

Orangeburg-Calhoun Technical College

Statement of Procedure

Title: Student Loans

Number: 4.043.01

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Department of
Responsibility: Financial Aid

Authorization:

President

Date Approved: June 15, 2004

Last Revised: March 16, 2021

Last Reviewed: _____

Students enrolled in eligible certificate, diploma or associate degree programs may request a Federal Direct Student Loan. Students who desire to request loans to attend Orangeburg-Calhoun Technical College must have a completed Free Application for Federal Student Aid (FAFSA) on file at the college prior to securing a Federal Direct Loan Request Form.

Loans are “debt” and students have a financial obligation to repay debt. A completed FAFSA and an OCtech Loan Request Form are required before a loan request can be reviewed. Students must be enrolled in at least six credit hours at the time of loan disbursement to be eligible for a Direct Student Loan.

- Students must be in good academic standing and meeting Financial Aid Satisfactory Academic Progress Standards (FA SAP) to receive a student loan. Any student on Financial Aid Suspension may not receive a student loan until they return to meeting standards status.
- Students who are on a Financial Aid Warning, Danger 1 or Danger 2 status, must have a minimum cumulative grade point average of 2.0 to receive a student loan at OCtech. Students who do not meet the cum 2.0 GPA criteria are not eligible for loan consideration but may apply through the professional judgement loan appeal process.

There are three types of Direct Loans offered at OCtech: Subsidized, Unsubsidized, and Parent Plus Loan.

Direct Subsidized Loan: A student must have financial need to receive a subsidized Student Loan. The U.S. Department of Education will pay (subsidize) the interest that accrues on subsidized Direct Loans during certain periods. However interest begins accumulating on the loan once the student graduates, withdraws, or drops below 6 credit

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hours.

Direct Unsubsidized Loan: Financial need is not a requirement to obtain an unsubsidized Direct Loan. The student will be charged interest from the time the loan is disbursed until it is paid in full. If the student does not pay interest while in school, interest will accumulate or be capitalized until the loan is paid in full. That means the interest will be added to the higher accumulated loan amount each month until the loan is paid in full. If the student chooses to pay the interest as it accumulates, loan repayments will cost less in the long run. Interest rates for loans are variable and are determined each year by the federal government. Students who are in a loan deferment status will still have interest capitalized on their student loan(s).

Parent PLUS Loans (for dependent students only): PLUS Loans are loans parents can obtain to help pay the cost of education not covered by other financial aid for their dependent undergraduate children.

Loan Amounts: Students who request a loan are strongly encouraged to borrow as little as possible since this money must be repaid after graduating, dropping below 6 credit hours, or withdrawing from the college.

Loan maximums include:

- Up to \$5,500 for a dependent student enrolled in an eligible program of study and who have earned between 1- 29 credit hours or up to \$9,500 for an independent student enrolled for three terms.
- Up to \$6,500 for a dependent student enrolled in an eligible program of study and, have earned at least 30 credit hours or \$10,500 for an independent student enrolled for three terms.

Important Points:

- Students must be enrolled in at least 6 credit hours at the time of award and disbursement.
- The student is responsible for any OCtech late payment fees and other college expenses incurred before actual funds are applied to the student account.
- If approved for a loan, the lender will deduct a processing fee from the loan before disbursing the remaining funds to the student.
- Students should allow up to 7 business days for loans to be processed during our peak times.

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Students should apply early in the year (at least one week before the published fee payment deadline each term) or be prepared to use other personal financial resources for school related expenses until approved loan funds arrive at the college for disbursement. Once the college receives the funds, the college must verify that the student is still enrolled at least half-time (6 credit hours) and eligible to receive the funds before they are disbursed to the student.

- Students with a loan default cleared by NSLDS will be required to complete one term of enrollment at OCtech with Satisfactory Academic Progress prior to approval for another student loan.
- Students may access the OCtech Loan Request Form for New or Returning Borrowers, Direct Loan Master Promissory Note (MPN) and required entrance/exit counseling from the OCtech website.

Deadlines to Request Student Loans

November 15 - Fall Term

April 15 - Spring Term

July 15 - Summer Term

Default Management Plan and Loan Maximums: OCtech has established a student loan default management program by implementing institutional maximum loan limits to ensure students do not exceed borrowing that they may not be able to repay. This limit is \$23,000 for dependent students and \$31,000 for independent students (which include all loans received while in attendance at all other colleges). Students who have reached these limits will have the option to submit a Professional Judgement Loan Appeal.