

READING HOSPITAL SCHOOL OF HEALTH SCIENCES POLICY NO. 691

SUBJECT: Packaging Policies for Federal Direct Loans

Responsibility of: Director of Financial Aid and Budget
Originated: June, 2012 Revised: May, 2020 Reviewed: May, 2020

SCOPE: Students enrolled at the Reading Hospital School of Health Sciences (RHSHS) that receive Title IV aid.

PURPOSE: To describe the Federal Direct Loan Process and Packaging Policies as Federal guidelines require.

POLICY: A student (and/or parent) must meet general and program specific eligibility requirements in order to receive Federal Direct loans and RHSHS must ensure these loans are awarded properly.

DEFINITIONS: N/A

PROCEDURE: Every award year, all students that are interested in federal Title IV or state aid must complete the FAFSA (Free Application for Federal Student Aid) online at www.studentaid.gov. An EFC (Expected Family Contribution) is calculated by the Department of Education based on the data reported on the FAFSA and this EFC is used to determine eligibility for need based aid, including the Federal Direct Subsidized loan. To determine financial need, the EFC is subtracted from the COA (Cost of Attendance) which is determined by the Financial Aid Office. The COA includes tuition and fees, books and supplies, room and board, personal expenses and transportation expenses. Students may also be eligible for a Federal Direct Unsubsidized loan and parents of a dependent student may be eligible for a Federal Direct PLUS (Parent Loan for Undergraduate Students) loan. All loans must be repaid and both annual and aggregate loan limits, when applicable, are determined by ED.

1. Disbursements of the calculated awards are scheduled based upon the definition of each program's academic year and are divided into two payment periods. The student must maintain satisfactory academic progress as defined by RHSHS policy to receive disbursements. Failure to meet these standards will result in disbursement delays or cancellations.
 - A. Nursing and Medical Imaging program – The first disbursement is scheduled after the Drop/Add period in the first semester of the academic year and the second disbursement is scheduled after the Drop/Add period in the second semester of the academic year.
2. Entrance Counseling is required by federal regulations for all students prior to receiving their loan disbursement. Entrance Counseling information ensures that the student understands their rights and obligations as a student loan borrower. Once a student is accepted into their program of study, a packet of instructions is mailed to

- the student. This packet includes steps to applying for financial aid and directions to the www.studentaid.gov website to complete Entrance Counseling.
3. The MPN (Master promissory Note) is a binding legal document that the student and/or parent signs agreeing to repay loans. The MPN must be signed before the RHSHS and the Department of Education originates and disburses loan funds. The MPN is designed to be used as a multi-year note at RHSHS so the student should only need to complete it once. The student, and parent if applying for a PLUS loan, will complete the application online by going to the website, www.studentaid.gov and will log in and then follow the instructions for the Subsidized/Unsubsidized Loan and/or PLUS loan
 4. Eligibility of the amount to be borrowed is based on the student's academic level at the time the loan is processed. If the student receives other aid or scholarships, the loan eligibility may be reduced. Pell grant eligibility will always be determined first as part of a student's award package. Independent students and dependent students whose parents were denied for a PLUS loan due to adverse credit are eligible to borrow additional funds under the Federal Direct Unsubsidized loan program.
 5. Eligibility for the PLUS loan depends on a modest credit check that determines whether the parent borrower has any adverse credit history. A parent who has adverse credit may still borrow a PLUS loan by securing an endorser who does not have adverse credit history. If a parent is denied a PLUS loan and opts not to secure an endorser or appeal the credit decision, the dependent student becomes eligible for increased Federal Direct Unsubsidized loan limits – the same limits as are available for independent students. Only one parent needs to apply and be denied a PLUS loan. However, if one parent is denied and the other is approved, the dependent student is NOT eligible for the increased Federal Direct Unsubsidized loan limit.
 6. The Financial Aid Office at RHSHS can refuse to certify a student's loan application or certify the loan for an amount less than the student would otherwise be eligible. The Financial Aid Office will document the reason for its action and explain the reason to the student in writing. The decision of The Financial Aid Office is final and cannot be appealed to ED.
 7. Award letters are sent to loan eligible students listing the award amount and anticipated disbursement amounts and dates. Once the student has accepted the award by signing the letter and returning it to the Financial Aid Office, the loan award and disbursement data are entered into EDEXpress by the Director of Financial and Budget for origination which will submit and update the record to COD (Common Origination and Disbursement) by ED. Once the record is accepted, the loan disbursements are entered into GradPro by the Student Accounts Officer as an "Expected" payment until the actual disbursement is posted and funds are drawn down.
 8. Disbursements are direct deposited into RHSHS checking account and reconciliation is completed both monthly and yearly.
 9. Recalculations of award packages may occur under the following conditions:
 - A. Change in EFC – if a student's EFC changes due to corrections, updating, or an adjustment and the EFC would change the amount of the Pell award, RHSHS recalculates the Pell award for the entire year. This could affect the

amount of loan eligibility for a student as well. Disbursement data entered into EDEExpress would be updated to reflect the correct disbursement amounts.

- B. Change in enrollment status – if a student’s enrollment status changes due to a class failure or withdrawal and there is a subsequent change in the student’s curriculum plan, RSHS will review the credit hour adjustments and may have to recalculate the student’s award. Disbursement data in EDEExpress would be updated to reflect the correct disbursements. Future disbursements of loan funds could also be cancelled.

EDUCATION AND TRAINING: N/A

REFERENCES: CFR 685.102(b), 685.304, 685.306, 685.309

COMMITTEE AND COUNCIL APPROVALS: SHS Director’s Meeting, (May 2020)

CANCELLATION: Tower Health System policies directly related to this topic shall supersede this RSHS policy. This policy supersedes all previous policies, memoranda, and/or other communications pertaining to this policy.