

Dear Financial Aid Applicant:

The Financial Aid Office at Western Iowa Tech Community College wants to assist you with financing your education. Your Financial Aid Award indicates if you are eligible for a Federal Direct Loan. This packet of materials will provide you with the information you need to complete the loan application should you decide to apply.

Beginning with the Fall Semester, we will be switching to the Ford Direct Student Loan program. Terms and conditions are similar to the Federal Family Education Loan Program used in the past. With the move to Direct Lending, you will no longer need to specify a lender. All loans will be made directly by the U.S. Department of Education based on the Loan Request Form you submit to the WITCC Financial Aid Office.

All students will need to electronically sign a new Master Promissory Note (MPN) , complete the Entrance Counseling and Loan Request Form 2009-10 on at www.mywitcc.com Log in and go to the Student Tab, Financial Aid, Master Promissory Note, Entrance Counseling and Loan Request Form 2009-10

You should complete your Loan Request Form (LRF) according to the directions and submit it to the Financial Aid Office. This form may be completed at any time but should be submitted to us before **July 15 for the fall semester**. Go to www.mywitcc.com login and complete the LRF under the Student Tab, Financial Information, Fin.Aid Forms Online.

After you submit your Loan Request Form to our office, we will electronically submit your loan information to the Direct Loan Servicing Center. See inside for additional hints to successfully completing your loan application.

If you have any questions about the loan process, please contact the Financial Aid Office at 712-274-6402 or 800-352-4649 extension 6402.

Sincerely,

The Financial Aid Staff

Before You Borrow:

The estimated loan eligibility listed on your award letter is for informational purposes. The Financial Aid Office at Western Iowa Tech Community College encourages you to borrow **wisely**.

Do You Really Need a Loan?

For most students and their families, paying for college involves combining several resources to pay educational costs. First consider grants, scholarships, or other assistance for which you qualify. Savings, income from work, and assistance from family members can all be possible funding sources. Loans can be a resource if other sources are insufficient. **If you do decide to borrow, remember that you are accepting a serious, long-term responsibility to repay your loan.** Be sure you understand the terms of your loan as stated in the Master Promissory Note.

How Much Do You Need to Borrow?

- Estimate your total costs for the school year. Include charges for tuition and fees, books, equipment and supplies, and WITCC housing and meal plan if applicable.
- Subtract grants and scholarships from the total costs.
- Subtract what will be paid from savings, income and other resources. Parents of dependent students may wish to consider a Parent Loan for Undergraduate Students (PLUS) to assist in covering any remaining balance.

We discourage borrowing to pay basic living expenses if they are covered by other sources of income or assistance. Be aware of maximum loan amounts and any interest accruing on unsubsidized loans while you are in school.

How Much Will Your Payments Be?

Loan repayment begins 6 months after you graduate or stop attending at least half time. Refer to the repayment chart to help estimate the amount of your monthly payment based on the total amount of loans borrowed.

If you have any questions, please feel free to contact the Financial Aid Office at (712) 274-6402 or (800) 352-4649 extension 6402.

The Loan Application Process: Information You Need to Know

Review the Financial Aid Award offered to you by Western Iowa Tech Community College.

If you need to borrow a student loan, please follow the steps below:

ALL BORROWERS

1. Log in to www.mywitcc.com .
2. Go to the ***Student Tab, Financial Aid***
3. Complete:
 - a. ***Loan Request Form (LRF) under Fin.Aid Online Forms***
 - b. ***Master Promissory Note (MPN) online with your Department of Education PIN.***
 - c. ***Entrance Counseling.***

The Financial Aid Office electronically submits your loan request to the Direct Loan Servicing Center. You will receive a Disclosure Statement from the Servicing Center when your loan is accepted by the Servicing Center.

Students that do not have access to a computer may use a computer in the Financial Aid Office to complete the loan application process. You must complete a MPN (either electronically or paper version), before any funds will be disbursed. If you would like to complete a paper MPN instead of the online note, you can request one from the Servicing Center or the Financial Aid Office.

Upon completion of the MPN, Entrance Counseling and the Loan Request Form, the Direct Loan Servicing Center will disburse funds, as scheduled, to WITCC.

Question and Answer sessions will be held at 11:30 on Wednesday and Thursday, September 9 and 10, 2009 for the Fall semester and Wednesday and Thursday, February 3 and 4, 2010 for the Spring semester for borrowers who have questions or want to better understand how the Direct Loan program works.

NOTE: The loan application process can take up to 2 months prior to the start of the semester. Submit your Loan Request Form Early!

If you plan to use a student loan for Summer School, see the Examples and contact the Financial Aid Office.

Examples:

Attendance Period	Fall Amt.	Spring Amt.	Summer Amt.	Total Amt.
2 Semesters	\$1750	\$1750	\$0	= \$3500
2 Semesters + Summer	\$1167	\$1167	\$1166	= \$3500

Repayment Charts

Repayment (Principal and Interest)

Estimated monthly payments for a subsidized Direct Loan at the interest indicated.

Total Borrowed	Monthly Payment at 6.8%	Monthly Payment at 5.6%
\$3500	\$50 *	\$50 *
\$7000	\$81	\$72
\$15,000	\$173	\$167

*Minimum Monthly Payment is \$50. Payment amounts are based on 10 year standard repayment plan. 120 equal monthly payments. Loans originated for the 2009-2010 are based on the 5.7% interest rate.

In-school Interest (for Unsubsidized Loan)

Approximate monthly interest charge at the interest indicated. Interest charge, if not paid monthly, will be added to the amount you borrowed. It will increase the amount you owe.

Total Borrowed	Monthly Interest at 6.8%
\$3500	\$23
\$7000	\$40
\$15,000	\$85

Loan repayment begins 6 months after you graduate or stop attending at least half time. Refer to the repayment chart to help estimate the amount of your monthly payment.

If you borrow an unsubsidized loan, you may estimate the amount of interest being charged on your loan while you are in school using the In-school Interest chart. Note: It is to your advantage to pay the interest while in school.

If you would like more precise estimate of your payment go to www.witcc.edu. Go to Becoming a Student and under Financial Aid use the Loan Repayment Calculator. If you have more questions, please contact the Financial Aid Office at (712) 274-6402 or (800) 352-4649 extension 6402.

nALL loan proceeds will be electronically transmitted to each student's account once attendance is verified and the student meets ALL eligibility requirements such as completion of the entrance interview, satisfactory academic progress, etc.

- I understand that if I apply as a part-time student, I will enroll in a minimum of six (6) credit hours for each semester included in my loan period.
- I understand that Federal Regulations require multiple disbursements of all loan funds.
- I understand that loan funds will not be disbursed until 30 days after the beginning of the term.
- I understand that all funds will be credited to my account first, with any remaining balance refunded to me.
- I understand that I am applying with a Master Promissory Note. I understand that I may receive one or more loans under this Master Promissory Note and that I must repay such loans.
- I understand that I that federal regulations require me to complete loan counseling prior to receiving my first disbursement. If I fail to do so, my loan will be canceled. I may complete this counseling when completing the MPN online or by clicking the Direct Loan Entrance icon.

nYou may be able to charge books at the WITCC bookstore if you have:

- submitted your LRF to the WITCC Financial Aid Office
- a valid Master Promissory Note on file with the Direct Loan Servicing Center 30 days prior to the start of the semester
- completed the Entrance Loan Counseling

Types of Federal Direct Student Loans

There are two types of Federal Direct Student Loans: subsidized and unsubsidized. Eligibility for the subsidized loan is based on financial need and features deferment of principal and elimination of interest charges while enrolled at least half-time.

The unsubsidized Direct Loan is for students who do not demonstrate financial need and for independent students who need to borrow more than the base amount. The unsubsidized Direct Loan **does accrue interest** while the student is enrolled. Students borrowing an unsubsidized loan may pay the interest that accrues while in school, or let the interest be added to the loan amount (capitalized). This option may be indicated on the promissory note. Remember, it is to **your advantage** to pay the interest while in school.

The amount of Federal Direct Loan a student may borrow is dependent upon the student's enrollment status and other financial aid. Subsidized loan maximums are:

\$3500 1st year of program of study

\$4500 2nd year of a program of study

You must have completed one-half of the required credit hours of your program of study to qualify for 2nd year loan amounts. Independent students (as determined by the FAFSA) may be eligible for an additional \$6000 in unsubsidized loan if needed. Dependent students (as determined by the FAFSA) may be eligible for an additional \$2000 in unsubsidized loan if needed.

nALL STUDENTS ATTENDING WITCC FOR THE 2009-2010 SCHOOL YEAR MUST COMPLETE A MASTER PROMISSORY NOTE. YOUR LOAN WILL NOT BE FINALIZED UNTIL THE DIRECT LOAN SERVICING CENTER HAS AN MPN ON FILE.

nA Master Promissory Note is a legal document under which you may receive multiple Federal Direct Student Loans over a maximum ten year period. You are legally responsible to repay all loans borrowed under a MPN.

nYou will receive a Disclosure Statement from the Servicing Center specifying the loan amount that was approved. WITCC will credit your student account with the loan proceeds and notify you through your mywitcc e-mail when that transaction has occurred. If your loan exceeds your charges for the term, a refund check will be written and mailed to **your permanent address**. If you need to update your permanent mailing address, go to www.mywitcc.com.

n**You have the right to cancel your loan prior to disbursement or within 14 days of disbursement** if you have not received any refund. Students wanting to cancel their loans must notify the Financial Aid Office in writing.

***Instructions for Completing the Western Iowa Tech Community College
Loan Request Form
2009-2010***

The Direct Loan Request Form (LRF) **MUST** be submitted to the WITCC Financial Aid Office before your Direct Loan can be processed for the 2009-2010 school year. ***All student borrowers at WITCC for the 2009-2010 school year must complete a new Direct Loan Master Promissory Note.***

PLEASE SUBMIT AS SOON AS POSSIBLE. Processing time for your loan can take up to 2 months.

To complete the LRF, fill in steps 1-5.

1. Name. Use your legal name.
2. Social Security Number.
3. Semester. Please check the semester(s) for which you plan to borrow. If you wish to use a student loan for Fall, Spring, and Summer semesters, contact the Financial Aid Office. If you will be enrolled only one semester, indicate the date you plan to graduate from WITCC.
4. Disbursing Direct Loan Amount Requested. <u>Loans must be disbursed in at least 2 installments, ie beginning and mid-point for a one semester loan or 1 each semester for a 2 semester loan. Attending less than 6 hours per semester will result in cancellation of your loan.</u>
5. Read the statement, electronically sign, date and submit the online LRF.

Checklist: (*Keep copies of all documents related to your student loan.*)

A completed loan process includes:

- ✓ **submitting this LRF,**
- ✓ **having a valid Master Promissory Note on file with the Direct Loan Servicing Center,**
- ✓ **completing Entrance Counseling and**
- ✓ **receiving a Disclosure Statement from the Direct Loan Servicing Center .**