

Columbia Theological Seminary
2016 – 2017 William D. Ford Federal Direct Loan Program
Steps and Checklist

Students may apply for federal student loans, throughout the current academic year. The loan should only address needs for the 2016-17 loan year. For example: if the student is enrolled for Greek School/summer, fall, winter, or spring term, the student may request a loan in the spring for the entire academic year. HOWEVER, federal student loans may not be certified for the current loan year to cover the prior year's expenses. **Students must reapply for student loans each year.**

____1. Complete the **Free Application for Federal Student Aid (FAFSA)** on-line (www.fafsa.ed.gov). The seminary's school code is **G01560**. The FAFSA is used to calculate the amount of the **Expected Family Contribution (EFC)**. The EFC is the amount determined, using federal methodology, that a student should be able contribute to the cost of his/her education based on having income for the current year that is similar to the prior year's income. If there is a significant difference in income and you would like us to consider that in determining your loan eligibility, please write an explanatory letter and include your actual or projected income for the twelve-month period that includes the periods that you will be enrolled. Often outside sources will request the EFC to determine need for their scholarships or grants. *Please note that the EFC is not used for the purpose stated above when determining federal unsubsidized loans.*

____2. Students receive a **Student Aid Report (SAR)** from the FAFSA processor. All the schools that you have listed on the FAFSA will receive a copy of the FAFSA information electronically (**ISIR**). When you receive your SAR, please review it carefully, make any corrections electronically or mail it back to the processor.

____3. **Entrance Interview – Entrance Interviews are required.** Contact the Admissions, Recruitment and Financial Aid Office at (404)687-4582. This interview provides you with information about the loan process and must take place before a school can make a first disbursement to you. This requirement is intended to ensure that you understand your rights and responsibilities as a borrower of a federal government loan. (Entrance interviews are **required for first-time CTS borrowers.**) **Entrance interviews may be completed on line at:** <https://studentloans.gov>. Please advise the CTS FA office if you have completed loan counseling.

____4. *Complete the ***William D. Ford Direct Loan Master Promissory Note (MPN)**. Read the information provided with the MPN. If you have not previously received a Direct Loan you must complete a Direct Loan MPN. The MPN is a legal document through which you promise to repay the loan and any associated fees and interest. It may be used for up to ten (10) years. To complete the form electronically go to: <https://studentloans.gov>. This process requires a Federal Student Aid ID/Pin. To create a FSA ID/PIN go to StudentAid.gov/fsaid for more information.

____5. Please note the following information regarding **fee changes for this academic year:**

Please note the following, the Budget Control Act of 2011 (the sequester law) remains in effect, consequently, sequester requires changes for Federal fiscal year 2017 (FY 2017) that are effective October 1, 2016.

The information below depicts the impact of sequester required increases to Direct Loan fees and sequester required changes in the percentage reduction that institutions must apply to awards.

Direct Loan Program

The terms of the sequester increase the loan fees charged to Direct Loan borrowers for Direct Subsidized, Direct Unsubsidized and Direct PLUS loans in cases of first disbursement made on or after October 1, 2015 and before October 1, 2016.

- The loan fee for Direct Subsidized Loans and for Direct Unsubsidized Loans is 1.069%. For example, the fee on a \$5,500 loan will be \$58.79 (truncated to nearest cent, not rounded).

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- The loan fee for Direct PLUS Loans (for both parent borrowers and graduate and professional student borrowers) is 4.276%. For example, the fee on a \$10,000 PLUS Loan will be \$427.60.

Loan fee calculations that result in more than two decimal points must be truncated (not rounded) to two decimal points (cents).

The following chart displays sequester required loan fees for both the FY 2014 and FY 2015.

Direct Loan Fees for FY 2016 and FY 2017			
Loan Type	Impacted Loans	Loan Fee Percent	Fee Example
Direct Subsidized Loans and Direct Unsubsidized Loans	FY 2016 First disbursed on or after October 1, 2015 and before October 1, 2016	1.068	\$58.74 on a \$5,500 loan
	FY 2017 First disbursed on or after October 1, 2016 and before October 1, 2017	1.069	\$58.79 on a \$5,500 loan
Direct PLUS Loans (Parent and Grad/Prof Student)	FY 2016 First disbursed on or after October 1, 2015 and before October 1, 2016	4.272	\$427.20 on a \$10,000 loan
	FY 2017 First disbursed on or after October 1, 2016 and before October 1, 2017	4.276	\$427.60 on a \$10,000 loan
Loan fee calculations that result in more than two decimal points must be <u>truncated</u> (not rounded) to two decimal points (cents).			

Institutions have been advised that they may immediately begin submitting to COD Direct Loan origination records where the first disbursement will be on or after October 1, 2015. Origination records must have the correct loan fees as shown above.

Interest rates for Direct Unsubsidized Loans first disbursed between July 1, 2016 and July 1, 2017 is fixed at 5.31%.

____ 6. * Provide a **signed** copy of your ***federal income tax return** for the prior year, signed by student and spouse, if applicable.) If you completed Worksheets A, B and/or C of the FAFSA, attach copies.

____ 7. *Complete the **Financial Assistance Statement Form**. Please be reminded that should you borrow the maximum you are eligible to borrow and later receive unanticipated financial assistance, we are required by federal regulations to notify your lender so that your loan can be reduced accordingly if all disbursements of the loan have not been received. Therefore, please be sure to list all money you are **sure** you will receive to help pay for your educational costs for the time period of the loan.

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____ 8. *Have the Registrar complete the ***Satisfactory Academic Progress** form. If you are not making **satisfactory academic progress** according to the policy printed in the Student Handbook, ordinarily you will not be eligible for a loan. For entering students, satisfactory academic progress has not yet been determined.

____ 9. *Note: **Advanced degree students (Th.M., Th.D.)** Complete the **Educational Costs Worksheet** to determine your Cost of Attendance. It may also be necessary for you to meet with the financial aid officer to calculate educational costs. (Please provide requested documentation for costs. Without the documentation, the cost can not be included in the “cost of attendance” used to determine your loan eligibility.)

____ 10. After these forms are received, the Financial Planning Office will determine your **loan eligibility** and will send you a ***Certification of Loan Amount** that you must complete and **return** to the Financial Planning Office. Of your total eligibility, you may indicate on this form the amount of unsubsidized funds you want to borrow.

Note:

- **Graduate/professional students no longer have eligibility for Subsidized loans effective July 1, 2012.**
- **Unsubsidized** loan eligibility (*interest accrues immediately*) is determined by the formula: **COA – EFA**.
- The **maximum Unsubsidized loan** a graduate/professional student may be eligible for is **\$20,500** per year.
- A student may not borrow more than the result of the formula above.

____ 11. The Financial Planning Office will then certify your loan through Common Origination and Disbursement (COD) System for processing by the federal government.

____ 12. COD will **forward** loan **disbursements** to the Business Office on the disbursement dates specified on the School Certification Form unless you delay your response.

- **Disbursement dates** are generally set to coincide with the beginning of Summer term, Fall Semester, and Spring Semester. There is not a separate disbursement for Extended Spring term. Because the terms are not of equal length, you will need to factor your winter term expenses into the fall semester disbursement.

____ 13. **Receiving your loan funds:**

The **Business Office** will contact you when your loan funds are available.

- **You must “reply all” as specified in the email sent to you and indicate that you accept the loan, or refuse the disbursement or note your request for a change in amount.**
- Loan funds will be credited to your student account within three business days of receipt of the funds.
- If the funds result in a **credit balance**, you may request the balance by submitting a check request form to the Business Office. If the loan disbursement is intended to cover tuition, room, or board charges for a term for which charges have not yet been entered on your account (for example-Extended Spring term), you may wish to leave an appropriate amount in your account.
- Again, you may **refuse** a loan disbursement, or accept a **partial** amount at the time the funds are presented to you for acknowledgement. The disbursement or the difference will be returned to U.S. Department of Education. You may also request that your loan amount be reduced or a disbursement be cancelled prior to the disbursement date.

*The attached forms are to be returned to the CTS Financial Planning Office.

Please stop by the Financial Planning Office (Room 212 Campbell Hall) any time you have questions or concerns about this process. Call extension 582 to make sure that someone is available to answer your question(s).