

Office of Origination: Financial Aid
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SECTION 9.3: Direct Loan Policy

Direct Loan Programs

Criswell College has a current Program Participation Agreement (PPA) with the Department of Education to participate and make awards for the following Direct Loan Programs:

- Direct Subsidized Loan,
- Direct Unsubsidized Loan,
- Direct PLUS Loan for Parents of dependent students,
- Direct PLUS Loan for Graduate Students.

Direct Loans are low interest loans guaranteed by the Department of Education. Students with financial need as determined by the Free Application For Federal Student Aid (FAFSA) are eligible to receive subsidized loans. All students are eligible for unsubsidized loans as long as they meet other federal eligibility requirements. PLUS loans are low interest loans that may be taken out by parents of undergraduate students or graduate students. Criswell College does not automatically award PLUS loans as part of the student's financial aid package. PLUS loan applicants must initiate a separate application process through the Department of Education to determine loan eligibility.

Establishing Direct Loan Eligibility

To establish eligibility for direct loans, students must complete the FAFSA. Once the FAFSA is processed, the financial aid department receives the student's Institutional Student Information Record (ISIR), which contains general eligibility information concerning Title IV funds, Federal Pell Grant eligibility, and expected family contribution. The financial aid department determines the student's Federal Pell Grant eligibility prior to awarding or originating a direct loan for a student. Each ISIR received by the college is reviewed for all eligibility requirements during the awarding process.

Direct Loan Awarding Policy

Federal aid is awarded and processed on a rolling basis throughout each academic year. Criswell College uses this method because it does not participate in the campus-based fund programs that have annual allocation amounts. Students must complete the FAFSA and Criswell College Supplemental Application to be considered for federal and institutional aid. Students are required to complete the FAFSA only if they do not wish to pursue institutional aid. Neither document is required if the student does not wish to pursue any type of financial aid. However, students are strongly encouraged to complete both applications. The purpose of the supplemental application is to obtain the student's enrollment pattern, housing intent, and whether or not the student is interested in obtaining student loans.

Criswell College uses a packaging worksheet for all student awards to ensure eligibility requirements are met for each program. The information technology department assists the financial aid department by running reports throughout the awarding process to track changes that might impact student awards. Criswell College uses a census date to establish proof of attendance as the college is non-attendance

taking institution. The packaging worksheet is an internal document that is filled out in blue ink by the awarding financial aid representative. It contains the following eligibility criteria: (Document attached)

- Dependency status
- Verification status and processed date
- NSLDS History (Subsidized, Unsubsidized, and Combined)
- Does SULA apply to student? If yes, what is student's remaining eligibility period?
- Student's program of study and SAP status
- Student's most recent SAP status (GPA and Pace for continuing students)
- Student's grade level and anticipated enrollment hours
- Does the student have a C-Code? If yes, is C-Code resolved? How?
- Cost of attendance, expected family contribution and need

Direct Loan Borrower Eligibility Requirements

Students must be enrolled at least half-time to receive direct loans. All other federal eligibility requirements for Title IV aid eligibility apply to borrowers as well.

In addition to the previously mentioned eligibility requirements, Criswell College requires all direct loan borrowers to complete the appropriate master promissory note and loan entrance counseling for the type of direct loans they wish to take out. Students are only required to complete one master promissory note for their tenure at the college. Students are required to complete loan entrance counseling one time as well unless they have previously completed exit counseling due to ceasing at least half-time attendance. Once students complete exit counseling, they are required to complete a new entrance counseling session to regain loan eligibility for future studies.

Direct PLUS loan borrowers (parent of undergraduate student or graduate student) must undergo an additional credit check, which is not required of the Subsidized and Unsubsidized Program. The credit check for the PLUS loan programs is based on the lack of adverse credit history.

Criswell College encourages all students to complete the master promissory note and loan entrance counseling online at <https://studentaid.gov> to ensure counseling standards are met. Paper master promissory notes are available upon request as well as in-person entrance or exit counseling for students that are less comfortable with online processes.

Confirmation Policy

Criswell College currently uses passive confirmation for all financial aid awards. Students are required to accept or decline student loans in their financial aid portal. Students have the ability to reduce loan amounts in their portal as well. Students can submit a direct loan adjustment form if they wish to make any changes to their loan amounts. Students can also initiate a change by responding in writing after receipt of a disbursement notification or post-withdrawal disbursement notification.

Changes to student awards that involve direct loans require action on the student's part. The financial aid department creates a new award letter each time an award update occurs to a student's aid package. Passive confirmation requires the student to accept or decline revisions to loan amounts in their student portal each time an award letter is revised that includes changes to loans. Students are not required to sign award letters as confirmation is completed in their portal.

Students are encouraged to reach out to the financial aid department if they have any questions concerning changes to their awards.

Loan Period Definition

Criswell College is a standard term school consisting of standard fall, spring, and summer semesters with a shorter winter term attached to the fall term. Criswell College defines the summer semester as a trailer to the academic year.

Criswell College’s academic year consists of a 16-week fall term, a 16-week spring term and an 8-week summer term. Criswell College offers modular courses for online graduate programs only. The modules span the entire standard terms and are offered in (2) 8-week periods (2nd-term begins at the semester midpoint) with the same starting dates and completion dates as the standard terms. Online graduate students must initiate attendance in both terms to maintain disbursement eligibility. Criswell College allows new students to enroll at the beginning of the fall or spring term only. Criswell students that are returning to the college are allowed to resume classes at any point during the academic year and are counseled individually regarding student loan eligibility.

Annual and Aggregate Award Amounts

Direct Loan award amounts are calculated based on the student’s need, dependency status, and grade level. The grade level chart by classification is listed below:

| Combined Subsidized and Unsubsidized Annual Loan Limits | |
|---|--|
| Dependent Freshman (0-29 hours completed) Loan totals of \$5,500 not to exceed \$3,500 Subsidized | Independent Freshman (0-29 hours completed) Loan totals of \$9,500 not to exceed \$3,500 Subsidized |
| Dependent Sophomore (30-59 hours completed) Loan totals of \$6,500 not to exceed \$4,500 Subsidized | Independent Sophomore (30-59 hours completed) Loan totals of \$10,500 not to exceed \$4,500 Subsidized |
| Dependent Junior/Senior (60+ hours completed) Loan totals of \$7,500 not to exceed \$5,500 Subsidized | Independent Junior/Senior (60+ hours completed) Loan totals of \$12,500 not to exceed \$5,500 Subsidized |
| Graduate Student Loan totals of \$20,500 (Unsubsidized Only) | |

Award amounts can also be impacted by aggregate loan limits as defined below:

| Combined Subsidized and Unsubsidized Aggregate Loan Limits | |
|--|---|
| Dependent Undergraduate Student | |
| \$31,000 Combined Loans (not to exceed \$23,000 in Subsidized Loans) | <i>Not to exceed 150% of published program length annual loan limit amounts in Subsidized Loans</i> |
| Independent Undergraduate Student | |
| \$57,500 Combined Loans (not to exceed \$23,000 in Subsidized Loans) | <i>Not to exceed 150% of published program length annual loan limit amounts in Subsidized Loans</i> |
| Graduate Students | |
| \$138,500 Combined Loans (not to exceed \$23,000 in Subsidized Loans) | Graduate Students are not eligible for Subsidized Loan Funds. |

Calculating Direct Loan Eligibility by Classification

Undergraduate Students

Undergraduate students are eligible for subsidized, unsubsidized and PLUS loans as long as Title IV eligibility requirements are met. Subsidized loans are need-based and awarded after Pell Grant and institutional funds. The undergraduate student must demonstrate financial need determined by taking the student's cost of attendance and subtracting the student's expected family contribution and any other estimated financial assistance.

Unsubsidized loans are not need-based as eligibility is not determined by EFC. Unsubsidized loans can replace the student's EFC and can be awarded up to the student's total annual loan eligibility if the student's cost of attendance (COA) and EFC determine the student is not eligible for subsidized funds. Unsubsidized funds are awarded after Pell Grant, institutional funds, and subsidized funds. Please see the two charts above to see the annual and aggregate loan amounts for undergraduate students depending on dependency status.

Parent PLUS loans are not need-based and can be used to cover the total cost of attendance minus any other estimated financial assistance. Biological parents, adoptive parents, and stepparents are eligible to apply for PLUS loans. Legal guardians, grandparents, and any other relatives are not eligible to borrow PLUS loans unless they have legally adopted the student.

Graduate Students

Graduate students are eligible for unsubsidized and graduate PLUS loans. Both loan programs are available to graduate students as long as other federal eligibility requirements are met. Graduate students can apply for graduate PLUS loans to meet the difference between cost of attendance and unsubsidized loan eligibility. Graduate students are also eligible for institutional funds which are awarded first. Unsubsidized loan funds are awarded next and graduate PLUS loans are available to replace any remaining need.

Transfer Students

Transfer students can be graduate or undergraduate students. Transfer students are reviewed and awarded separately as previous completed college hours must be considered. Transfer students are not awarded until official transcripts have been received and input into the SIS. The Registrar's Office notifies the financial aid department via email of the outcome transcript reviews. The email contains the number of official transfer hours and the resulting classification (freshman, sophomore, junior, senior, graduate) for each transfer student.

Recalculations

Recalculation of a student's financial aid package is required under the following circumstances and results in an updated award letter that the student must sign and date.

- ***Change in EFC***

If a student's EFC changes due to corrections, updating, or adjustment, and the EFC change results in a change in need, the subsidized award amount is reviewed and adjusted. Adjustment of subsidized loan funds requires an adjustment of unsubsidized loan funds as well.

- ***Change in enrollment status within an award year***
When the student's enrollment status changes between semesters (usually from fall to spring semester), the award for the next semester is recalculated if the change is due to the student being enrolled less than half time or changing grade levels.
- ***Census date***
Criswell does not recalculate financial aid packages after the semester's predetermined census date. The census date occurs on the 10th class to verify attendance and eligibility for all award programs. Awards are adjusted according to the outcome of their verified attendance. The financial aid department reaches out to both the student and professor for each unverified course to resolve discrepancies between enrolled hours and attended hours. Unresolved variances can require financial aid adjustments and result in the creation of a new award letter, which must be signed and dated by the student.

Loan Proration Policy

Criswell College offers associate, bachelor, and graduate level degrees. Undergraduate students (associate and bachelor degrees) who enroll in their final period of enrollment that is shorter than an academic year in length are subject to proration of their loan(s). Criswell College follows the federal proration formula shown below.

- Annual loan limit for student's grade level, multiplied by the result of the number of hours the student will enroll in divided by the number of credit hours in the academic year.

Disbursement Dates

Criswell College determines disbursement dates prior to the beginning of each academic year and notifies the student via the award letter and the SIS portal. Disbursement of all funds begins the Wednesday following census date for each term. This date is subject to change if the student has not met all necessary disbursement requirements or completed all necessary financial aid paperwork.

Origination, Certification and Disbursement

Criswell College follows the same process for payment of Direct loans each term following the census requirement to establish eligibility for Direct Loans. Census is completed each term on the 10th class day. Each student's file is reviewed to ensure attendance is established for each course the student registered for. This allows the financial aid to determine if any adjustments need to be made to loans due to changes in enrollment status identified during the add/drop period. Origination is initiated via the PowerFAIDS student information system following review of census data. A test file is created and identifies any potential errors related to missing origination data or any overlooked eligibility criteria. Once all identified errors are corrected, the file is created and submitted for transmission to COD through the EdConnect software.

Generally, the response file is received the same day within two hours. The response file is reviewed is imported to PowerFAIDS to identify any errors or rejects as well as all accepted loan originations. The error report is reviewed and corrected as necessary. The next step is to create the loan certification file. The certification file is transmitted through EdConnect as well and requests the funds to be released to the G5 system for Drawdown.

Once the certification response file is received, the financial aid director emails the comptroller to notify the business office of the expected disbursement amount and date. The comptroller requests the funds the day prior to the scheduled disbursement date. The expected disbursement amount is reconciled between the financial aid department and the business office before the drawdown is initiated.

The Comptroller notifies the financial aid director the morning the disbursement has been drawn from G5 and transferred to the operating account. The financial aid director creates a disbursement authorization file in PowerFails and makes a copy of the file to place in the FA-import folder. The student account manager imports the disbursement file into the SONIS student information system where the payments are applied and notifies the financial aid director of the successful import to verify the payment amounts match the expected disbursement amounts.

Direct Loan Disbursement Notification

Students are notified of loan disbursements each time a disbursement is made to their student account. Disbursement notifications are provided to each student via email to identify the loan type, disbursement amount, and disbursement date. Notifications disclose the student's right to change or cancel loan disbursements as well. The notification gives the student 14 days from the receipt of the email to notify the financial aid department of intent to cancel or make changes to loan disbursements.