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Understanding Financial Aid

What is Federal Student Aid?

It's money from the Federal government—specifically the U.S. Department of Education – that helps you pay for college, career school, or graduate school expenses. More than \$150 billion in federal student aid is available through grants, work-study, and loans every year.

Who gets Federal Student Aid?

Every student who meets certain eligibility requirements can get some type of Federal student aid, regardless of age or family income. If you are a student, some of the most basic eligibility requirements are that you must:

- demonstrate financial need (for most programs);
- be a U.S. citizen or an eligible non-citizen;
- Have a valid Social Security number;
- be registered with Selective Service if you are a male between the ages of 18 and 25;
- be enrolled or accepted for enrollment in an eligible degree or certificate program;
- be enrolled at least half-time (for most programs);
- maintain satisfactory academic progress in college, career school, or graduate school;
- sign the certification statement on the Free Application for Federal Student Aid (FAFSA) stating that;
- You are not in default on a federal student loan and do not owe money on a federal student grant and;
- You will use federal student aid only for educational purposes; and

Show you are qualified to obtain a college or career school education by;



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- having a high school diploma or General Educational Development (GED) certificate or a state- recognized equivalent; or
- completing a high-school education in a home school setting approved under state law; or
- enrolling in an eligible career pathway program

Find more details about eligibility requirement **at StudentAid.gov/eligibility**.

How do I apply for Federal student aid?

1. Create an FSA ID. Students, parents, and borrowers should create an FSA ID, made up of a username and password, to submit their Free Application for Federal Student Aid (FAFSA) online and to access U.S. Department of Education websites. Your FSA ID is used to confirm your identity and electronically sign your federal student aid documents. To create an FSA ID, visit **studentaid.gov/fsaid**.
2. Complete the Free Application for Federal Student Aid (FAFSA) at fafsa.gov.

Completing and submitting the FAFSA is free and quick, and it gives you access to the largest sources of financial aid to pay for college or career school – federal, state, and school sources. If you need a paper FAFSA, contact our ED Pubs Distribution Center at www.edpubs.gov or toll free at 1-877-433-7827.

When do I Complete the FAFSA?

If you plan to attend college from July 1, 2021 through June 30, 2022 you will be able to submit your 2021-22 FAFSA beginning on October 1, 2020. You will be required to report income and tax information from 2019.

Note: In the past, you couldn't submit the FAFSA until Jan. 1 of the year you plan to attend college. The change to October 1 is a permanent change and you will be able to complete and submit your FAFSA as early as October 1 every year.



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Do I need to apply for financial aid every year?

Yes, you must reapply for aid every year. Also, if you change schools, your aid doesn't automatically transfer with you. Check with your new school to find out what you need to do to continue receiving financial aid. If you are not ready to apply for federal student aid but would like to estimate your aid, visit **StudentAid.gov/fafsa/estimate** to use FAFSA4caster, an early eligibility estimator.

What information do I report on the FAFSA?

The FAFSA asks for information about you (your name, Social Security number, date of birth, etc.) and about your financial situation. A series of questions will also determine whether you must provide information about your parents. The answer depends on whether you are considered a "dependent" or an "independent" student. Learn more about dependency status at **StudentAid.gov/dependency**. If you have done your taxes before filling out your FAFSA, be sure to consider the option FAFSA offers you to use the IRS Data Retrieval Tool (IRS DRT). The IRS DRT takes you to the IRS website where you can preview your income and tax information before agreeing to have it transferred to your FAFSA. For more information, visit **StudentAid.gov/irsdrt**.

I completed the FAFSA...Now what?

After you submit your FAFSA, you will receive a Student Aid Report (SAR), which is a summary of the FAFSA data you submitted.

- You will get your SAR within three days (if you complete your FAFSA online) to three weeks (if you mail in your paper FAFSA) after you submit your FAFSA.
- Be sure to look over your SAR to make sure you didn't make any mistakes on your FAFSA.
- The SAR won't tell you how much financial aid you'll get; it's a summary of the information being sent to the schools you listed on your FAFSA.
- You might see a note on your SAR saying you have been selected for verification: or your school might contact you to inform you that you have been selected. Verification is a process your school uses to confirm that the



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data reported on your FAFSA is accurate. Don't worry, your school will help you through that process.

- If you don't need to make any changes to the information listed on your SAR, just keep it for your records.
- To find out how to correct mistakes, or update your tax return or other information in your FAFSA, visit StudentAid.gov/fafsa/next-steps/accept-aid or contact the school you are applying to for instructions
- Next, expect to receive an award offer from the school at which you were accepted for admission.

What is an Award Offer?

If you applied for admission to a college or career school and have been accepted (although not all schools require students to be accepted before telling them of their eligibility for aid), and you listed that school on your FAFSA, the school will calculate your aid and send you an electronic or a paper "award Offer" telling you how much aid you are eligible to receive at that school.

The timing of the award offer varies from school to school and could be as early as spring or as late as immediately before you start school. It depends on when you apply and how the school prefers to schedule awarding of aid.

How Much will I get?

When a school's financial aid office sends you an award offer, the offer will list the types of aid and amounts (from all sources) the school will offer.

How much aid you receive depends on a number of factors, including:

- Cost of attendance (for each school);
- Expected Family Contribution (EFC) – (EFC does not represent a dollar amount but rather it is a number used to calculate how much financial aid you are eligible to receive based on the information in your FAFSA);
- Year in school; and
- Enrollment status (that is, full-time, half-time etc.).



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You can compare aid offers from the schools to which you applied and see which school is the most affordable once financial aid is taken into account. Keep in mind that the financial aid office at the school will determine how much financial aid you are eligible to receive. Contact the school's financial aid office if you have questions about your award offer or the aid being offered to you.

For more information on how aid is calculated, visit **[StudentAid.gov/how-calculated](https://studentaid.gov/how-calculated)**.

Should I accept all the aid I'm offered?

You don't have to! When your school's financial aid office sends you an award offer, they will ask you to indicate the financial aid you want to accept. Look carefully at your options and make sure you accept only what you need.

A good approach is to:

- first, accept free money (scholarship and grants), i.e., funds you don't have to pay back;
- then, accept earned money (work-study). i.e., funds you earn through a job; and
- finally, accept borrowed money (student loans), i.e., money you have to pay back with interest.

Look carefully at your options, especially when it comes to loans that you'll have to pay back. For more details on accepting aid, visit **[StudentAid.gov/fafsa/next-steps/accept-aid](https://studentaid.gov/fafsa/next-steps/accept-aid)**.

How will I receive my aid/refund?

Your college or career school – not the U.S. Department of Education – will distribute your aid and, in most cases, your federal student aid will be applied directly to your school's account. The financial aid staff at your school will explain exactly how and when your aid will be disbursed (paid out).



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If you are getting federal student loans for the time you must complete entrance counseling and sign a master promissory note before you receive your loan money.

Overview of the Federal Direct Loan Process

Huntsville Bible College participates in the William D. Ford Federal Direct Loan Program that enables students who are enrolled half-time or more and parents to borrow low-interest loans for educational expenses directly from the U.S. Department of Education.

In order for Huntsville Bible College to disburse your student loan funds to your account, you must complete a master promissory note and entrance loan counseling. Also, parents must complete a PLUS application and master promissory at the following website: www.studentloans.gov

If you have any additional questions or concerns regarding the Federal Direct loan program, please contact Doris K. Lacey at 256-469-7333 or email her at finaid@hbc1.edu.

The National Student Loan Data System

As a consumer, you need to be aware that the U.S. Department of Education will post your Federal Direct Loan data on the National Student Loan Data System, which is accessible by federal student loan guarantee agencies, lenders and institutions which the Department of Education has authorized access to this data system.

There are two types of Federal Direct Stafford Student Loans:

The Federal Direct Subsidized Loan: The U.S. Department of Education pays the interest on the Subsidized Loan amount borrowed while you remain in school at least half-time and continues to be paid through the six-month grace period after



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graduation or dropping below half-time status or leaving higher education. This loan is based on financial need.

The Federal Direct Unsubsidized Loan: You are responsible for paying the interest on the Unsubsidized Loan from the time the loan is disbursed until it is fully repaid. You can pay the interest while in school or allow the interest to accrue. Any accrued interest will be added to the principal balance of loan at the end of your loan grace, or deferment period (capitalized).

How Much Can I Borrow Each Year?

Undergraduate Loan Grade Level is determined by the total number of semester hours earned at Huntsville Bible College plus any hours accepted in transfer.

Class Standing and Semester hours successfully completed Earned

- 1 Freshman - 0-33
- 2 Sophomore - 34-63
- 3 Junior - 64-95
- 4 Senior - 96+

Annual Maximum Level

	Dependent Student	Independent Student
Level 1	\$5,500 (only \$3,500 can be subsidized)	\$9,500 (only \$3,500 can be subsidized)
Level 2	\$6,500 (only \$4,500 can be subsidized)	\$10,500 (only \$4,500 can be subsidized)
Level 3 & 4	\$7,500 (only \$5,500 can be subsidized)	\$12,500 (only \$5,500 can be subsidized)
Level 5	\$5,500	\$12,500 (only \$5,500 can be subsidized)



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For a single semester, your loan eligibility is no more than half the annual amount.

Aggregate Loan Limits for Subsidized and Unsubsidized Loans

The total outstanding loan debt you can accrue from the federal student loan program is:

- * \$31,000 as a dependent undergraduate student (only \$23,000 of this can be subsidized)
- * \$57,500 as an independent undergraduate student (only \$23,000 of this amount can be subsidized)

Origination Fee and Interest Rates

The origination fee for Federal Direct Subsidized and Unsubsidized Loans is 0.50 percent. The origination fee is retained by the federal government to reduce the cost of supporting these low interest loans.

The origination fee for Federal Direct Parent PLUS Loans is 4 percent and 1.5 percent is rebated up front to the borrower at the time the PLUS loan is disbursed.

Subsidized Loans: fixed at 2.75% for loans first disbursed on or after July 1, 2021.

Unsubsidized Loans: fixed at 4.30% for loans first disbursed on or after July 1, 2021.

Parent PLUS Loan: fixed at 7% for loans disbursed on or after July 1, 2021



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Do I have to repay my loans?

Yes. Student loans, unlike grants and work-study, are borrowed money that must be repaid., with interest, just like car loans and home mortgages. You cannot have these loans canceled because you didn't get a job in your field or study, or are having financial difficulty. So think about the amount you will have to repay before you take out a loan.

- While you don't have to make payments on your student loans while you are enrolled in an eligible school., you don't have to wait until you graduate to start repaying your loans. For more detailed information on repayment, visit StudentAid.gov/repay.
- You can use the repayment estimator to estimate your federal student loan payments under each repayment plan. Visit StudentAid.gov/repayment-estimator to use the tool.

Refunds and Adjustments

A student who officially withdraws or takes an official leave of absence from the College within the first 60% of the semester will receive an adjustment to her account based on specific criteria. No adjustments will be made to a student's account if the percentage representing the amount of time remaining in the semester is less than 40% which is October 26,2020 for the fall semester and March 26,2021 for the spring semester.

Federal regulations require the institution to refund excess federal funds to students within 14 days of the date the credit balance occurs. Lab fees and mandatory health insurance are non-refundable charges.