

Financial Aid

Eligibility

To receive Federal Student Aid, a student must:

- be a US Citizen or an eligible non-citizen
- be enrolled as a regular student in an eligible program
- be beyond compulsory school age and/or possess a valid high school diploma or equivalent
- not be in default on a federal student loan or owe an overpayment on a Federal Student Aid
- have a valid social security number
- satisfy selective service requirements if declared male at birth

Maintaining Eligibility

After an initial eligibility determination for Federal Student Aid, a student must maintain eligibility by:

1. demonstrating satisfactory academic progress as published in the school catalog, and
2. continuing to not be in default or overpayment of previous federal aid programs.

Failure to satisfy eligibility criteria may result in a loss of federal aid.

If interested, applicants can obtain a copy of the federal brochure 'Funding Your Education' as well as visit www.studentaid.gov for further explanation of eligibility criteria.

Applying for Financial Aid

The first step in applying for any Federal Student Aid is to complete the Free Application for Federal Student Aid (FAFSA). The FAFSA is an electronic application located on <https://fafsa.ed.gov>. A paper version of the FAFSA can be printed on the homepage of the fafsa.gov website.

The FAFSA is the only application needed to qualify for the Federal Pell Grant.

In addition to completing the FAFSA, a student who wants to borrow a Direct Loan from the U.S. Department of Education must complete a Master Promissory Note (MPN) at <https://studentloans.gov>.

A parent of a dependent student may borrow a Direct PLUS Loan. This loan is only available to biological, adoptive and certain stepparents. A parent can apply for a Direct PLUS Loan at <https://studentloans.gov>. In addition to the application, Direct PLUS borrowers must also complete the Master Promissory Note (MPN) and pass a credit check.

In addition, parents/students may choose to access education loans via outside/private lenders. Outside/Private education loans are subject to the lender's application and qualification criteria.

Cost of Attendance

The school creates student cost of attendance (COA) budgets for awarding financial aid. Cost of attendance budgets include institutional charges such as tuition, registration fee, and books and non-institutional living allowance expenses such as room and board, miscellaneous personal expenses, and transportation. The items (allowable costs) included in the COA are dictated by federal regulation.

While the Cost of Attendance is usually a static item, certain considerations may be made on a case by case basis to adjust a student's COA with supporting documentation. Again, federal regulation limits the types of changes that may be made to a COA calculation.

The cost of attendance is a student's cost for the period for which the aid is intended. The loan period and associated cost of attendance is related to the number of clock hours in the student's program. The cost of attendance used for Pell Grants is always the full-year (900 clock hours) costs for a full-time student, and does not necessarily represent charges to students if the program is less than 900 clock hours.

In general, a student's cost of attendance is the sum of the following:

- Tuition
- Fees
- Kit (Books and materials)
- Room and Board Allowance
- Transportation Allowance
- Miscellaneous Personal Expenses Allowance

Other cost of attendance allowances may be included at the school's discretion and/or student request and eligibility, including dependent care, disability, etc.

The cost of attendance budgets also include any federal Direct Loan fees assessed the individual student and parent PLUS borrower, if applicable, by the U.S. Department of Education.

For more information regarding the construction of student cost of attendance budgets please contact the Director of Financial Aid.

Awarding

The data on the FAFSA is used to calculate an applicant's EFC (Expected Family Contribution). The EFC is a measurement of the student's ability to pay educational expenses using a formula mandated by Congress.

Once the EFC is known, the school determines the student's 'Financial Need'. Financial Need is defined as the difference between the Cost of Attendance (COA) and the Expected Family Contribution (EFC).

The COA is developed by the school and includes both direct (tuition, fees, kit) and indirect (room and board, transportation, and miscellaneous personal expenses) costs. COA budgets are influenced by program length and the student's living arrangements. COA budgets are updated annually. For current COA budget information, please contact the Financial Aid Office.

The school always awards the Federal Pell Grant to eligible students first. Federal Pell Grants do not need to be repaid to the U.S. Department of Education. If requested, the school will award Direct Subsidized Loans before Direct Unsubsidized Loans because of more favorable loan terms to the borrower. Lastly, dependent students' parents may be awarded Direct PLUS Loan on behalf of the students if requested.

All loans, student and parent, must be repaid to the U.S. Department of Education.

Academic Year

The school defines its academic year as 900 clock hours and 26 weeks.

Clock Hour

A clock hour is defined as 60 minutes of instruction.

Types of Federal Aid Offered

PELL GRANT

Pell Grant awards are gift monies from the U.S. Department of Education that do not have to be paid back. Recipients must demonstrate financial need as discussed earlier. The minimum and maximum Pell Grants are established by Congress and by the US Dept. of Education.

A student applies by completing the FAFSA.

In addition to a student meeting all general Federal Student Aid eligibility, Pell Grant recipients cannot have a bachelor or higher degree. Pell Grant recipients must meet EFC thresholds that vary each award year.

The Pell Grant is awarded for the academic year based on the EFC for the award year from July 1st to June 30th of the subsequent year. Length of program, cost of attendance, EFC (Expected Family Contribution) and Pell lifetime usage influence the Pell Grant award.

DIRECT STAFFORD STUDENT LOANS

Federal Direct Loans are monies the student borrows directly from the U.S. Department of Education and must be repaid. Federal Direct student loans are not credit based. Students wishing to borrow from the federal Direct Loan programs must submit a FAFSA and meet eligibility criteria mentioned earlier in this catalog. Student Direct Loans can be Subsidized or Unsubsidized. To receive a Direct Subsidized Loan, the applicant must demonstrate financial need.

There are two types of federal Direct Student Loans – Subsidized and Unsubsidized. Subsidized loans are need based and Unsubsidized loans are not.

Both loans offer a six (6) month grace period; have a fixed interest rate; can be paid off early without penalty; are eligible for certain types of deferment, forbearance and cancellation; offer a variety of repayment plans; and are subject to a loan fee charged by the federal government. Interest accrues on both loans with each disbursement, however the interest on the subsidized loan is paid by the federal government while the student is in school, during the 6 month grace period and during periods of deferment. The federal government never pays the interest on the unsubsidized loan.

Loan awards are subject to federal regulation and determined by the Financial Aid Office on an individual student basis. Deciding factors include EFC, loan type, COA, dependency status, program length, grade level and federal loan history. The combined Subsidized and Unsubsidized maximum loan amounts for grade level one are \$5,500 for dependent students and \$9,500 for independent students.

In addition to completing the FAFSA, loan applicants must complete a Master Promissory Note (MPN) at <http://studentloans.gov>. Prior to disbursing the loan, new borrowers must complete entrance counseling at <http://studentloans.gov>.

More information about federal student loans including loan limits and repayment, repayment calculations, terms and conditions can be found on <https://studentaid.gov>.

Federal student loans must be repaid. Consequences of defaulting on a federal student loan can be severe. For more information, please visit <https://studentaid.ed.gov/sa/repay-loans/default>

Please visit <https://studentaid.gov> for more information on the student loans.

The school will submit student demographic, federal financial aid and enrollment information to the National Student Loan Data System (NSLDS) as required by federal regulation where it may be accessed by authorized agencies, lenders and institutions.

FEDERAL DIRECT PARENT LOANS FOR UNDERGRADUATE STUDENTS (PLUS)
PLUS loans are monies borrowed directly from the U.S. Department of Education and must be repaid. These loans are available to biological and adoptive parents as well as stepparents whose financial information is on the student's FAFSA. PLUS loans are available to parents of eligible dependent students; are credit based; have a fixed interest rate; are not need or income based; and require the parent to complete a Master Promissory Note (MPN). There is a Parent PLUS application that collects borrower information and authorizes the required credit check. The PLUS MPN and application can be submitted electronically at <http://studentloans.gov>. If required, PLUS loan counseling can also be accessed on this website.

Maximum PLUS loan amounts are governed by federal regulation and may not exceed the COA(Cost of Attendance) minus all anticipated financial aid.

Repayment typically begins sixty (60) days after the final disbursement of the loan, but borrowers may request payment be deferred until after the student completes the program. PLUS loans do not have a six (6) month grace period like the student's loans.

Please visit <https://studentaid.gov> for more information on the PLUS loan.

As with the student loans, the school will notify the U.S. Department of Education of the parent's loan information via the National Student Loan Data System (NSLDS) as required by federal regulation where it may be accessed by authorized agencies, lenders and institutions.

Verification

Verification is the process of confirming the accuracy of specific FAFSA information or the student's identity. The U.S. Department of Education selects applications for verification.

Applications are selected for verification based on

- Triggering edits established by the U.S. Department of Education
- What appears to be conflicting information within the application data
- Random selection

Students are assigned to a specific verification group by the U.S. Department of Education. The documentation requirements are different for students depending upon which verification group they are assigned.

Student Notification

A student will be notified in writing when his/her FAFSA is selected for verification. The notification will explain what verification is, what the student must do to complete verification, the consequences of failing to complete verification and applicable deadlines.

As necessary, the Financial Aid Office will contact the student by phone and or in-person to follow-up and provide further information or clarification.

In general, the student and spouse/parents, as applicable, must complete and submit the Verification Worksheet and proof of income information reported to the IRS. IRS data can be automatically retrieved using the Data Retrieval Tool (DRT) via the FAFSA on the Web (FOTW) website. Sometimes it may be necessary for the student to provide a copy of IRS Tax Transcripts or federal tax returns, when permissible. The student will be instructed on how to obtain IRS tax information.

Deadlines

Students must provide verification materials within two weeks following notification.

The institute recognizes a student may not be able to meet this deadline waiting for documents requested from the IRS, other federal and state agencies, employers, etc. It is important to communicate this to the Financial Aid Office when experiencing difficulty in securing needed verification items.

The institute will make repeated attempts to request missing information and documentation. A student who fails to respond to these repeated requests to complete verification will be converted to a cash payment plan.

A student seeking a professional judgment due to special circumstances must complete verification before the Financial Aid Office adjusts any values in the ISIR data.

Under all circumstances, verification must be completed within 120 days of the student's last day of attendance or by the annual deadline established by the US Dept. of Education, whichever is earlier.

Correcting FAFSA Data

The Financial Aid Office compares the ISIR information to the verification documents collected. If the ISIR data is confirmed accurate, no additional action is needed. If the ISIR data is incorrect, it must be corrected.

In general, the school will contact the student to make the needed corrections on the FAFSA.gov website.

The school may also make corrections using FAA Access to CPS Online provided it has written authorization to do so, e.g., student's signature on the Verification Worksheet or a Tax Transcript.

If verification creates a change in award(s), the Financial Aid office will notify the student in writing of those changes within two weeks of completing verification.

Consequences for Failing to Submit Requested Documents and Information

Delays in completing verification within the two week deadline may require the student to make cash payments or seek other funding sources to meet his/her financial obligation to the institute.

A student's failure to complete verification may result in the loss of all or a portion of his/her financial aid.

Referring Students to the Office of Inspector General

If the institute suspects that a student or other individual has misreported information or altered documentation to fraudulently obtain federal funds, it must report its suspicions and provide any evidence to the Office of Inspector General.

The institute takes its stewardship of federal funds seriously and will cooperate with government agencies in the prosecution of students found to have falsified application data.

Disbursing Federal Student Aid

Financial aid is disbursed by payment period. To qualify for subsequent payment of Federal Student Aid, students must successfully complete the clock hours and weeks of instruction within the payment period to progress to the next payment period.

A disbursement is made when the student's ledger is credited with a payment. The following funds are typically disbursed within two weeks of the start as long as the student meets the eligibility criteria:

- Federal Pell Grant
- Federal Direct PLUS Loan
- Federal Direct Subsidized and Unsubsidized Loans if the student has previously borrowed a federal student loan

Direct Subsidized and Unsubsidized funds are not disbursed until after a new borrower attends at least 30 calendar days from the start date. A new borrower is someone who has not previously borrowed a federal student loan.

Second and subsequent disbursements are made as soon as possible after the student successfully completes the hours and weeks in the prior payment period and demonstrates Satisfactory Academic Progress.

Federal Student Aid Credit Balances

A credit balance on a student's account means the student has overpaid the school for charges assessed for the period. The credit balance could be a nonfederal credit balance or a Federal Student Aid credit balance.

The school will hold nonfederal credit balances on the student's account until all program charges are paid in full.

A Federal Student Aid credit balance occurs when the amount of Federal Student Aid received exceeds the student's charges for the payment period. Unless the aid recipient authorizes the school to hold a Federal Student Aid credit balance on account, the school will pay the Federal Student Aid credit balance to the student or parent (PLUS borrowers) within fourteen (14) calendar days of the credit balance being created.

The Business Office reviews the account ledgers after all aid is posted to determine if a Federal Student Aid credit balance is created

Loan Counseling

Loan counseling is required of all federal Direct student loan borrowers and can be completed on <https://studentloans.gov>.

New student borrowers must complete entrance counseling prior to the first disbursement of a Direct Subsidized or Unsubsidized Loan. Direct Subsidized and Unsubsidized borrowers must complete loan exit counseling shortly before or after graduation or leaving school for any reason.

While both entrance and exit counseling discuss various aspects of the loan programs, the school must also collect information from the student during exit loan counseling. Students can complete electronic loan counseling at <https://studentloans.gov>. Student may also contact the Financial Aid Office with questions and to discuss their specific loans and repayment responsibilities and options.

Students that withdraw before completing exit counseling will be encouraged to do it online, but loan counseling materials will be mailed to each withdrawn student.

Interest Rates

Federal Direct Loan interest rates are fixed and calculated in accordance with formulas specified in the laws and regulations. Interest rates are calculated annually in May. The rates apply to all loans for which the first disbursement is made during the period beginning on July 1 of one year and ending on June 30 of the following year.

Each loan has a maximum fixed interest rate (or cap). The maximum interest rates are –

- 8.25% on Direct Subsidized and Unsubsidized loans made to undergraduates.
- 9.50% on Direct Unsubsidized loans made to graduate students
- 10.5% on Direct PLUS loans made to graduates, professional students, and parents of dependent undergraduate students

Loan Limits

Annual loan limits in the Direct Subsidized and Unsubsidized Loan Program vary depending on your academic year, grade level, and dependency status and other factors, such as

- The length of your program
- Your cost of attendance
- Your Expected Family Contribution (EFC)
- Other financial aid you receive, and
- Your remaining eligibility under the annual and aggregate loan limits

Direct PLUS loans do not have fixed limits. You can borrow up to the school's cost of attendance minus all other financial assistance received. The school determines the amount a PLUS borrower may access.

A first year (900 clock hours) dependent student is typically eligible for \$3,500 in Direct Subsidized Loans and \$2,000 in Direct Unsubsidized Loan. A first year (900 clock hours) independent student is typically eligible for \$3,500 in Direct Subsidized Loans and \$6,000 in Direct Unsubsidized Loan.

Students receive an estimate of their loan eligibility for the entire program before signing and enrollment agreement and beginning the program. For more information on loan limits, contact the Financial Aid Office or visit <https://studentaid.gov>.

Repaying Your Direct Subsidized and Unsubsidized Loans

Loans must be paid back. Borrowers select a repayment plan through their federal loan servicer and make payment to the loan servicer. Students are not required to make payment while enrolled at least half-time.

Direct Subsidized and Unsubsidized loans have a six month grace period. The borrower is not required to begin repayment until he/she has been out of school for six (6) months.

Sample Repayment Plans

- **Standard Repayment Plan** - available to all borrowers, applies to all loans, allows up to 10 year term with a minimum monthly payment of \$50
- **Graduated Repayment Plan** – available to all borrowers, applies to all loans, allows up to 10 year term with monthly payment amounts increasing every two years

There are a number of other repayment plans to choose from that are income driven. For more information on these plans, borrowers are encouraged to talk with their loan servicers or visit <https://studentaid.ed.gov/sa/repay-loans/understand/plans>

Estimated Monthly Payments for Direct Student Loans (source: Entrance Counseling Guide July 2016)				
Debt When Loan Enters Repayment	Standard		Graduated	
	Per Month	Total	Per Month	Total
\$5,000	\$58	\$6,904	\$40	\$7,275
\$10,000	\$115	\$13,809	\$79	\$14,550
\$25,000	\$288	\$34,524	\$198	\$36,375

Repayment of your Direct Loan is a serious financial obligation. When you make payments on time, you begin establishing a credit history that will affect your future eligibility to obtain loans for things such as cars and homes. When you apply for a job, employers often use your credit history as a way to measure how you meet your responsibilities and your ability to establish and stick to a plan.

Falling behind on your Direct Loan payments can have serious consequences:

- Loans become delinquent the first day after you miss a payment
- A loan that is delinquent for 270 days goes into default
- Loans that are delinquent or go into default are reported to national credit agencies

Consequences of default on federal education loans include

1. Immediate loss of all federal financial aid
2. Wage garnishment
3. Attachment to your federal tax refund
4. Indefinite notification of a defaulted loan on your credit history until resolved
5. Limited ability to discharge via bankruptcy

Terms and Conditions of Direct Loans

The borrower of any Direct Loan should read the entirety of the Master Promissory Note including the Terms and Conditions.

The MPN is a legal document in which the borrower promises to repay the loan and any accrued interest and fees to the lender. It explains the terms and conditions of the loan, for example, the loan repayment requirements, and the types of deferment and cancellation provisions available. The MPN also explains a borrower's rights and responsibilities.

For each Direct Loan received under an MPN, the borrower will receive a disclosure statement that gives you specific information about that loan, including the loan amount, loan fees, and the expected disbursement dates and amounts.

Students should keep copies of all correspondence from the school or lender, especially promissory notes, forms, and statements signed.

NSLDS Reporting Notification

The school submits all required federal student loan data to the National Student Loan Data System (NSLDS). Loan data includes borrower and student name, social security number, date of birth, type of loan, amount of loan, loan period dates, academic year dates, disbursement dates, grade level, academic program data, etc.

Federal student loans include both William D. Ford Direct Subsidized and Unsubsidized Stafford loans borrowed by the student and William D. Ford Direct Parent Loans for Undergraduate Students (PLUS Loans) borrowed by the parent on behalf of the student.

Loan information submitted to NSLDS is accessible by authorized users of the data system, including the student, the school, the U.S. Department of Education, loan servicers contracted by the U.S. Department of Education, lenders, and other authorized users.

In addition to submitting loan information to the National Student Loan Data System, the school also reports student enrollment, gainful employment and transfer student monitoring information.

Financial Aid Rights and Responsibilities

Students participating in Federal Student Aid programs have certain rights and responsibilities that may impact the student's decision to participate. Copies of these rights and responsibilities are published in the federal Exit Counseling and the federal Entrance Counseling Guides available from the Financial Aid Office and <https://studentaid.gov>.

You have the right to

- Written information of your loan obligations and information on your rights and responsibilities as a borrower;
- A copy of your MPN either before or at the time your loan is disbursed.
- A grace period and an explanation of what this means;
- Notification, if the Department transfers your loan to another servicer without your consent;
- A disclosure statement before you begin to repay your loan, that includes information about interest rates, fees, the balance you owe, and a loan repayment schedule;
- Deferment or forbearance of repayment for certain defined periods, if you qualify and if you request it;
- Prepay your loan in whole or in part anytime without an early repayment penalty; and
- Documentation when your loan is paid in full

You are responsible for

- Completing exit counseling before leaving school or dropping below half time enrollment;

- Repaying your loan according to your repayment schedule even if: you do not complete your academic program; you are dissatisfied with the education received; or you are unable to find employment after you graduate;
- Notifying your lender or loan servicer if you
 - ✓ Move or change address
 - ✓ Change your phone number
 - ✓ Change your name
 - ✓ Change your social security number, or
 - ✓ Change employers or your employer address and/or phone change
- Making monthly payments on your loan after your grace period ends, unless you have a deferment or forbearance; and
- Notifying your lender or loan servicer of anything that might alter your eligibility for an existing deferment or forbearance.

Overawards

Over awards occur when the student has received more federal aid than earned. In many cases, the school's obligation to return funds resolves the issue, however, there are situations where the student has been given funds that he/she is not eligible for and must be refunded.

Students are notified of an overaward by the school. The student has 45 days from the date the school notifies the student to make a 'positive action' toward repayment.

The student retains financial aid eligibility during the 45 day action deadline. If the student does not enter into a repayment plan by the end of the 45 day period, the school will report the student to NSLDS as an over payment and refer the student to the Default Resolution Group for collection.

Two positive action options

1. Students may repay the overpayment in full to the school which will forward the money to the U.S. Department of Education.
2. A repayment agreement can be signed with the U.S. Department of Education.

Consequences of not taking positive action within deadline

1. The student loses financial aid eligibility for additional Federal Student Aid funds
2. The School must report the student to NSLDS as an overaward and refer the file to the Default Resolution Group for collection

For any questions or information regarding financial aid, please contact Brown Aveda Institute between the hours of 9am and 5pm, Monday-Friday:

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