



OFFICE OF FINANCIAL AID DEFAULT MANAGEMENT PLAN

Rio Hondo College does not participate in Direct Plus loans, Alternative and/or Private Loans

The Application Process

Once a student completes a financial aid application (FAFSA) and receives a financial aid award notification in AccessRIO, the student may apply for a William D. Ford Federal Direct Loan. The student must complete a William D. Ford Federal Direct Loan Application Worksheet, an Entrance Counseling session and a Master Promissory Note (MPN) online at www.studentloans.gov. Once the student successfully completes their Entrance Counseling and Master Promissory Note, an electronic confirmation will be sent to Rio Hondo College.

The William D. Ford Federal Direct Loan application worksheet can be requested from the Office of Financial Aid once you have received your award notification through AccessRIO.

The MPN is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the Department of Education. It also explains the terms and conditions of your loan(s). To complete an MPN online, you will be required to use your Department of Education issued PIN. If you do not have a PIN, you may request one from the official website at www.pin.ed.gov.

A Master Promissory Note is valid for up to 10 years if you have received at least one loan disbursement. After the 2010-2011 academic year, you do not need to complete a new Master Promissory Note.

You must complete entrance counseling before we can begin to process your loan. This helps you to understand your responsibilities regarding your loan. You can complete your loan counseling online at www.studentloans.gov.

Types of Loans Offered

Rio Hondo College offers the following types of loans through the Direct Loan Program:

Subsidized: For students with demonstrated financial need, as determined by federal regulations. No interest is charged while a student is in school at least half-time, during the grace period, and during deferment periods.

Unsubsidized: Not based on financial need; interest is charged during all periods, even during the time a student is in school and during grace and deferment periods. If you are interested in an unsubsidized loan you must indicate the request on the Loan Application Worksheet.

Loan Amounts

The maximum amount you can borrow each year in Direct subsidized and Unsubsidized loans depends on your grade level, your unmet need, and dependency status (dependent or Independent). The following table shows the maximum amount of money you may borrow each academic year in Direct Subsidized and Unsubsidized Loans

Annual Loan Limits for Dependent Students	Freshmen 29.5 units or less completed based on RHC transcripts	Sophomore 30 or more units completed based on RHC transcripts
Direct Subsidized Loan	\$3,500	\$4,500
Direct Unsubsidized Loan	\$2,000	\$2,000

Annual Loan Limits for Independent Students	Freshmen 29.5 units or less completed based on RHC transcripts	Sophomore 30 or more units completed based on RHC transcripts
Direct Subsidized Loan	\$3,500	\$4,500
Direct Unsubsidized Loan	\$6,000	\$6,000

Note: These annual loan limit amounts are the maximum yearly amounts you can borrow in both subsidized and unsubsidized loans. You can have one type of loan or a combination of both. Because you can't borrow more than your cost of attendance minus any other financial aid you'll get, you may receive less than the annual maximum amounts. Also, the annual loan limits assume that your program of study is at least a full academic year.

Direct Loan Origination Fees:

The Subsidized and Unsubsidized Federal Direct Loans have a 1.0% origination fee and also offer a .5% rebate on the origination fee-resulting in a net fee of 05% which will be deducted from the gross amount of the loan borrowed. In total you will receive 99.5% of your loan amount.

Once you enter repayment, if you make your first 12 monthly payments on time, the rebate becomes permanent. If you fail to make 12 on-time monthly payments, however, a charge for the initial rebate will be added to the outstanding balance of the loan.

Federal Lifetime Loan Limits

Undergraduate Dependent	\$31,000 (up to \$23,000 may be subsidized)
Undergraduate Independent	\$57,500 (between subsidized and unsubsidized)
Graduate or Professional Lifetime Limit	\$138,500 (up to \$65,000 may be subsidized)

Once you exceed the Federal limits you will not be eligible for any Title IV funding (Grants).

Eligibility

RHC reviews eligibility for all loan applications that are submitted successfully. To determine your eligibility we look at the following:

- Completion of Entrance Counseling
- Academic History
- Overall student loan debt
- At least half time enrollment, 6 units or more
- Unmet need based on your cost of attendance
- Progress toward a degree or certificate
- Status of financial aid file must be completed and awarded

In reviewing a loan application, the loan specialist may use “Professional Judgment” to deny a student loan on a case-by-case basis. If denied a loan, the student will receive a letter from the Office of Financial Aid indicating the reason for the denial.

Disbursement of Loans

Loan disbursements will be deposited into your myRHCcard.

Your loan disbursement will be split into two equal disbursements for the Fall and Spring. Please note: If this is the first time you have enrolled in college, federal regulations require to attend classes for 30 days before receiving your first disbursement.

It is important that you activate your myRHCcard to make sure your disbursements are deposited in a timely manner.

Cancelling your Loan

If you have been approved for a loan and you wish to cancel one or all your loan disbursements, please submit a typed written request to The Office of Financial Aid.

Information you MUST report to the school:

You must notify the Direct Loan Servicing Center the Office of Financial Aid and Admissions & Records Office about the following changes:

- Address Change
- Telephone number change
- Change of name
- You are not enrolled in at least half-time enrollment for the loan period you have been certified
- Stop attending school or drop below half-time enrollment
- You transfer from one school to another school
- You graduate

Repaying your Loan

After borrowers graduate, leave school, or drop below half-time enrollment, loans that were made for that period of student have several months before payments are due. This is called the “grace period”.

Grace periods extend from 6 to 12 months after borrowers leave school.

During the grace period, no interest accrues on subsidized loans. Interest accrues on unsubsidized loan during grace periods, and this interest is capitalized when borrowers loans enter repayment.

Borrowers repayment periods begin the day after their loans grace periods end. First payment will be due within 60 days after the repayment periods begins.

Each loan has only one grace period. If borrowers return to school after the grace periods has expired, the borrowers loan qualify for deferment while borrowers are enrolled but return to repayment after borrower leaves school. There is no additional grace period.

You are able to make payments on your student loan while you are still enrolled. If you have unsubsidized loans, you are able to make payments on your interest that is accruing.

Loan Default

Loan default is failure to repay a loan according to terms of the Master Promissory Note. There can be serious legal consequences for student loan defaulters. There are different things you can do to prevent falling into default status. The following are some options.

- **Deferment** – a postponement of payment on a loan that is allowed under certain condition and during which interest does not accrue for subsidized loan. This request can be made if you are returning to school and are enrolled in at least half-time status. Please contact your lender for more information.
- **Forbearance** – a period during which your monthly loan payments are temporarily suspended or reduced. You may qualify for forbearance if you are willing but not able to make loan payments due to certain types of financial hardships.
 - A complete list of Direct Loan forbearances and their eligibility criteria can be seen at www.dlservicer.ed.gov
- **Repayment Plan** – Changing repayment plans is a good way to manage your loan debt when your financial circumstances change. For example, you can usually lower your monthly payment by changing to another repayment plan wit a longer term to repay the loan. There are no penalties for changing repayment plans.

Guidelines to myRHCCard

Verify Mailing Address on your AccessRIO account

Verify that your mailing address is up to date. You can update your address on your AccessRIO account or by visiting the Admissions and Records Office.

What to look for in the mail

You will receive your myRHCCard in a green envelope. **DO NOT THROW IT AWAY**; you will need it as long as you are at RHC

Activate the myRHCCard

Log in to www.myrhccard.com immediately and activate your card.

Select Refund Preference

Easy Refund – disbursements will be made directly to your myRHCCard as scheduled

- **ACH** – If you have an existing bank account you can choose to have your refunds direct deposited to your account (funds will be vailable 2-3 days after the scheduled disbursement date)

