as review and select a repayment plan that works for you. Once your grace period ends your repayment begins. If you re-enroll in school at least half-time before the end of your grace period, you will receive the full six month grace period when you stop attending school or drop below half-time enrollment (other conditions apply).

There are several repayment plans available for students. The chart below provides an example of the repayment plans where the student had borrowed \$31,000. The borrower has the following loans:

Loan Type	Principal Balance	Interest Rate
Subsidized Stafford	\$23,000	5.6%
Unsubsidized Stafford	\$8,000	6.8%

Sample Repayment

Repayment Plan	Repayment Period (months)	Monthly Payment	Projected Loan Forgiveness	Total Interest Paid	Total Principal + Interest Repaid
Standard	120	\$343	0	\$10,131	\$41,131

Graduated	120	\$197 to \$587	0	\$12,834	\$43,834
Extended Fixed	300	\$198	0	\$28,408	\$59,408
Extended Graduated	300	\$153 to \$300	0	\$33,660	\$64,660
Income Based Repayment (IBR)	191	\$154 to \$343	0	\$20,210	\$51,210
Income Based Repayment (New Borrowers)	240	\$103 to \$343	\$9,163	\$31,786	\$53,623
Pay As You Earn	240	\$103 to \$343	\$9,163	\$31,786	\$53,623
Income-Contingent Repayment	198	\$223 to \$275	0	\$18,405	\$49,405

You may use the Federal Student Aid Repayment Estimator to calculate your repayment options. You may choose to either log in and your personal loan information will be calculated, or you may proceed without logging in and you may “Add Loans” to estimated repayment.

Repayment Estimator:

<https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action>

Federal Loan Servicers

The Loan Servicer is the organization responsible for billing, collecting and managing your loan repayment, and deferment/forbearance processing. You will send loan payments directly to your servicer.

Your servicer will contact you to provide important information about your repayment terms. It is your responsibility to notify your servicer directly any time your phone number, email address, or mailing address information changes.

Your servicer will send you information about your loans by mail and/or email - Be sure to open and read it!

If you do not know which agency services your loans, visit <http://www.studentaid.gov> to view your loan details and obtain your loan servicer contact information. It is a wise choice to create an on-line account with your federal loan servicer. This way you will be able to easily make a payment and review your loan balance.

Federal Loan Servicer	Web Address	Contact
Cornerstone Education Loan Services	https://mycornerstoneloan.org/	1-800-663-1662
Default Resolution Group (Also known as Maximus Federal Services, Inc.)	https://myeddebt.ed.gov/	1-800-621-3115 (TTY: 1-877-8259923 for the deaf or hard of hearing)
ESCI	https://efpls.ed.gov/	1-866-313-3797
FedLoan Servicing (PHEAA)	https://myfedloan.org/	1-800-699-2908
Granite State Management and Resources	https://gsmr.org/	1-888-556-0022
Great Lakes Educational Loan Services	https://mygreatlakes.org/	1-800-236-4300
HESC/Edfinancial	https://edfinancial.com/home	1-855-337-6884
MOHELA	https://www.mohela.com/	1-888-866-4352
Navient	https://navient.com/	1-800-722-1300
Nelnet	https://www.nelnet.com/welcome	1-888-486-4722
OSLA Servicing	https://public.osla.org/	1-866-264-9762