



SEWARD COUNTY COMMUNITY COLLEGE/AREA TECHNICAL SCHOOL
Office of Student Financial Aid
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Stafford Loans

Dear Student,

You have indicated you would like to accept the Subsidized and/or Unsubsidized Stafford Loan which was offered to you for the 2010-2011 academic year. Before we will be able to disburse the loan funds to you, you will need to complete the Master Promissory Note (MPN) and Loan Entrance Counseling. Below is a list of frequently asked questions regarding the Stafford Loan program.

Q. What is the difference between a Subsidized and Unsubsidized Loan?

A. The Subsidized Stafford Loan is awarded to students who demonstrate financial need. The federal government pays the interest on this loan while the student is at least attending school on a half-time basis and during the six month grace period.

The Unsubsidized Stafford Loan is awarded to students who do NOT have demonstrated financial need or to those independent students who have already borrowed the maximum allowable amount for their grade level under the Subsidized program. The student is responsible for all of the interest that accrues on the loan from the very beginning. The student can pay the interest while in school or it can be deferred.

Your award letter will indicate how much financial need you have and what type of loan you qualify for. You can view your award anytime during the academic year by visiting our web site at www.sccc.edu

Q. What is the Master Promissory Note (MPN) and what do I do with it?

A. The MPN is the legal document stating your obligation to repay the loan and provides important information about the loan, including terms and conditions. You must complete a new MPN every time you change lenders at Seward County Community College.

You can complete the required MPN by: 1) Once your loan paper work has been submitted to our office and your loan has been processed, you will receive a letter from the lender you selected with on-line instructions on completing the MPN; OR 2) you can request a paper MPN and follow the instruction sheet to complete the MPN. Keep the "Borrower Copy" of the MPN for your records. Send the MPN back to SCCC's Office of Student Financial Aid. Some tips for completing the MPN include using only a black pen, and if you make a mistake, cross through the item and initial beside it.

Q. What is the Loan Entrance Counseling and do I have to do it?

A. Loan Entrance Counseling is required for first time borrowers. It provides valuable information regarding your Stafford Loan and outlines what your rights and responsibilities are regarding the loan.

It is MANDATORY. Follow the instruction sheet for completing the counseling on-line. You will be provided with information about Stafford Loans during the tutorial and then will need to successfully complete the quiz at the end. After you have completed the quiz, the results will automatically be e-mailed to our office. Keep a copy of the quiz results for your records.

Note: A minimum score of 14 is required.

Q. How will I receive the money from my loan?

A. Provided the student has completed the MPN and Loan Entrance Counseling and meets all the eligibility requirements for the loan, the student can expect the loan funds to be available after the first 30 days of each semester. (This is normally around the first part of October and the first part of March.) The loan is normally disbursed in two equal amounts, one for the fall semester and one for the spring semester. The lender will send a check to the school made payable to the school and the student. If the student owes the school for unpaid tuition, fees, books, dorms, etc., the student will be required to apply the loan money to their account. If the check is greater than the charges owed, the student will be issued a check for the difference. For example if a student borrows \$3500 for the academic year, their fall and spring check will be for approximately \$1750.

Q. Do I have to reapply every year for the Stafford Loan?

A. Yes, you must file the Free Application for Federal Student Aid (FAFSA) every year. This application is used to determine eligibility for all federal student aid.

Q. How is the Stafford Loan program different from the Direct Loan program?

A. The Stafford Loan program is part of the Federal Family Education Loan Program (FFELP). Under FFELP, loans are made through private lenders and guaranty agencies. The Direct Loan program has one single lender – the U.S. Department of Education. Some schools participate in the Direct Loan program, some participate in the FFELP program and some may participate in both. SCCC participates in the FFELP program. The interest rates and allowable loan amounts are the same through either program.

Q. When will I have to begin repaying the Stafford Loan back?

A. You will begin repayment on your Stafford Loans six months after you cease to be a half-time student. (Half-time is normally considered six hours during the fall and spring semesters). For example, if you are a continuously enrolled half-time student at SCCC for the first year and then decided to not return to any college or university your second year, you can expect to begin repayment on your Stafford Loans around the month of November. You ceased to be a half-time student in May (at the end of the spring semester) so therefore; your six month grace period would end in November and repayment would begin. If you then return to school again on a half-time basis, you should contact your lender about a deferment.

Q. What can I do if I cannot make my loan payments?

A. If you ever have a problem making your monthly student loan payments, you may be able to postpone repayment through deferment or forbearance. Each has separate conditions and requirements. Call your lender to explain your situation and see if you qualify for a deferment or forbearance. You should also make sure your lender always has your correct address and phone number so you receive your payment notices in time for you to submit timely payments.

Q. What are the penalties if I default on my Stafford Loan?

A. The consequences for defaulting on a student loan are severe and long-lasting, including no access to further federal financial aid, a bad credit rating, legal action against you, garnishment of your tax refund(s) and/or wages, pursuit by a collection agency, and loss of loan deferment privileges or of long-term payment options.

If you have any questions regarding the MPN, Loan Entrance Counseling or your Stafford Loan, please feel free to contact our office.