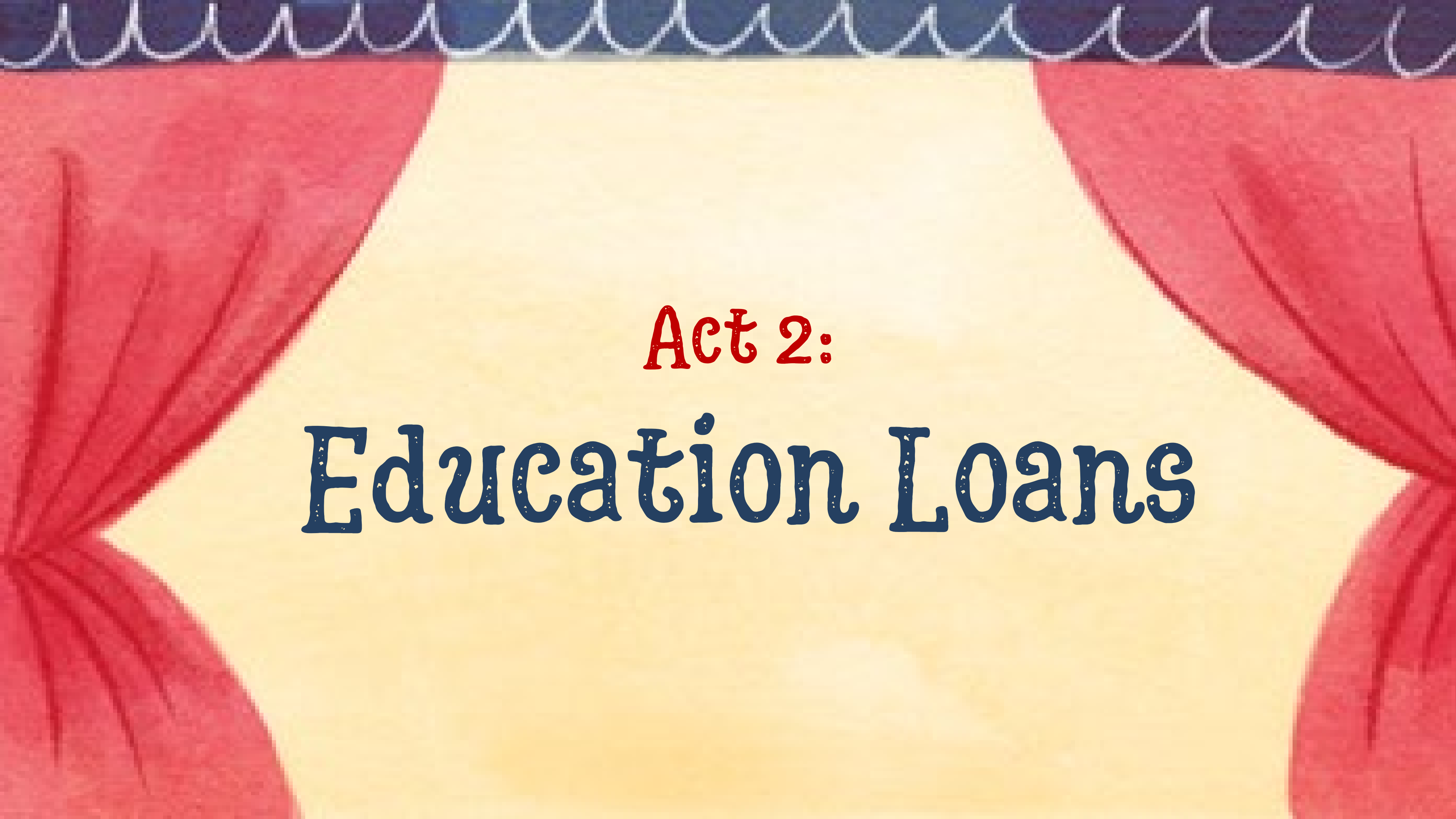


New Aid Officer Workshop



April 10-12, 2024 · Great Wolf Lodge · Dallas/Grapevine

A stage with red curtains and a yellow spotlight. The text "Act 2:" is written in red, and "Education Loans" is written in blue.

Act 2:

Education Loans

Presented By



Ilaria Puente

**Associate Director of Financial Aid
Rice University**



Julie Finn

**Head of Campus Development - Southwest
College Ave**



Federal Student Loan Programs




- **Direct Subsidized Loan**
- **Direct Unsubsidized Loan**
- **Direct Parent PLUS Loan**
- **Direct Graduate PLUS Loan**

Loan Counseling and MPN

- **First-time student loan borrowers**
- **First-time graduate PLUS borrowers**
- **Formats:**
 - **In Person**
 - **Written**
 - **Online**

- **A Binding Legal Agreement**
- **Borrower's Promise to Repay the Funds**
- **Single or Multi-Year Options**
- **Formats:**
 - **Online**
 - **Paper (fillable PDF)**



When is PLUS
Credit
Counseling
required?

Annual Student Loan Acknowledgement



- **Separate from Entrance Loan Counseling and MPN**
- **Helps students understand their current debt load**
- **Not required, but a helpful tool**

Subsidized vs. Unsubsidized Loan

Direct Subsidized Loan

- **Need-based loan for undergraduates only**
- **Interest does not accrue:**
 - **Enrolled at least half-time**
 - **During 6-month grace period**
 - **During other times of deferment**



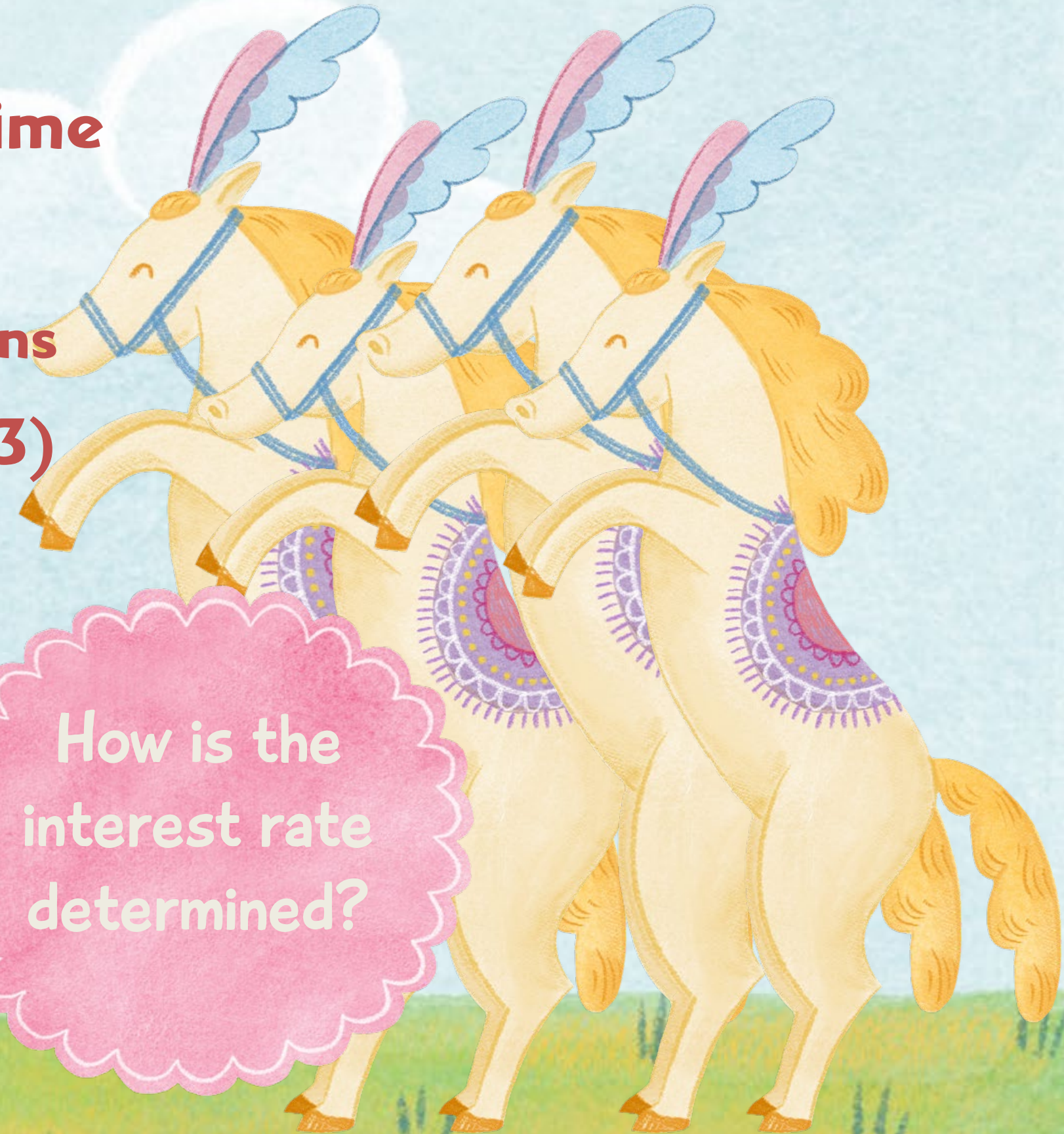
Direct Unsubsidized Loan

- **Non-need-based loan**
- **Borrowers are undergrad, grad or professional**
- **Interest begins accruing when funds are disbursed**
- **Interest options:**
 - **Make interest payments**
 - **Allow interest capitalization**



What They Have in Common

- **Student must be enrolled at least half-time**
- **Loan fees: 1.057%**
 - **Reviewed annually on October 1 for new loans**
- **Fixed Interest Rate: 5.5% (as of July 2023)**
 - **Adjusted annually on July 1 for new loans**
- **New interest rates announced in May**



How is the interest rate determined?

Subsidized Usage Limit Applies (SULA)

Repealed

- **Effective for all Direct Loans first disbursed after July 1, 2021**
- **Not limited to new borrowers**
- **Loan specific**

Still Applies to Direct Subsidized Loans first disbursed before July 1, 2021

- **US Dept of Ed will retroactively restore subsidy and remove accrued interest.**



Direct Graduate PLUS Loan

**Non-need
based
loan**

**Graduate or
professional
student**

**Enrolled at
least
half-time**

**Credit
check
required**

**Loan
fee
4.228%**

**Fixed
interest
rate 8.05%**

**Payments
deferred**

Direct Parent PLUS Loan

Non-need
based
loan

Parent of
undergrad
student

Enrolled at
least
half-time

Credit
check required

Loan
fee
4.228%

Fixed
interest
rate 8.05%

Payments
deferred

**What about
a legal guardian?**

Factors for Calculating Loan Amounts

Separate, but interrelated factors:

- **Loan Period**
- **Cost of Attendance (COA)**
- **Student Aid Index**
- **Other Financial Assistance (OFA)**
- **Academic Classification**



Annual vs. Aggregate Loan Limits

Dependent Undergraduate Student	Base Eligibility (sub or Unsub)	Additional Unsubsidized Eligibility
Freshman	\$3,500	\$2,000
Sophomore	\$4,500	\$2,000
Junior/Senior	\$5,500	\$2,000
Maximum Lifetime (Aggregate) Limit:		\$31,000 (\$23,000 can be subsidized)
Independent Undergraduate Student	Base Eligibility (Sub or Unsub)	Additional Unsubsidized Eligibility
Freshman	\$3,500	\$6,000
Sophomore	\$4,500	\$6,000
Junior/Senior	\$5,500	\$7,000
Maximum Lifetime (Aggregate) Limit:		\$57,500 (\$23,000 can be subsidized)

Graduate/Professional Student	
Unsubsidized Loan	\$20,500 annually (academic year)
Maximum Lifetime (Aggregate) Limit	\$138,500

Alex



Alex is a full time dependent fourth-year student in a four-year undergraduate program at Clear River College. The COA for a full year at Clear River is \$13,475, including an average amount of loan fees calculated by the school. Alex's SAI is 1,232. Alex has been offered a Federal Pell Grant of \$5,000, FWS of \$1,800, and a WEWP-TV scholarship of \$320 that, when combined, equal an OFA amount of \$7,120. His parents refuse to borrow a PLUS. Alex is not a first time borrower.

What is Alex's loan eligibility?

Alex

Scenario 1 (Alex): Direct Loan Eligibility Calculation Worksheet

Subsidized	Step 1	-	<u>13,475</u>	Cost of attendance
		-	<u>1,232</u>	Student Aid Index
		-	<u>7,120</u>	Estimated financial assistance
		=	<u>5,123</u>	Remaining financial need
Subsidized	Step 2*	LESSER of:		
		•	<u>5,500</u>	Base annual loan limit; or
		•	<u>5,123</u>	Remaining financial need (from Step 1)
		=	<u>5,123</u>	Maximum subsidized eligibility for loan period
Unsubsidized	Step 3	a)	<u>5,500</u>	Base annual loan limit
		-	<u>5,123</u>	Subsidized eligibility (from Step 2)
		=	<u>377</u>	Remaining base annual loan limit
	b)		<u>377</u>	Remaining base annual loan limit from (a)
		+	<u>2,000</u>	Additional unsubsidized annual loan limit
		=	<u>2,377</u>	Remaining base and additional unsubsidized annual loan limit
Step 4	-	<u>13,475</u>	Cost of attendance	
	-	<u>12,243</u>	Estimated financial assistance (includes subsidized eligibility from Step 2)	
	=	<u>1,232</u>	Remaining eligibility	
Step 5	LESSER of:			
	•	<u>2,377</u>	Remaining base annual loan limit plus additional unsubsidized annual loan limit (from Step 3b); or	
	•	<u>1,232</u>	Remaining eligibility (from Step 4)	
	=	<u>1,232</u>	Maximum unsubsidized eligibility for loan period	

* If calculating only subsidized eligibility, stop after Step 2.

Vera

Vera is a full-time independent student in her junior year at Great State University where she will earn a 4-year BA degree. She completed her first 2 years at Locale Community College.

Her SAI is \$0. Her COA is \$22,435 and includes an average amount for loan fees. She is eligible for a Federal Pell Grant of \$6,495 and \$5,695 in other financial assistance. Vera has never taken Direct Loans and would like to borrow for the first time. She requests \$10,000 in Direct loan funds for the academic year.

How much may the school originate in subsidized and unsubsidized Direct Loan funds?

Vera

Scenario 2 (Vera): Direct Loan Eligibility Calculation Worksheet

Subsidized	Step 1	-	<u>22,435</u>	Cost of attendance
		-	<u>0</u>	Student Aid Index
		-	<u>12,190</u>	Estimated financial assistance
		=	<u>10,245</u>	Remaining financial need
Subsidized	Step 2*	LESSER of:		
		•	<u>5,500</u>	Base annual loan limit; or
		•	<u>10,245</u>	Remaining financial need (from Step 1)
		=	<u>5,500</u>	Maximum subsidized eligibility for loan period
Unsubsidized	Step 3	a)	<u>5,500</u>	Base annual loan limit
		-	<u>5,500</u>	Subsidized eligibility (from Step 2)
		=	<u>0</u>	Remaining base annual loan limit
	b)	<u>0</u>	Remaining base annual loan limit from (a)	
		+	<u>7,000</u>	Additional unsubsidized annual loan limit
		=	<u>7,000</u>	Remaining base and additional unsubsidized annual loan limit
Step 4	-	<u>22,435</u>	Cost of attendance	
	-	<u>17,690</u>	Estimated financial assistance (includes subsidized eligibility from Step 2)	
	=	<u>4,745</u>	Remaining eligibility	
Step 5	LESSER of:			
	•	<u>7,000</u>	Remaining base annual loan limit plus additional unsubsidized annual loan limit (from Step 3b); or	
	•	<u>4,745</u>	Remaining eligibility (from Step 4)	
	=	<u>4,745</u>	Maximum unsubsidized eligibility for loan period	

* If calculating only subsidized eligibility, stop after Step 2.

Professional Judgement & Loans

The statute allows a Financial Aid Administrator limited authority to exercise PJ to deny or reduce a borrower's loan eligibility on a case-by-case basis.

Examples of circumstances may include:

- Debt burden high enough to raise concern about the borrower's ability to repay the loan; and/or
- Demonstrated unwillingness to repay the loan, which may involve the borrower admitting they have no intention of repaying the loan.



Common Origination & Disbursement

Welcome MELISSA JONES

Welcome

to the **Common Origination & Disbursement Web Site**

Financial Aid Administrators, other school officials, and servicers can use this web site to verify batch status, submit data requests, check account balances, and enter or change institution data records via the internet.

To change your password: [Change Password](#)

COD News:

- [COD System Implementation and Outage Info - Sept. 25, 2022 - 09/09/2022](#)
- [End of Fiscal Year Processing Information 2022 - 09/07/2022](#)
- [Second 2021-22 Pell Grant Deobligation Due to Verification Status "W" \(7/27/22\) - 07/27/2022](#)
- [New Address Information for COD School Relations Center Effective July 27, 2022 \(7/27/2022\) - 07/25/2022](#)

- Person Search
- Counseling Search
- MPN/ATS/Manifest
- PLUS App Search
- Endorser Search
- Credit Check
- Applicant Search
- Escalation
- Servicer
- Default Search
- Informed Borrower

Person Search [?HELP](#)

Use this screen to search for individuals. The information consists of student and borrower demographics along with details about the awards they hold. Please enter a Social Security Number or Name.

SSN OR

Entity ID

Name Last First MI

- Please enter full SSN for SSN search. (No dashes)
- You may enter up to nine characters of the last name and up to five characters of the first name.
- If you enter a **partial** name the search may take longer to display the results.
- If you enter a valid SSN, the Person Detail page will appear allowing you to view information an individual and their associated awards.
- If you enter a valid name, the Person Detail page will appear allowing you to view information about the person and their associated awards.

NSLDS

National Student Loan Data System

Currently Selected Aid Recipient
No Aid Recipient Currently Selected

NSLDS® Professional Administrator Financial Aid Dashboard

National Student Loan Data System

This system is LIMITED to approved users. Access by others is prohibited and unauthorized use is strictly prohibited.

i This Borrower is not on the Transfer Student Monitoring List. To add this student to the inform list, click "Add Student to TSM List" button.

Add Student to TSM List

Total Outstanding Balance

As of 08/31/2022

Total Outstanding Balance:	Total Outstanding Interest Balance:	Total Other Fees:
\$8,250	\$0	\$0

View Loans

Aggregate Loan Calculations

View the Borrower's Aggregates below. Only loans for which the borrower is directly responsible affect the aggregate totals.

Borrower's Aggregates

Loan Type	Undergraduate	Totals
	Award Year: 2023 Dependency Status: Dependent	Combined Undergrad and Grad Totals
Subsidized Loans	\$7,000	\$7,000
	Aggregate Principal Balance: \$5,250 Pending Disbursements: \$1,750	Aggregate Principal Balance: \$5,250 Pending Disbursements: \$1,750

Org Type: Federal Loan Servicer Org Code: 581 Org Name: DEPT OF ED/GREAT LAKES

Filter

Data Provider Profile



DEPT OF ED/GREAT LAKES

Code: 581 Status: Open Type: Federal Loan Servicer

[View Schedule](#)

Federal Loan Servicer Profile
Click the button to access it

6 Loan Type: D4-Direct PLUS Parent

Loan Amount: \$12,381

Loan Date: 08/15/2022

Loan Period: 08/08/2022-05/04/2023

Federally-Serviced

PLUS Student

5 Loan Type: D1-Direct Stafford Subsidized

Loan Amount: \$3,500

Loan Date: 08/15/2022

Loan Period: 08/08/2022-05/04/2023

Contact List

Function * All Functions Type * All Types

Function	Type
Primary Contact	Individual
Customer Service	Individual
Disability Processing	Individual

Federal Loan Servicer: 581-DEPT OF ED/GREAT LAKES Amount: \$1,750

Search Aid Recipient

- Financial Aid Dashboard
- Loans
- Grants
- Reaffirmation
- Overpayment
- Student Contact Information
- Enrollment
- Exit Counseling
- SSN Look Up

Loan Data System (NSLDS®) Homepage

University of Mary Hardin-Baylor
Status: OPEN

Welcome to NSLDS

Welcome to the NSLDS® home dashboard page! Here you will find the popular site links, template downloads, and NSLDS announcements.

Template Downloads

Enrollment Submittal Template
Uploaded 08/14/2022 11:20AM EST

Studentaid.gov Student view

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

UNDERSTAND AID ▾ APPLY FOR AID ▾ COMPLETE AID PROCESS ▾ MANAGE LOANS ▾

🔔 👤 ▾ 🔍

My Aid View Details >

Loans

\$ [REDACTED]

Total Balance ⓘ

Grants

\$ [REDACTED]

Total Disbursed ⓘ

• [REDACTED] Principal ⓘ • \$0 Interest ⓘ • [REDACTED] Pell Grant ⓘ

Loan information as of 08/27/2022

Upcoming Payments

Servicer
DEPT OF ED/MOHELA

Due Date

[Pay on Servicer Website](#)

My Loan Servicers View Servicer Details >

DEPT OF ED/MOHELA

www.mohela.com ↗

Student Loan Servicer

Collect Payments on a Loan

Responds to Customer Service Inquiries

Performs administrative tasks associated with maintaining a loan on behalf of a lender

Can be identified on studentaid.gov



Loan Repayment Terms

Forbearance

- ❖ Period of time payments are postponed, reduced or extended
- ❖ Interest still accrues

Consolidation

- ❖ Can clear defaulted loan status
- ❖ Combine multiple loans into one loan, one monthly payment

Deferment

- ❖ Period of time payments are postponed for an approved set of reasons
- ❖ Interest on subsidized loans does not accrue

Default

- ❖ Payments delinquent for 270 days
- ❖ Fresh Start initiative

<https://studentaid.gov/announcements-events/default-fresh-start>

Fresh Start Initiative

Under the Fresh Start Initiative, defaulted borrowers regain eligibility for all forms of Title IV aid if they hold Fresh Start Eligible loans.

The school does not need to collect any other documents, statements, or ED/servicer letters for these students.

Fresh Start-Eligible Loans and Borrowers: Once the school receives the ISIR or student's request for aid, the school must:

1. Determine if the borrower's defaulted loans are Federal Direct Student Loans, Federal Family Education Loan (FFEL) loans, or ED-held Federal Perkins Loans (Fresh Start-eligible loans); and if so
2. Determine the default date on each of those loans to see whether the student defaulted before or on or after March 13, 2020.

Documentation requirements differ based on whether the student defaulted before or on or after March 13, 2020.

Defaulted Before March 13, 2020: For borrowers with eligible loans that defaulted before March 13, 2020, the school only needs the following documentation:

- A screenshot of the National Student Loan Data System (NSLDS) loan detail information showing that the default date for the loan was prior to March 13, 2020; and
- A signed acknowledgment from the borrower, stating, "I, [full name], understand that I am eligible for Title IV aid as a result of the Fresh Start initiative. As a Fresh Start-eligible borrower, I understand that, by accepting Title IV HEA federal student aid during the Fresh Start period, I am agreeing to have my defaulted loans transferred to a new loan servicer - the company that will manage my loan - which will result in continued Title IV, HEA federal student aid eligibility beyond the Fresh Start period. I understand that this transfer may not occur immediately and that I can contact the holder(s) of my defaulted loan(s) to request transfer sooner."

Fresh Start Initiative

Loans Eligible for Fresh Start:

- Defaulted William D. Ford Federal Direct Loan (Direct Loan) Program loans
- Defaulted Federal Family Education Loan (FFEL) Program loans (both ED-held and commercial-held)
- Defaulted ED-held Perkins Loans

Commercial-held FFEL Program loans that defaulted after March 13, 2020, through the duration of the payment pause, will be returned to current standing through **ED's action to expand COVID-19 flexibilities**. Because these loans will be returned to current standing, they are not eligible for Fresh Start benefits.

Loans Not Eligible for Fresh Start:

- Defaulted school-held Perkins Loans
- Defaulted Health Education Assistance Loan Program loans
- Student loans remaining with the U.S. Department of Justice (DOJ)
- Direct Loans and commercial-held FFEL Program loans that default after the end of the pause on student loan payments and collections

Repayment Plans

Standard

Graduated

Extended

**Pay as
you
earn**

SAVE

ICR

IBR

**Is a borrower
able to switch
payment plans at
a later date?**

Loan Forgiveness

Teacher Loan Forgiveness

Up to \$17,500 on sub or unsub (Direct or Stafford) loans if teach full time for 5 complete, consecutive years in certain elementary/secondary schools serving low-income families

Public Service Loan Forgiveness

Forgives the remaining balance on Direct Loans after 120 qualifying monthly payments made while working full-time for a qualifying employer



What is a Private Student Loan?

- **Primarily made by banks and credit unions**
- **Credit based – school certified**
- **Gap funding instrument**
- **Majority are cosigned (Industry average +90%)**
- **FASFAA not required**
- **Not need based – can cover full cost**



Private Loan Details Vary by Lender

- **Eligibility**
- **Underwriting**
- **Rates**
- **Fees**
- **Repayment Options**
- **Repayment Terms**
- **Minimum & Maximum Loan Amounts**
- **Benefits**
 - **Auto-Pay Rate Reduction**
 - **Death & Disability**
 - **Cash Back Rewards**
 - **Graduation Rewards**



Credit Attributes

Credit attributes influence approval rates and interest rate, but co-signer inclusion is most significant factor in loan approvals

- **FICO**
- **Income**
- **Co-signed Rate**

Generally, approval rates improve with higher FICO scores, income and co-signer rates



What Does it Mean to Co-sign a Loan?

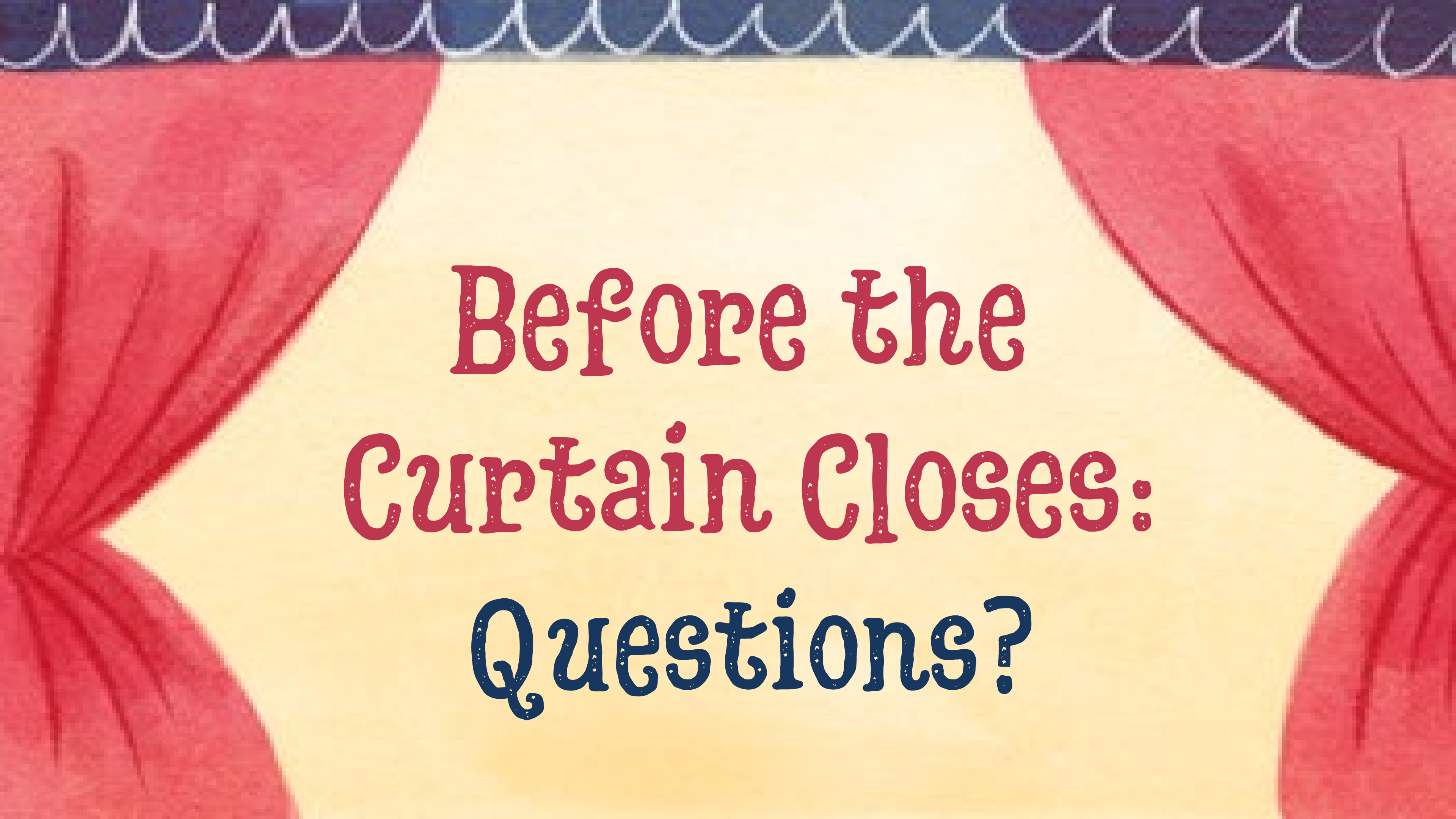


What are a co-signer's responsibilities?

- By co-signing, your co-signer is agreeing to take equal responsibility for the loan. That means that if the student borrower is not able to make the payments, the co-signer is still legally obligated to pay the loan back. Either one can be the one to make the required monthly payments.

Is there a benefit to applying with a co-borrower?

- Applying with a co-signer who has good credit may help borrowers qualify for the loan and/or receive a lower interest rate.



Before the
Curtain Closes:
Questions?

Resources

NASFAA

- ❖ AskRegs
- ❖ Fresh Start Info
- ❖ **FAQ's broken down by aid type**

Loan Simulator

COD

NSLDS

FSA Knowledge Center

- ❖ **FSA Handbooks, regulations, current notifications**
- ❖ **This site is your best friend!**

Youtube – Federal Student Aid Channel

- ❖ **Videos on a variety of topics including repayment**



Thank You for
Completing our
Survey



Education Loans