

Understanding Stafford Loans

- Students choose a lender to borrow the Stafford loan money from when they complete their online loan application at <https://lbw.tgslc.org>.
- To be eligible for the loan during a semester, a student must be registered for at least 6 hours during that semester.
- The Department of Education pays the interest during school and grace periods for Subsidized loans only.
- The current interest rate for Unsubsidized Stafford Loans is 6.8% and up to 3% in fees may be deducted from the amount of the loan before it is disbursed to the school. All tuition, fees, room, board and book charges still owed will be deducted from the loan money before the excess is released to the student.
- All loans will disburse to Kilgore College 30 days after the first day of the semester and excess funds checks will be released to the student 14 days later.
- All loans must be disbursed in at least two installments according to Federal Regulations. A student cannot receive more than half of the annual amount in the first disbursement.
- If a student drops below half time (6 hours), withdraws or graduates, the loan goes into a one-time only 6 month grace period in which the student is not required to make payments.
- When a student has exhausted the 6 month grace period, the loan goes into repayment.
- If you withdraw from school, all future loan disbursements will be cancelled and a formula is used that will determine if you have earned all the financial aid you have received. You may end up owing Kilgore College or the Department of Education money if you withdraw before the semester is over.
- Loan funds can be reduced or cancelled by the financial aid office staff if the student receives additional financial aid including scholarships, grants, or work-study. A student must be meeting Satisfactory Academic Progress (SAP) to continue to receive financial aid including loans. SAP requires a 2.0 GPA and successful completion of a certain number of registered hours.
- Entrance Loan Counseling and a Master Promissory Note (MPN) must be completed before loans can be processed. The MPN is a legally binding document between a student and their chosen lender in which the student agrees to repay the student loan. The lender must have the completed, signed MPN on hand before they will release the loan funds to the school.
- The lender you choose may or may not hire servicers to handle the records, billing and paperwork concerning the student loan.
- Exit Loan Counseling must be completed when a student withdraws, graduates or drops below half time. Students who do not complete Exit Loan Counseling will have a hold placed on their account which will keep them from receiving transcripts or registering for a future semester.

- Various repayment plans are available with a standard term of 10 years and a minimum monthly payment required of \$50 but can be more or less depending on the payment plan the student chooses and the total amount owed.
- Students should try to keep the same lender for all their student loans and retain all information about their loans whether it comes from your lender or servicer.
- Students should inform their lender (or servicer) when any contact or school enrollment information changes within 10 days.
- Students need to be aware that they will have to repay their loan even if they are dissatisfied with or don't complete their education or are unable to get a job after they complete their program.
- Students having trouble making their payments need to contact their lender or servicer immediately before their payment is due so that a deferment or a forbearance can possibly be arranged.
- A defaulted loan is one in which the student has not made any payments (during repayment) for 270 days. Defaults have serious consequences including a poor credit rating, garnishment of wages, confiscation of income tax refunds or Social Security benefits, loss of professional licenses, collection agency fees, etc.

Loan Limits are as follows: *23000 Maximum Subsidized Aggregate Loan Amount

<i>Loan Type</i>	<i>Subsidized/Unsubsidized Combined</i>		<i>Subsidized/Unsubsidized Combined</i>	
	Dependent	Independent	Dependent	Independent
<i>Student Type</i>	Dependent	Independent	Dependent	Independent
<i>Hours earned</i>	29 or less	29 or less	30 or more	30 or more
<i>Amount Max</i>	\$5500 a year	\$9500 a year	\$6500 a year	\$10500 a year
<i>Aggregate Max</i>	\$31000*	\$57500*	\$31000*	\$57500*