

FEDERAL STAFFORD LOANS & GRADUATE PLUS LOANS INFORMATION, GUIDELINES, AND POLICY

**for
Master of Divinity, Master of Arts and
Master of Sacred Theology**



INTRODUCTION

All sources of financial aid have some kind of eligibility requirements. Eligibility for most federal student aid programs is based on financial need rather than academic achievement. While the subject of financial need is quite complex, graduate students have only to concern themselves with completing the FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA). The FAFSA collects identifying information used to track the student (name, social security number, etc.) and financial information that affects basic eligibility. Incomplete answers and errors cause delays in processing and verifying loan applications.

TYPES OF FEDERAL FAMILY EDUCATIONAL LOANS

STAFFORD LOANS:

The Subsidized Stafford Loan is awarded based on financial need. The student will not be charged any interest before he/she begins repayment or during authorized periods of deferment. The federal government "subsidizes" the interest during these periods. This loan cannot exceed a student's educational costs minus the EFC and other aid.

A student may receive an Unsubsidized Stafford Loan, even if there is no demonstrated financial need, but this loan cannot exceed educational costs minus other aid. The student will be charged the interest from the time the loan is disbursed until it is paid in full. If the student allows the interest to accumulate, it will be capitalized -- that is, the interest will be added to the principal amount of the loan and additional interest will be based on the higher amount. If the student chooses to pay the interest as it accumulates, less interest will be paid in the long run.

In some cases, a student may be eligible for a combination of Subsidized and Unsubsidized Stafford Loans. The student can receive a subsidized loan and an unsubsidized loan for the same enrollment period.

As of July 1, 2007, graduate students can borrow up to \$20,500 each academic year. Only \$8,500 of this amount may be in subsidized Stafford Loans. Please Note: The amounts given above are the maximum yearly amounts that a graduate student can borrow in both subsidized and unsubsidized loans. A student may receive less than these yearly maximums if he/she receives other financial aid that is used to cover a portion of the cost of attendance.

GENERAL ELIGIBILITY REQUIREMENTS

- Accepted in a Seminary degree program and enrolled at least halftime.
- Be a citizen or eligible non-citizen.
- Have a valid Social Security Number.
- Sign a statement on the FASFA certifying that you will use federal student aid only for education purposes.
- Make satisfactory academic progress as defined by the Seminary.
- Not in default on any prior Title IV educational loan and do not owe money back on a federal student grant.
- Have registered for Selective Service if required

Eligibility is based on financial need as stipulated by Federal Methodology, a method used to calculate a student's expected contribution. All graduate students are considered independent and therefore parental financial information is not a factor in determining eligibility.

Since the Federal Methodology analysis allows for the living expenses of the spouse and/or dependants, a budget based on the standard living expenses for the student is used. Because federal funds are reserved for expenses that the individual student incurs for his or her educational program, the Department of Education requires that a standard single budget be used for all students. Federal educational loans are not intended to supplement the expenses of other family members.

There are certain categories for which the regulations allow an increase to this budget in determining need, which include (but not limited to):

- Disability related expenses
- Certain childcare costs
- Computer purchase (may only be used once)

Students applying for federal aid who believe they have allowable expenses, which could be used to increase their budgets, should document these expenses and request an appointment with the Director of Financial Aid.

GRADUATE PLUS LOANS:

The Graduate PLUS Loan is a federally sponsored loan for students attending graduate school. This program allows you to borrow funding for the total cost of your education less any financial aid awards, including a Federal Stafford Loan. A Federal Graduate PLUS Loan is a non-need based loan given by a private lender to creditworthy graduate students. The interest rate is fixed at 8.5% beginning July 1, 2006. Origination and processing fees may apply.

Repayment begins on the date that the loan is fully disbursed. The first payment is due 60 days after that date. Graduate borrowers who are enrolled at least half-time qualify for an automatic in-school deferment. Interest will accrue during the in-school period. If a student should drop below half-time, the Graduate PLUS Loan borrower is not entitled to a grace period.

GENERAL ELIGIBILITY REQUIREMENTS:

To be eligible for a Graduate PLUS loan, the graduate student must:

- File the Free Application for Federal Student Aid (FAFSA) at www.fafsa.ed.gov
- Apply for the maximum annual amount through the Federal Stafford Loan Program
Please note: A student is not required to receive Stafford Loan funds as a condition for receiving a Graduate PLUS Loan, however, if a student rejects the Stafford Loan funds, Pittsburgh Theological Seminary must document the rejection in the student's file.
- Be a US citizen or eligible non-citizen
- Not in default on any prior Title IV educational loan and do not owe money back on a federal student grant.
- Be creditworthy
- Be accepted for enrollment at a participating school; or, if enrolled, be making satisfactory academic progress.
- Be classified as at least a half-time student and working toward a degree
- Be registered with Selective Service, if required by law

PROCESS AND GUIDELINES

Once the decision has been made to apply for a loan, the student should feel free to contact the seminary's Director of Financial Aid. Scheduling an appointment provides an opportunity to address financial concerns, formulate budgets, and discuss policy. At that time, the student can receive direction through the process and can obtain those special forms required for loan certification.

Completing the Free Application for Federal Student Aid (FAFSA) is the first step in applying for federal assistance for graduate/professional education. The FAFSA is the official form used to provide a need analysis and determine the Expected Family Contribution (EFC). When applying for federal aid, the information you reported is used in a formula established by the US Department of Education. This formula determines your EFC, an amount you and your family are expected to contribute toward your education. The required Statements of Educational Purpose, and Refunds and Defaults are now printed in Step Seven on the last page of the FAFSA.

The output document of the FAFSA, the Student Aid Report (SAR), is either mailed or e-mailed directly to the student about four weeks after the FAFSA if a paper FAFSA has been file or about seventy-two hours after the FAFSA has been electronically received by the processing center. The student should carefully review the SAR. The process of loan certification cannot begin until the SAR has been received. If Pittsburgh Theological Seminary is listed as the student's school of choice on the FAFSA, the Seminary should receive the SAR electronically from the US Department of Education. If the SAR is not received electronically, the student is responsible for providing the Financial Aid Office with the original hard copy.

Next, new borrowers must complete the Master Promissory Note (MPN) and/or Master Graduate PLUS Promissory Note (PLUS MPN), available on-line at www.aesSuccess.org, from their lender or other guaranty agency of their choice. Students who borrowed during the past academic year are not required to complete a new MPN. Under the MPN process, all borrowers sign the promissory note once, only at the time they first borrow at Pittsburgh Theological Seminary. All students who have previously borrowed through this program must continue with that lender for all Federal Stafford Student Loans or Graduate PLUS Loans. First time borrowers may deal with a participating bank of their choice. Please remember that the Master Promissory Note is a legal document requiring the student to repay the loan. Read it carefully to understand all rights and responsibilities as a borrower before signing it.

Students transferring mid-year must contact the Financial Aid Office. The Financial Aid Office will assist in determining your eligibility for the current academic year. Confirmation of the current year's loan eligibility must establish through the National Student Loan Database before a loan can be certified for enrollment at Pittsburgh Seminary.

Students whose SAR indicates a prior problem with exceeding the loan limit under the program, or is in default on any loan under the GSL, ICL, NDSL or Perkins Loan Programs, may not borrow in the Federal Family Education Loan Program until the matter has been

resolved. The student initiates the resolution of all such cases and all documents concerning relief from the existing ineligibility must be presented to the Financial Aid Office.

The student must submit to the Financial Aid Office a signed copy of his/her PRIOR YEAR TAX RETURN attached to the Department of Education's Verification worksheet that supports the SAR report along with the appropriate Loan Request Form and Declaration of Outside Sources of Aid Form. The Financial Aid Office provides a special form for income tax non-filers.

Pittsburgh Theological Seminary requires 100 percent verification of all loan applications. No loan application will be certified until all forms stated above are turned into the Financial Aid Office and the verification process has been completed. Therefore, students should return all forms to the Financial Aid Office within thirty days of the start of the term. It is recommended that students turn in their loan forms by June 1 for the start of the academic year. This will provide ample time for the student's loan funds to arrive for September.

If it is determined that a student has received funds which they were not eligible to receive, the student must repay the amount. If a repayment is not made, the overpayment must be referred to the US Department of Education. No further applications for financial aid will be processed by the US Department of Education or the seminary's financial aid office.

OTHER SOURCES OF FINANCIAL AID

When certifying a Federal Stafford Loan or a Federal Graduate PLUS Loan, the Director of Financial Aid must consider other aid available to the student, as well as the amount the student can contribute (the EFC). Therefore, students must notify the Financial Aid Office of any awards, scholarships, prizes, etc. that they receive either prior to or after they apply for a loan through the Federal Family Educational Loan Program. This is a serious student responsibility. When financial aid exceeds the student's demonstrated need, an overaward occurs. Overawards frequently require recertifying the student loan. This very often means that the student is denied future loan disbursement funds, or may even have to return funds already disbursed. The Seminary uses the form, DECLARATION OF OUTSIDE SOURCES OF AID, for the purpose of monitoring overawards.

Keep overaward regulations in mind: The institution must withhold and promptly return to the lender any disbursement not yet delivered to the student that exceeds the amount of assistance for which a student is eligible, taking into account other financial aid obtained by the student.

SATISFACTORY PROGRESS

The Seminary Satisfactory Academic Progress Policy requires that a student maintain a cumulative GPA of at least 2.0 as a qualitative measure of progress. To ensure that a student is making quantitative progress, policy requires a full-time student to complete at least twenty-seven credits per academic year; part-time students must complete 18 credits per year (six

credits per term). Assessment of a student's academic progress compares the number of credits attempted to the credits successfully completed, to see if the rate of progress indicates the student will finish the program within the maximum time allowed. As stated in the Catalog, M.Div. students must complete the M.Div. program within six years after entering the program; M.A. students have four years to complete the M.A. program; S.T.M. students have three years to complete the S.T.M. program. If the student takes longer to complete his/her degree program than the policy on quantitative progress allows, he/she must request permission to extend the period of study from the Dean of Faculty.

The following lists the names of each grade level advancement based on number of credits completed successfully: Junior - 0-27 credits; Middler I - 28-54 credits; Middler II - 55-81 credits; Senior - 82-111 credits.

SELECTIVE SERVICE REQUIREMENT

Another condition necessary for student loan eligibility is registration with Selective Services. If the law requires, you must register with Selective Service to receive federal student aid. The requirement to register applies to males who were born on or after January 1, 1960, are at least 18 years of age, are citizens or eligible non-citizen, and are not currently on active duty in the US Armed Forces. To meet this requirement, on our Outside Sources of Aid Form the student is asked to check either if he/she is Registered with Selective Service, or excused by age or gender. This must be completed to be eligible for the Federal Stafford Loan Program. Students who have questions about their Selective Service registration status may contact the Selective Service Department at 1-847-688-6888.

INTERVIEWS

Students should be knowledgeable about their student loans. Pittsburgh Theological Seminary strictly enforces the government regulation that first-time borrowers may complete an Entrance Interview at www.aesSuccess.org or make an appointment with the Director of Financial Aid to discuss the borrower's rights and responsibilities before the first loan disbursement check may be endorsed. It is also a Federal requirement for all students with any type of Federal Student Loan to complete an exit interview prior to the time of departure from the seminary. Exit Interviews may also be completed on-line at www.aesSuccess.org.

CHANGE OF ENROLLMENT STATUS

If, after obtaining a Stafford Loan, the borrower enrolls less than half time, fails to enroll during the period for which the loan was intended, or is otherwise found to be ineligible for the loan, it is the student's responsibility to notify both the lender and PTS Financial Aid Office. If, for any reason, a student leaves school or drops to less-than-half-time status without notifying the Registrar's Office, the student's last day of attendance in class will be used as the official withdraw date. Generally, there is a six-month grace period before repayment begins.

DEFERMENT REQUESTS

Pittsburgh Theological Seminary participates with the National Student Loan Clearinghouse (NSLCH) to process our Student Status Conformation Reports. Because the seminary will report all students' enrollment status to the NSLCH, borrowing students no longer need to complete additional forms for deferment unless their lender still requires the paper form.

DRUG-FREE SCHOOLS

The Seminary is committed to providing an academic environment in compliance with The Drug Free Schools and Communities Act Amendments of 1989 (Public Law 101-226). The unlawful manufacture, distribution, possession or use of a controlled substance on Seminary property or off-site while on Seminary business is strictly prohibited. Violations of this policy will result in disciplinary action up to and including dismissal, and/or mandatory participation in and successful completion of a drug assistance or rehabilitation program approved by an appropriate health or law enforcement agency.

DELIVERY OF LOAN PROCEEDS

Your promptness and cooperation in completing the forms and submitting them to the Financial Aid Office will help speed up the loan application process. It is a Federal Regulation that your loan funds cannot be disbursed until all documents previously discussed are in the Financial Aid Office.

Once the loan has been approved, the lending institution will electronically transfer the loan proceeds to the educational institution. The lender is required to make multiple disbursements on loans; this means that each of three disbursements is scheduled to arrive during the first two weeks of each term.

Once the seminary has electronically received the loan disbursement, the student's account will be credited with the loan proceeds within three business days. Funds from the loan will be applied to any outstanding balance on the account to the loan period specified.

Anytime the delivery of a Stafford Loan disbursement creates a credit balance on a student's account, the school will refund the final credit balance directly to the student within ten business days. A student must make a written request to the Business Office if they wish to have their loan proceeds remain on their student account to satisfy future charges for all or part of the specified loan period. All credit balances created by the disbursement of a Stafford Loan must be refunded directly to the student by the end of the specified loan period.

 **PLEASE NOTE:** For budgeting purposes, students must remember that the amount of loan money for which they applied may not actually be disbursed to them. Depending on the

student's lender, origination and insurance fees (approximately @4%) may be deducted equally from each of the disbursement checks.

Loan proceeds may only be used to pay for expenses incurred within the loan period. It is Seminary policy to use student loan funds first to balance the student's account; only then are other student aid funds applied to the account. All refunds must be made to the student before the end of the loan period for which the money was borrowed.