

FINANCIAL AID HANDBOOK

Most of the funds provided by the Federal and State governments for student aid come from these seven major programs:

Federal Pell Grants; Federal Supplemental Education Opportunity Grants (SEOG); Federal College Work Study (CWS); Federal Perkins Loans; Federal Stafford Loans; Federal Parent Loans for Undergraduate Students and the NYS Tuition Assistance Program (TAP).

The Department of Education's Federal Student Aid programs are the largest source of student aid in the U.S. These programs provide more than \$80 billion a year in grants, loans and work study assistance to 10 million aid recipients. You should begin the financial aid process as soon after January 1 as possible. Follow these six steps outlined below:

1. Apply for PIN (Personal Identification Number) A PIN lets you apply, "sign" your online FAFSA (Free Application for Federal Student Aid), make corrections to your application information and more, all online. Go to www.pin.ed.gov to apply!
2. Collect the documents including income tax return, W2 forms and other records of income to apply. A complete list of what you need can be found at www.fafsa.ed.gov. Tax return not completed at the time you apply? Estimate the tax information, apply and then correct the information later. Early application is critical.
3. Complete the Free Application for Federal Student Aid (FAFSA) as early as possible, preferably in January, in order to meet school and state aid deadlines. Apply online at www.fafsa.ed.gov. Farmingdale State College's school code is 002858.
4. Review your Student Aid Report (SAR). This is the result of your FAFSA. If necessary make changes or corrections and resubmit your SAR for reprocessing. Your complete correct SAR will contain your Expected Family Contribution (EFC). This is the number that is used to determine your Federal student aid eligibility.
5. If you are selected for verification, the financial aid office will ask you to submit tax returns, W2 copies and any other necessary documents. Be sure to hand in this information in a timely manner as your Federal financial aid will be on hold until verification is completed. Make sure the Financial Aid Office has the information needed to process your financial aid.
6. Contact the Financial Aid Office at (631)420-2578 with any questions. Review your award letter and make sure you accept or decline any Federal Loans and/or Federal Work Study that you have been offered in a timely manner. Be sure to submit any requested materials as soon as possible.

What is a.....

Federal Pell Grant: A Federal Pell Grant, unlike a loan, does not have to be repaid. A Pell Grant is generally awarded to undergraduate students—those who do not already have a bachelor's degree. The U.S. Department of Education uses a standard formula to determine if one is eligible. This formula, calculated once a student completes the FAFSA (Free Application for Federal Student Aid), determines the EFC (Expected Family Contribution) and if it falls within a certain amount, one is eligible for a Pell Grant.

The maximum Pell Grant award for the 2007-2008 (July 1, 2007 to June 30, 2008) is \$4310. This maximum award amount is determined by Congress. How much an individual student receives is dependent on the EFC, the cost of attendance, full-time or part-time status and whether one attends schools for a full academic year or less. You may receive only one Pell Grant in an award year, and you may not receive a Pell Grant from more than one school at a time.

Farmingdale State College credits the funds to the student's account. If and when a student's tuition account becomes overpaid with loans and grants, a refund check will be issued to the student. Farmingdale State College informs students in writing how much they will be receiving.

Academic Competitiveness Grant (ACG): On February 8, 2006, President Bush signed the Higher Education Reconciliation Act of 2005 (HERA) that created a new Federal grant program entitled the Academic Competitiveness Grant (ACG) program. Beginning with the 2006-07 award year, an eligible student may receive an ACG of \$750 for the first year of academic study and \$1,300 for the second year of academic study. To be eligible for each academic year, a student must:

- Be a U.S. citizen
- Be a Federal Pell Grant recipient
- Be enrolled in a full-time degree program
- Be enrolled in the first or second academic year of his or her program of study at a two-year or four-year degree granting institution
- Have completed a "rigorous" secondary program of study identified by the New York State Education Department and recognized as such by the Secretary of Education (after January 1, 2006 if a first year student and after January 1 2005, if a second year student)
- If a second year student, have at least a cumulative 3.0 overall grade point average on a 4.0 scale for the first academic year.

National Science and Math Access to Retain Talent (SMART) Grant: On February 8, 2006, President Bush signed the Higher Education Reconciliation Act of 2005(HERA) that created a new Federal grant program entitled the National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) program. Beginning with the 2006-07 award year, the National SMART Grant Program will provide up to \$4000 for

each of the third and fourth years of study to Pell Grant recipients. To be eligible for each academic year a student must:

- Be a U.S. citizen
- Be a Federal Pell Grant recipient
- Be enrolled full time in a degree program
- Be enrolled in a four year degree granting institution
- Maintain at least a cumulative 3.0 grade point average on a 4.0 scale in the coursework required for the students major
- Pursue a four year degree with a major in one of the physical or life sciences, computer science, engineering, mathematics, technology or a critical foreign language

The Financial Aid Office will review students eligibility using the criteria listed above. A student will automatically be awarded a SMART grant and will be notified via an award letter if they filed a FAFSA and fit the criteria listed above.

Federal Supplemental Educational Opportunity Grants (SEOG): The Federal SEOG is a more limited source of funding in which the college distributes government money to undergraduates with exceptional financial need. The SEOG awards at Farmingdale State College range from \$500 to \$3000 depending on cost of attendance. Unlike the Federal Pell Grant, there is no guarantee that every eligible student will receive SEOG. Since Federal SEOG is a Federal campus based funding source, early application (FAFSA) is critical in determining eligibility for this grant.

Educational Opportunity Program (EOP): Academic eligibility for this program is determined by the Farmingdale State College Admissions Office. Participation is limited to students who are both economically and educationally disadvantaged. Students who are academically eligible for the program must submit an economic application in order to be fully accepted into the program. Only students admitted to this program by the Admissions Office are eligible to receive funding. Award amounts depend on New York State funding allocations and vary from year to year.

New York State Tuition Assistance Program (TAP): The New York State Higher Education Services Corporation (NYSHESC) administers the Tuition Assistance Program (TAP) for New York State residents who are enrolled full time at a post secondary institution. The TAP award is a state grant that is based on prior year "Net Taxable Income" as verified by NYSHESC. The 2007-08 Express TAP application (ETA) will be available on line at www.tapweb.org following the submission of the FAFSA data. Once the ETA is processed and the New York State budget is passed for the subsequent year, NYSHESC will mail a TAP award certificate to your attention. You can also view the status of your TAP award at www.hesc.com.

Aid for Part Time Students (APTS): Eligibility for this program is determined by the Financial Aid Office based on the following criteria:

- The completion of a separate APTS application available at the Financial Aid Office prior to the start of the academic year

- Must be an undergraduate enrolled between 3 and 11 credit hours per semester
- Students must meet the income limits prescribed by program; \$50,500 or less if dependent or independent with dependents, and \$34,250 or less if independent.

Part time TAP: This is a grant for U.S. citizens who are New York State residents, who are taking 6 to 11 credits per semester. In addition to these eligibility requirements, students also need to meet the following requirements:

- Be a first time freshman in the 2006-07 academic year or thereafter
- Have earned 12 or more credits in each of the two preceding consecutive semesters, for a minimum of a C average
- Be matriculated in an approved program of study and in good academic standing
- Not be in default on a student loan guaranteed by HESC and not in repayment of state awards
- Meet income eligibility limitations, which are the same income limitations as for the TAP program

SUSTA: SUSTA (State University Student Assistance) is a state grant that is based on a full time student's TAP grant eligibility and financial need. This grant is based on continued funding by the New York State Division of Budget and is allocated to Farmingdale State College on an annual basis. SUSTA is a grant and does not have to be repaid. Amount of awards can range between \$200 and \$500 per academic year.

Work Study Programs: The Federal Work Study Program is a Federally funded source of financial assistance used to offset education costs. Eligible colleges administer the program, which provides jobs for eligible students. A student can expect to work up to a maximum of twenty hours (average is 10 hours) a week at a salary based on local market conditions, years employed in the program and current minimum wage standards. At Farmingdale State College, work skills are determined based on a survey of eligible students, and job assignments are made by the Financial Aid Office. Work Study earnings are paid bi-weekly directly to the student. Students must come to the Financial Aid Office during the first 2 weeks of classes to receive their work study assignment. Since the Federal Work Study Program is a Federal campus based funding source, early application (FAFSA) is critical in determining eligibility for this work based program.

LOAN OPTIONS FOR STUDENTS

Once all sources of gift aid have been explored, you and your financial aid administrator can consider a number of education loans available through the Federal Family Education Loan Program. Unlike scholarships, grants or work study programs, loans must be repaid, including their interest. Federal loans include the Perkins Loan, and both the subsidized and unsubsidized Stafford Loan programs.

Federal Perkins Loan:

The Federal Perkins Loan is based on a combination of Federal funds and collections from past borrowers. Farmingdale State College selects eligible recipients and administers the funds ranging from \$500 to \$3000 per year. The interest rate charged for a Federal Perkins Loan is currently 5%. Repayment begins nine months after you graduate, drop below half-time status or leave school. In any case, you have up to 10 years to repay. Your monthly payment will depend on the amount of the loan and the length of the repayment period. If you are awarded and you accept a Perkins Loan you must complete an electronic master promissory note (e-MPN). To complete your entrance interview and sign your Perkins loan promissory note online you will be directed to go to the Student Loan Service Center at <http://slsc.albany.edu>. Please remember that this is a loan which must be repaid. Failure to do so will have serious consequences.

Federal Stafford Loan (Subsidized):

Qualification for a Federal Subsidized Stafford Loan is based on financial need and on meeting Federal eligibility requirements. If you qualify, the loan is subsidized by the Federal government, which pays all the interest while you are in school and for the six months after you either graduate or drop below half time enrollment status. If you do not qualify see Unsubsidized Stafford Loan in the following section. This loan is provided by any lender listed at the Stafford Loan Master Promissory Note (MPN) section of the NYSHESC website (www.hesc.com). It is insured by the state guaranty agency. Students must file the Free Application for Federal Student Aid (FAFSA) to be considered.

Maximum amounts dependent students can borrow are \$3,500 per year for first year students, \$4500 per year for second year students and \$5500 per year for the remainder of your undergraduate study. The total amount you are allowed to borrow to complete your undergraduate study is \$23,000.

Currently the interest on Federal Stafford Loans is fixed at 6.8% for any loan disbursed after 7/1/06.

Repayment begins six months after you either graduate, drop to less than half time status or leave school. You can take up to 10 years to repay, with minimum monthly payments as low as \$50 (the minimum annual payment is \$600 or the unpaid balance, whichever is less). Unlike the Federal Perkins Loan, an origination fee of 1.50% of the total loan amount may be applied to Federal Stafford Loans and is deducted from the loan disbursements.

Federal Stafford Loan (Unsubsidized):

If you are not eligible for interest benefits offered by the Subsidized Federal Stafford Loan, you can obtain an Unsubsidized Federal Stafford Loan. The difference between the two loans is that you are responsible for paying the interest on the Unsubsidized Loan

while you are in school or for making arrangements to have the interest payments deferred until after you leave school.

The interest rate and origination fee are the same as they are with the subsidized loan. For dependent undergraduate students, maximum amounts to be borrowed are the same as the limits under the Subsidized Federal Stafford Loan Program, less any amounts received under that loan program. However, independent undergraduates, or dependent undergraduates whose parents are denied under the Federal PLUS Program, may borrow up to an additional \$4,000 a year if they have not yet completed their first two years of undergraduate study, and \$5,000 a year for the remainder of their undergraduate study. The maximum aggregate limit for an independent undergraduate borrower is \$23,000 subsidized and or unsubsidized plus, if you are replacing denied Federal PLUS loans, an additional \$23,000 unsubsidized, for a total of \$46,000.

BOTH THE SUBSIDIZED AND UNSUBSIDIZED STAFFORD LOANS MUST BE REPAYED.

CONSEQUENCES OF DEFAULT ON PERKINS, SUBSIDIZED STAFFORD AND UNSUBSIDIZED STAFFORD LOANS

1. Loan will be reported to a National Credit Bureau
2. The entire unpaid amount of the loan + interest will be due and payable
3. Your federal and state income tax refunds may be withheld and/or wages may be garnished
4. You will ineligible to receive additional aid funds
5. The loan will be referred to a collection agency
6. You may be sued for all amounts owed including attorney fee's

The Stafford Loan Application Process involves these basic steps:

First, complete the Free Application for Federal Student Aid (FAFSA). Second, Farmingdale State College will inform you via an award letter the maximum that you are eligible to borrow. Third, you may accept, decline or revise the award amount on the copy of the award letter and return it to the financial aid office. We will than transmit that eligibility to NYSHESC in Albany.

First-Time Stafford Loan Borrowers:

You will be directed to the New York State Higher Education Services Corporation (NYSHESC) web site where you will follow the instructions to complete the electronic Master Promissory Note (e-MPN). This Master Promissory Note is the only loan application that you will need to compete for your Federal Stafford Loan while you are enrolled at Farmingdale State College. You will also need to complete the Entrance Counseling before funds can be credited to your tuition account.

Continuing Borrowers:

You will not receive a Federal Stafford Master Promissory note unless you have not borrowed for one year or more. Remember that the Stafford Loan estimated amounts shown on your Financial Aid Award Letter indicate your maximum eligibility.

Who can apply?

Students who meet these basic requirements are eligible to apply for Federal Stafford Loans:

- The student has completed the FAFSA
- The student borrower is a citizen or permanent resident of the United States
- The student is enrolled or accepted on at least a half time basis (defined as six credits or more) in a degree or certificate program
- The borrower is not in default on any other student loan, and does not owe a refund on an educational grant program.
- The student is currently in academic “good standing”

Federal Parent Loan for Undergraduate Students (PLUS):

To help meet the cost of a college education, you may want to consider a Federal PLUS Loan. This federally-sponsored loan for parents of undergraduate students is used by many Farmingdale State College parents to replace the family’s expected family contribution, i.e. the out of pocket amount that you pay towards your child’s education. The PLUS loan permits parents to borrow up to the cost of education, less the amount of financial aid the student received, each year for each dependent student in college. If you wish to apply for a PLUS loan please call the financial aid office (631 420-2578) to request a PLUS loan pre-qualification application.

Alternative Loans:

The Alternative Loan program is a non-federal loan program that is not federally insured or guaranteed, which provides students the opportunity to borrow up to the cost of attendance, less any financial aid you receive. These loans are available from most commercial lenders. Please call or check the web site of the desired lender to see if they participate in this program and what their terms and rates are for borrowing. The Alternative Loan interest rates are based on the Prime rate or LIBOR (London Interbank Offered Rate) and are typically higher than a Federal Stafford Loan. Please be sure to exhaust all Federal loan options before borrowing under the Alternative Loan programs. A co-signor is generally required for the Alternative Loan and approval/certification is based on credit history which is checked by the lender. Repayment terms may vary with the lenders and should be explained by the lender prior to signing a promissory note. It is

the students responsibility to inquire about the terms of an alternative loan before applying.

Insurance Protection:

All Federally guaranteed education loans offered by commercial lenders carry life and disability protection. If a student or parent borrower dies or becomes permanently disabled, the loan will be paid in full with the insurance proceeds. This insurance benefit must be applied for through the lender.

Legal Obligations:

Whether or not a student graduates, the borrower is obligated to repay the loan(s) and comply with the terms of the master promissory note. Failure to repay may adversely affect your own credit rating and your ability to borrow in the future. It can also jeopardize the future availability of financial aid funds to the school. It may also result in legal action to collect the outstanding loan balance.

If you experience difficulty in repaying the loan contact your lender to review the various deferment options available for Federally guaranteed government loans.

Exit Counseling:

Required Federal Stafford Exit Loan Counseling sessions provide important loan repayment, default prevention, loan consolidation and deferment information to exiting students. These sessions are provided on-line at www.mapping-your-future.org through New York State Higher Education Services Corporation and by mail from the Financial Aid Office. If you wish to see a counselor in person to get this information please call the Financial Aid Office at 631 420-2578 to make an appointment.

Verification of Information:

Many financial aid applicants will be required to verify the information that is reported on the FAFSA/Renewal FAFSA. Financial data such as income, taxes paid and non-financial data such as family size and dependency status will be verified. For this reason, it is extremely important that the figures you report when completing the FAFSA/Renewal FAFSA are accurate. If there are any discrepancies in the data that was submitted on the application, the aid originally awarded will be revised (either increased or decreased). If you are selected for verification you will need to submit signed copies of tax returns. A Verification Worksheet will also be sent to you for completion. You should be aware that by not submitting the required tax returns, schedules, W2 forms and Verification Worksheet as requested all aid is placed on hold, including loans. When you applied for Federal aid, you signed a certification agreeing to give proof of all the information you have on the form, if asked. As such, if you don't give the proof, you will not receive aid. If you withdraw from the college prior to completing verification you

will be given 2 additional weeks to supply the requested verification documents. If you do not submit the documentation your aid will be cancelled.

Overawards and Loan Adjustments:

An overaward may occur after the school certifies a student's eligibility for a Stafford, PLUS and or Alternative Loan. An overaward occurs when the student receives additional financial assistance/resources or the student's expected family contribution (EFC) increases, which results in a change in the student's eligibility for the previously certified Stafford, PLUS and/or Alternative Loan. The Financial Aid Office must adjust the amount of the remaining disbursement.

A loan adjustment may occur after the loan is guaranteed due to an appeal for additional financial assistance, awarding of a scholarship, etc. The Financial Aid Office must then revise the allocation of the student's loans between Subsidized Stafford funds and Unsubsidized Stafford funds or cancel a portion of the loans altogether.

KEY REMINDERS

The total amount of all financial assistance you receive (grants, scholarships, work-study, Perkins, Stafford, PLUS and Alternative Loans) cannot exceed the cost of attendance.

Undergraduate students must have their eligibility for a Federal Pell Grant determined before they can qualify for a Federal Stafford Loan.

All of these aid programs are based on one academic year. **You must re-apply for financial aid each year.** This process includes completing the FAFSA and any other forms your school requires, such as verification paperwork.

Verification forms must be submitted and reviewed before any aid will be awarded. Timely submission of any forms requested by the Financial Aid Office will help to ensure the processing of your grants and loans.

All loans and work-study (Stafford and Perkins and Federal Work-Study) must be accepted on the award letter that will be sent to you before they can be processed. Loans will be credited to your account when you have completed the entrance interview, Master Promissory note (MPN), and the guarantee agency has issued the guarantee on the loan.

You should notify the Financial Aid Office in writing if you will be enrolled less than full time so that your aid can be adjusted.

GOOD ACADEMIC STANDING AND RECEIPT OF FINANCIAL AID

State and Federal regulations require that all financial aid recipients maintain program pursuit and make satisfactory progress toward completion of degree program requirements for continued receipt of Federal and State assistance. The Financial Aid

Office at Farmingdale State College is notified of academic progress at the completion of each semester. Please see the Farmingdale State College catalog for the charts that show the progress that must be met in order to retain financial aid for the following semester. If you withdraw from a course, it may affect your aid the next semester/year. The financial aid office strongly encourages you to make an appointment with a financial aid counselor before officially withdrawing from a course(s).

The Financial Aid Office will notify the student between two and four weeks after the conclusion of a semester if good academic standing requirements were not met while the student received Federal aid. Progress for NYS TAP is evaluated by the Student Accounts Office at the time of certification for the next semester's award.

A request to reinstate Federal or State aid for the next semester at Farmingdale State College will be evaluated and granted only if exceptional circumstances (i.e., family illness or death, personal illness, etc) can be documented by the student. Waivers of the Good Academic Standing criteria and reinstatement of aid are not automatic. They are approved only if in the best interest of the student and only if unusual circumstances prevented the student from meeting the expected criteria. Waivers for Federal aid are applied for at the Dean of Students Office (Terry Esnes-Johnson ext. 2104). Waiver applications for the TAP program may be requested from the Financial Aid Office. A student choosing to use the waiver process to reinstate aid the next semester at Farmingdale State College should complete and submit the waiver form, with the supporting documentation, to the appropriate office.

Appeals for Additional Financial Assistance

During the course of a year, a family may experience unemployment, divorce, death or disability of a wage earner. These cases are grounds for a review of the applicant's aid eligibility. The procedure for filing an appeal due to severe income changes within a family are as follows:

- The initial FAFSA using prior year income has been filed by the family and the resulting Student Aid Report has been received by the student and the Financial Aid Office.
- Current year family income has been reduced due to unemployment for a period of 10 weeks or more, divorce, death or disability.
- The family requests an income adjustment form from the Financial Aid Office which is then submitted with a letter which details the reason for the income change, the date of the income change, and the total taxable and untaxed income for the family during the present calendar year.
- If additional documentation is required by the Financial Aid Office it will be requested.
- The appeal is evaluated and eligibility is recalculated if possible.
- A response regarding the appeal determination is sent to the student, usually in the form of a revised award letter.

Spring-only Aid Applicants

All financial aid applications should be submitted as soon as possible. For spring-only assistance, you must submit the following applications to be considered for Federal financial aid.

The FAFSA must be submitted to the Federal Student Aid Programs in Illinois as soon as possible. If you already completed a FAFSA, contact Federal Student Aid Programs at 1800 433-3243 and request that the data be transmitted to Farmingdale State College (code 002858).

Tuition Assistance Program: File a separate Express TAP application as well as a FAFSA. If you are already receiving TAP at a different school, you must file a change form or go to www.hesc.org to switch the TAP Award to Farmingdale State College. Our school codes are 3025 for an Associate Degree program and 6025 for a Bachelor Degree program.

Stafford Loan Application Process: Stafford Loan electronic Master Promissory Note instructions will be sent to you after you accept your offered loan via the award letter process. Transfer students should cancel, through the lender, any scheduled second disbursement of a prior loan approval for a different school. If required, you can complete a new MPN on line at www.hesc.org.

The Financial Aid Office will notify you of your aid eligibility by means of a financial aid award letter. This will be sent to you after you have been accepted by the Admissions Office to Farmingdale State College and after we receive the results from your FAFSA processing and the completion of verification, if necessary.

Withdrawal From College

Students who withdraw during the semester may not be entitled to 100% of the semester's financial aid. Federal regulations require the Financial Aid Office to apply a formula established by the U.S. Department of Education to determine the amount of federal financial aid you have earned as of the date you officially withdraw from the College. The amount of financial aid returned to the federal aid programs is determined by the amount of time you spent in academic attendance and has no relationship to the institutional charges you may have incurred. If you were selected for verification and have not completed it you will receive a letter from the financial aid office giving you two additional weeks to submit the requested documentation. If you do not comply with the request your federal aid will be cancelled. If it is necessary to update your information we will do so. No aid can be delivered until the verification process, if you are selected, is complete. Once 60% of the semester has passed, you have earned 100% of the federal financial aid awarded to you. Please see your college catalog for a more detailed explanation of the withdrawal guidelines.

Resident Assistant (RA) Positions and Federal Student Aid

Students employed by the Office of Campus Housing as Resident Assistants should be advised that as per Federal regulations, Resident Assistant room and board waivers must be considered as a “resource” in the packaging of Federal financial aid awards. Room and board waivers plus financial aid may not exceed your cost of attendance.

LOAN CONSOLIDATION

What is Loan Consolidation?

You can consolidate (combine) multiple Federal student loans with various repayment schedules into one loan. Then, you can make just one monthly payment. With a consolidation loan, your payments may be lower and you may be able to take a longer period of time to repay the loan, up to 30 years. Also, you may be able to take advantage of a lower repayment interest rate than you would on one or more of your existing loans.

Consolidation Pros

- Reduce monthly payments with an extended repayment period
- Make just one payment to one lender or servicer each month
- There is no charge to consolidate
- Lock in a fixed rate

Loan consolidation may be the right choice if:

- You have at least \$7500 in student loan debt
- You want a fixed interest rate
- You want to extend your repayment period
- You want to reduce your monthly payment
- You want to consolidate FFEL, Direct and/or Perkins Loans into one monthly payment
- You have student loan debt to multiple lenders

You may consolidate loans if you have more than one lender, meet the minimum balance requirements and are in good standing. If all your loans are with one lender, you generally have to consolidate with that lender.

Consolidation Cons

- Prolongs the life of your loan
- Forfeit original repayment incentives
- Possible elimination of deferment options
- Potential loss of grace period
- Possibly pay more total interest over extended repayment period
- Potential loss of loan forgiveness option under Stafford and Perkins

Consolidation Facts to Consider

The terms of your loan are dependent on your total loan debt. Consolidation loans are paid off in 12 to 30 years based on your total outstanding debt. You may always select a term lower than the one you qualify for.

Make sure that the consolidation provider has a solid history in the student loan business and a proven track record of quality customer service.

Be sure to ask the consolidator if they offer life-of-loan servicing. Some organizations offer to consolidate your loans and then will sell your loans to another entity. Sometimes benefits and/or incentives do not transfer if the loans are sold.

Also, compare benefits and incentives to ensure you are getting a company who is working in your best interest.

Consider the added interest costs that may be incurred. Longer repayment terms may seem like an easy fix to give you more spending money each month, but the additional interest costs you will pay will really add up over time.

Ask about paying extra each month and/or paying the loan off earlier than scheduled. Some companies have a pre-payment penalty.

Graduate. Make sure that you will not need to take more loans to complete additional degrees. Remember, the bulk of your loan debt will probably occur during graduate school.

Get the facts about deferments. Stafford and Perkins Loan programs have some deferment, forbearance and loan forgiveness provisions that consolidation loans do NOT have.

Get all the facts about the benefits you may be giving up if you decide to consolidate.

Borrower Benefits

Many companies offer interest rate reductions for meeting certain criteria. For example, some companies offer a 0.25% interest rate reduction when payments are made through automatic debit. Additionally, a 1% interest rate reduction is often given to borrowers who have a total loan balance of \$10,000 or more and make 36 consecutive automated monthly payments in full and on time.

Consider carefully offers from consolidation companies who promise quick cash back or a reduction in your principal balance. Generally the borrower benefits more financially with the long-term interest rate reduction rather than the up front cash back.

Glossary of Student Loan and General Financial Aid Terms

Consolidation: The refinancing of one or more eligible loans to create a new fixed-rate loan with one monthly payment that is usually lower.

Default: The failure of a borrower to consistently make installment payments on time or to meet other terms of the promissory note. In many cases, default may be avoided by submitting a request for a deferment or cancellation and by providing the required documentation prior to reaching the point in which you will be considered in default. **The consequences of default are severe.**

Deferment: An authorized period of time, under qualifying circumstances, during which principal loan payments are not required from the borrower.

Delinquent: A borrower who fails to make a payment when it is due or to meet other terms of the promissory note.

Fixed Interest: An interest rate on a loan that is locked and is not subject to change. Consolidation loans have a fixed interest rate based on the weighted average of all loans being consolidated rounded to the nearest one-eighth of one percent.

Forbearance: A temporary postponement or reduction of payments, approved in advance by the lender, for a borrower who experiences financial hardship.

Entrance/Exit Loan Counseling: Federal regulations require that all first-time borrowers receive an entrance interview before funds can be received. This interview covers your borrower rights and responsibilities. Upon leaving school, you are required to have an exit interview to explain loan debt and repayment and deferment options.

Grace Period: The period of time when a borrower does not attend school at least half time and before principal or interest payments are due. This is usually six months for a Federal Stafford Loan and nine months for a Federal Perkins Loan. Federal regulations allow for an interest rate that is 0.6% lower during your grace period. Consolidating while in your grace period allows you to lock in the lowest possible rate.

Guarantee/Insurance Fee: An administrative fee charged by the guarantor for each loan it guarantees.

Guarantor: A designated state or private entity that insures lenders against a borrower's default, death, disability or bankruptcy. This organization administers the FFEL (Federal Stafford Loan and PLUS loan programs) in the state. They can be a valuable source of information about these programs.

Interest: A charge paid for borrowing money, calculated as a percentage of the principal.

Loan Disbursement: Loans are disbursed in at least two installments. Typically, the first disbursement is made at the beginning of the first term with the second installment sent at

the beginning of the second term. Federal regulations require a 30 day delay of the first disbursement for first time borrowers.

Origination Fee: A fee charged to the borrower for a guaranteed student loan to offset the federal cost of administering the program.

Principal: The total amount borrowed consisting of the principal balance plus any capitalized interest minus any subsequent payments to principal.

Promissory Note: A signed, legal document by which the borrower agrees to repay the student loan. It lists the conditions under which you are borrowing and the terms under which you agree to pay back the loan. It will include information on how interest is calculated and about deferment and cancellation provisions. It is very important to read and save this document because you will need to refer to it later when you begin repaying your loan.

Repayment Schedule/Disclosure Statement: A document that contains the exact terms of the loan including the interest rate and monthly payment amount.

Repayment Options: Multiple options are available; equal, graduated (interest only payments for two years), income sensitive and extended repayment plans. Choose the plan that works best for your budget.

Weighted Average: The fixed interest rate on a consolidation loan is determined by averaging the interest rates of the loans to be consolidated. Federal regulations required the average to be “weighted” which takes into account the proportional relevance of each rate, rather than treating each rate equally. The average is then rounded up to the nearest eighth of a percent and is capped at 8.25%.

Variable Interest: An interest rate on a loan that changes periodically. For Federal Stafford and PLUS Loans, the interest rate is subject to change every July 1. Consolidation ensures a fixed interest rate for the life of the loan for the borrower.

Academic Year: A period of time schools use to measure a quantity of study. For example, a school’s academic year may consist of a fall and spring semester during which a student must complete 24 semester hours (or more). Academic years may vary from school to school and even from educational program to educational program at the same school.

Citizenship: You must be one of the following to receive Federal student aid:

- U.S. Citizen
- U.S. National
- U.S. permanent resident who has an I-151, I-551 or an I-551C (Alien registration receipt card)

If you are not in one of these categories, you must be an eligible noncitizen and have an Arrival-Departure Record (I-94) from US Citizenship and Immigration Services (USCIS) showing one of the following designations:

- “Refugee”
- “Asylum Granted”
- “Cuban-Haitian Entrant, Status Pending”
- “Conditional Entrant”—valid only if issued before April 1, 1980
- “Parolee”—you must be paroled into the United States for at least one year, and you must be able to provide evidence from the USCIS that you are in the United States for other than a temporary purpose and intend to become a US citizen or permanent resident

If you have only a Notice of Approval to Apply for Permanent Residence (I-171 or I-464), you are not eligible for Federal student aid. If you are in the United States on certain visas, including an F1 or F2 student visa only, or on a J1 or J2 visitor visa only, you are not eligible for Federal student aid. If you have a G series visa (pertaining to international organizations) you are not eligible for Federal student aid.

Cost of Attendance (COA): The total amount it will cost a student to go to school—usually expressed as a yearly amount. It is determined using rules established by law. The COA includes tuition and fees, on-campus room and board or a housing and food allowance for off-campus students, and allowances for books, supplies, transportation and personal expenses. For students attending less than half time, the COA includes only tuition and fees and an allowance for books, supplies and transportation. Talk to a financial aid advisor if you have any unusual expenses that might affect your cost of attendance.

Expected Family Contribution (EFC): The formula the Federal processor used to calculate your EFC is established by law and is used to measure your family’s financial strength on the basis of your family’s income and assets. The EFC is used to determine your eligibility for Federal student aid.

Financial Aid Package: The total amount of financial aid (Federal and non-Federal) a student receives.

General Education Development (GED) Certificate: A certificate students receive if they have passed a specific, approved high school equivalency test. Students who do not have a high school diploma but who have a GED may still qualify for Federal student aid.

Registration Status: Farmingdale State College measures progress in credit hours and semesters. In order to be a full-time student you must be registered for twelve or more credits per semester. Three-quarter status is registration in nine to eleven credits per semester. Half-time enrollment status is six to eight credits per semester. Less than half-time enrollment status is three to five credits per semester.

Satisfactory Academic Progress: To be eligible to receive Federal Student aid, you must maintain satisfactory academic progress toward a degree or certificate. You must meet the College’s standard of satisfactory progress. Please see the Farmingdale State College Catalog for a detailed description of Satisfactory Academic Progress.

Selective Service Registration: If you are a male student, born on or after January 1, 1960, are at least 18 years old and are not currently on active duty in the U.S. Armed Forces, Federal regulations require that you register with Selective Service in order to receive Federal student aid. You may register on line at www.sss.gov.

If you need additional information please contact the appropriate office as listed below:

Office of Financial Aid..... (631)420-2578

Office of Student Accounts..... (631)420-2560

Office of the Registrar..... (631)420-2776

Office of Campus Housing..... (631)420-2010

All departments also have a web page at www.farmingdale.edu. Go to “Quick Links”, scroll to the desired office and click to bring up the appropriate web page.