



## REQUIRED DEFAULT PREVENTION ENTRANCE COUNSELING

### For Selected HSU Federal Direct Loan Program Borrowers

Federal regulations require that you receive loan counseling prior to your first disbursement of HSU funds, even though you may have borrowed and received entrance counseling at prior institutions.

This counseling is intended to provide you with important information about your responsibilities and rights as a borrower and to ensure that you are making a knowledgeable decision to borrow.

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## POTENTIAL CHECK DELAY

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YOUR FIRST DISBURSEMENT CANNOT BE RELEASED UNTIL YOU HAVE FULFILLED THE ENTRANCE COUNSELING REQUIREMENT. THIS REQUIREMENT CAN BE SATISFIED IN ONE OF TWO WAYS:

1. **ONLINE** - The U. S. Department of Education has an online Entrance Counseling Session. The website can be accessed at [www.humboldt.edu/~finaid](http://www.humboldt.edu/~finaid). Click on "Quick link to forms," scroll down to "Entrance Loan Counseling." To satisfy your online Entrance Counseling requirements, you must complete the counseling session and quiz.

- a) It should take 20-30 minutes to complete the counseling tutorial and quiz.
- b) After finishing your counseling session and correctly answering at least 12 of the 15 questions on the quiz, you must complete the following FOUR steps:

**Step 1** Enter Your Personal Information (Will be skipped if you are already logged in with your Department of Education PIN – *Personal Identification Number*).

**Step 2** Read and accept your Borrower's Rights and Responsibilities; scroll down, "Save and Acknowledge."

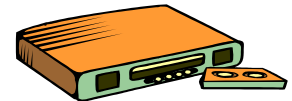
**Step 3** Select the Schools to be notified that you have completed Entrance Counseling.

**Step 4** You're done! From here, open the formatted Borrower's Rights and Responsibilities form by selecting, "Show Form for Printing." **Print this form for your records AND submit a copy of this form to the Financial Aid Office.**

**NOTE:** *If you fail the quiz three times, you must follow step 2 below.*

2. **LIBRARY** – View the Entrance Counseling videotape at the HSU Library.

- a) Take the **Federal Direct Student Loan Entrance Counseling Form 804B** (available to download off our Financial Aid website or at our office) to the HSU Library.
- b) At the HSU LIBRARY RESERVE DESK, obtain the Entrance Counseling videotape – view the video.
- c) Return the video to the Reserve Desk and have the Entrance Counseling form stamped with the Loan Certification stamp. **YOU MUST HAVE THIS FORM STAMPED AT THE TIME YOU VIEW THE VIDEO!**
- d) Read the certification form carefully, **sign it and return a copy (the copy with the certification stamp) to the Financial Aid Office.** Keep a copy for your records.





## IMPORTANT INFORMATION

### CHECK DISBURSEMENT

**The proceeds of Federal Direct Loans must be disbursed in two equal disbursements, at the beginning of each term or, for one semester loans, at the beginning of the term and at the midpoint. Direct Loans are disbursed by crediting your HSU student account. There will be a 30 day delay for the initial disbursement of a loan for a freshman first-time borrower.**

### ACADEMIC PROGRESS

In order to remain eligible for financial aid, borrowers must maintain satisfactory academic progress with the school in which they are enrolled. Each school has its own policy regarding satisfactory academic progress.

### LOAN QUALIFICATIONS

Federal Regulations currently require all subsidized Federal Direct Loan borrowers to demonstrate "need" for the loan. Need is determined by the Financial Aid Office through various Need Analysis formulas and documentation authorized by the Department of Education. If the borrower does not qualify for federal interest benefits, he/she is responsible for paying all accrued interest either by making payments or by capitalizing and deferring the interest until repayment begins.

## DEFINITIONS

**CONSOLIDATION** - An option offered to a borrower with student loan debts that allows the borrower to combine these debts into a new Consolidation Loan. Interest is variable with a cap of 8.25% on loans to students. (More information is available from the Financial Aid Office or the Direct Loan Servicing Center.)

**DEFAULT** - A situation where a borrower fails to make an installment payment when due or fails to comply with other terms of the Promissory Note for 270 days.

**DEFERMENT** - A condition under which a borrower may defer (postpone) principal and/or interest payments. Deferments may be applied for at any time during the grace or repayment period. (A listing of your current deferment options and forms are available at your school or from the Loan Servicing Center.)

**FORBEARANCE** - A special arrangement between the borrower and the Loan Servicing Center and/or prior Stafford Loan lenders which may allow the borrower to temporarily stop making payments, arrange an extension of time for making payments, or make smaller payments than were originally scheduled. During this period, interest continues to accrue. Forbearance is used when a borrower is willing to repay the loan but is temporarily financially unable to do so, for example, if poor health or other personal problems have affected ability to make scheduled payments.

**FORGIVENESS OF LOAN** - A program may be established to assume the obligation to repay a Federal Loan for NEW BORROWERS (after October 1, 1998), who enter certain areas of teaching. Loan forgiveness may be possible for subsidized or unsubsidized loans up to a total of \$5000. Restrictions apply. Loans will be forgiven only if funding is available. Another program with some loan payback possibility is the AmeriCorp program. Please contact your school for further information.

**CANCELLATION OF LOAN** - If a borrower dies, or becomes totally and permanently disabled, the obligation to repay the loan may be canceled. Documentation must be provided to the lenders. Loan cancellation may also be possible in cases of false certification or school closure. Check with your school or lender for further information.

**GRACE PERIOD** - A period of time in which a Federal Loan borrower is not required to make loan payments on principal or interest. Unsubsidized Federal Loan borrowers receive a 6-month grace period of principal only. Most grace periods for subsidized Federal Loans will be 6 months in length.

**LOAN FEE** - An expense of borrowing deducted proportionately from each loan disbursement.

**INTEREST RATE** - A charge applied to all student loans. Interest for a Federal Direct Subsidized Loan begins accruing following a 6-month grace period. Federal Direct Unsubsidized Loans and Direct PLUS loans accrue interest after final disbursement of each loan.

Current Federal Direct Loans in repayment have a variable rate adjusted each July and is based on the 91-day T-bill + 2.3%, capped at 8.25%. See your loan Disclosure statement and promissory note for interest rate information.

The Federal Plus currently has a variable interest rate that is adjusted each July and is based on the 52 week T-bill +3.1% and will not exceed 9%. Your school can inform you of the current rate.

**PROMISSORY NOTE** - A document signed by the borrower prior to the disbursement of the loan that legally binds the borrower to

the terms and conditions of the loan.