

## **Student Loan Policies and Procedures at SBC for 2016-17**

Shasta Bible College & Graduate School desires to aid all students to succeed in the ministry to which the Lord may call them. Unnecessary financial debt can be a hindrance to that success; therefore it is our policy to encourage students to try all other means possible before taking out reasonable loans. We do award federal student loans to those who feel it is needed and qualify.

All aid types awarded by Shasta Bible College require that the student meet satisfactory academic progress requirements. In order to borrow from the federal loan program, the student must be enrolled at least half-time (6 units). Shasta Bible College Financial Aid Committee has the right to review and decrease the amount of a student's request on a case by case basis.

**Federal Direct Student Loans**—Direct Loans are borrowed from the federal government. Accepted loans are listed on the National Student Loans Database (NSLDS), where students can also monitor their loan history and outstanding loan volume. [www.nsls.ed.gov](http://www.nsls.ed.gov).

**Subsidized Federal Direct Stafford Loan**—To be eligible for the subsidized Stafford Loan, a student must be an undergraduate who shows need and is enrolled at least half-time (6 units). The government subsidizes the loan by paying the interest for the student during periods of at least half-time enrollment and for a six month grace period following the student's graduation or withdrawal from college. First-year students are eligible for a maximum of \$3,500; students reaching sophomore status can borrow up to \$4,500; juniors and seniors can borrow up to \$5,500. Loans that are first disbursed on or after July 1, 2016 and prior to July 1, 2017 have a fixed interest rate of 3.76%.

**Unsubsidized Federal Direct Stafford Loan**—With an unsubsidized loan the interest is the student's responsibility from origination. The government does not pay interest for the student. It currently accumulates at a fixed rate of 3.76% for undergraduates and 5.31% for graduate students. Eligibility for a subsidized loan is always considered first, but if the student's limit does not meet the need, an unsubsidized loan, up to \$2000 (undergraduate), will be considered. Graduate and independent students can add up to \$6000 of unsubsidized loans if need is determined. Other amounts are available if need exists.

**Direct Parent Loan for Undergraduate Students (PLUS)**—The PLUS loan is available to parents of dependent students to help meet remaining costs of education. Maximum eligibility is the total cost of education minus financial aid. Interest is the parent's responsibility and is calculated at a fixed rate of 6.31%.

### **SBC POLICIES and PROCEDURES**

- SBC participates in the Direct Loan Program. Student loans are borrowed from the federal government. SBC does not participate in any type of school sponsored student loan program or private loan program. Students are encouraged to use their eligibility with the federal

government first because interest rates are low. All FSA programs are administered through the Financial Aid Office.

- All loans must be repaid by the borrower and should be taken with extreme caution and forethought. Failure to repay a loan will negatively affect the student for years.
- The student must meet satisfactory academic progress requirements. See the catalog for specifics of this requirement. In order to borrow from the federal loan program, the student must also be enrolled at least half-time (6 units).
- Eligibility is confirmed at the point of loan awarded and again prior to disbursement. Students who do not meet eligibility criteria will have loan monies returned to the federal government.
- Loans that are listed on an award notification show potential eligibility. A student must accept the offered loan (or a reduced amount) each year. Loans are not automatically ordered or disbursed.
- **First time borrowers** are required by the federal government to complete Loan Entrance Counseling and the Master Promissory Note to initiate the first loan. By policy first time borrowers are also required to complete a SBC Loan Worksheet and a SBC Loan Request Form. The Entrance Counseling and the MPN are found online at [www.studentloans.gov](http://www.studentloans.gov). The SBC Worksheet and the SBC Loan Request Form are found online at [www.shasta.edu/financial-aid.html](http://www.shasta.edu/financial-aid.html).
- **Return borrowers** are required by SBC policy to complete the Financial Awareness Counseling. They are also required to fill out the SBC Loan Worksheet and the SBC Loan Request Form. The counseling is found at [www.studentloans.gov](http://www.studentloans.gov). The SBC Loan Worksheet and the SBC Loan Request Form are found on the SBC website on the Financial Aid page at [www.shasta.edu/financial-aid.html](http://www.shasta.edu/financial-aid.html).
- Loans are for the entire fall-spring enrollment and will have two disbursements, half in the fall and half in the spring if the student maintains eligibility. One-semester loans will be disbursed at the beginning of the term. Summer is a separate loan period and will be disbursed at the beginning and midpoint of the semester.
- Loans for fall, spring and the following summer combined cannot exceed annual maximums.
- Loans are to be used only for costs pertaining to higher education attendance and cannot exceed need, if subsidized, and/or cost of attendance if filling Expected Family Contribution. See the Financial Aid Office for COA limits.
- Students cannot be in default on a federal student loan or must have made satisfactory arrangements to repay a defaulted loan.

- Students cannot receive a student loan or other aid if they owe money back on a federal student grant and have not made satisfactory arrangements to repay any such overpayment.
- Students cannot have borrowed in excess of the loan limits under Title IV programs at any institution. Students cannot request/receive loans from another school for the same or an overlapping loan period if total borrowed exceeds annual or lifetime maximums.
- Loans are credited to student accounts at SBC. **After school costs are covered, excess amounts will be returned to the student to be used for other educational costs.** The Business Office will notify the student when checks are available to be picked up. **The federal government allows the Business Office fourteen administrative days to return credit balances.**
- Loan disbursements for students not attending classes in at least six credits or not meeting satisfactory progress requirements will be returned to the lender.
- Aid cannot be disbursed until student shows at least six credits for the term has reached census date (end of add/drop).
- If a student withdraws from school, he may be required to return a portion of the loan and other financial aid. The Financial Aid Director will work with the student on the R2T4 forms.
- Additional information regarding loans and access to the Master Promissory Note and loan counseling can be found at [www.studentloans.gov](http://www.studentloans.gov).

### **LOAN APPROVAL POLICY**

Under federal regulations 34 CFR 685.301(a)(8), SBC has the right on a case-by-case basis to deny or revise the size of a loan. The SBC Financial Aid Committee will deny loans after consideration on a case-by-case base for the following:

- To deny loans for a student entering a new program who has insufficient loan eligibility remaining to complete the new program of study.
- To deny loans to students with existing student loan debt that approaches or exceeds undergraduate limits.
- To deny a loan to any student with a previous default who has existing student loan debt from all sources equal to or greater than half the maximum aggregate limit in either subsidized or unsubsidized loans for the student's status as a dependent or independent students.
- To deny PLUS loans for parents with combined subsidized, unsubsidized and PLUS loan debt exceeding subsidized and unsubsidized loan limits.
- Other circumstances that strongly indicate an unwillingness to repay or abuse of loan programs.

### **Additional Points for Consideration in Awarding/Revising Loans**

SBC must determine eligibility at the point of loan certification and again at the point of loan disbursement. It is the responsibility of the Financial Aid office to consider eligibility requirements prior to awarding and during any aid revisions. Loans must be denied if:

- The student has not completed the application process, submitted required transcripts or other requested documents at the time of disbursement, and the requirement has not been temporarily waived.
- The student has failed Satisfactory Academic Progress Standards.
- The student owes a debt to the college.
- Information is received that indicates ineligibility for the loan. (Examples, not all inclusive)
  - The student has already borrowed the annual maximum.
  - The student has exceeded lifetime maximums.
  - The student is in default on a loan.
  - The student did not enroll in and/or is not attending 6 credits.

### **CREDIT BALANCES**

Should a loan disbursement create a credit balance on a student's account, the balance will be sent by check to the student within 14 days of disbursement. The federal government allows the Business Office fourteen administrative days to return credit balances. The student is required to sign the needed FSA forms for the handling of credit balances provided in the enrollment packet. See the Financial Aid Office for forms. Note that all bills at SBC (including the Book Store) must be cleared before a refund is issued.