

DES MOINES AREA COMMUNITY COLLEGE
EDUCATIONAL SERVICES PROCEDURES

Section: FINANCIAL AID
Subject: Alternative/Private Student Loan
Effective Date: June 1, 2017
Number: ES 4325

I. Institutional Regulations

- A. DMACC shall make available to eligible students private or alternative educational loans to help pay the cost of an education expense.
1. Private student loans are defined as nonfederal loans made (originated) by a lender such as a bank, credit union, finance company, or other extender of credit.

DMACC does not originate or otherwise offer institutional private student loans.
 2. Educational expenses for credit seeking students are defined as those outlined with the Student Expense Budget (Cost of Attendance) assigned to the individual student by the Financial Aid Department. Educational Expenses for students seeking a non-credit course or program are defined as the cost of tuition and required materials (or are otherwise outlined by the non-credit program).
- B. DMACC shall develop, make available for review, and enforce an institutional Code of Conduct prohibiting conflicts of interest by financial aid office staff related to the administration of private educational loans.
- C. DMACC makes available information regarding private education loans from a lender to current and prospective borrowers, and therefore also must provide the following consumer disclosures:
1. Information required under section 128(e)(1) of the Truth in Lending Act (TILA) for private education loans
 2. Notice that the borrower may qualify for loans or other assistance under the Title IV programs
 3. Notice that the terms and conditions of loans under the Title IV programs may be more favorable than those of private education loans
- D. As outlined within Federal Register, 10/28/09. p. 55630, DMACC will develop and make accessible to current and prospective borrowers an historical lender list. DMACC's historical lender list is a neutral, comprehensive list of lenders that have made loans to students at DMACC within a three academic year period of time. DMACC's historical lender list is available for review on the financial aid portion of www.dmacc.edu.
- E. Prior to certification of a private loan, current or prospective borrowers attending DMACC must meet the following eligibility criteria:
1. Completion of the Free Application for Federal Student Aid (FAFSA) for the award year applicable to the student's term of enrollment. Exceptions to this criteria include:
 - a. A written statement (or e-mail from the student's DMACC e-mail address) provided by the student borrower that states that the student is refusing to complete a FAFSA for the appropriate award year.
 - b. The student is attending a non-credit program not eligible for federal student aid.
 - c. The student is attending at a less than halftime enrollment level.
 - d. The student is not maintaining Financial Aid Satisfactory Academic Progress as outlined by DMACC ES4300.
 - e. The student is attending DMACC as a "guest" student.

2. All private loan student borrowers must complete additional loan counseling other than the federal Entrance Counseling. The method of counseling will be determined by the DMACC Financial Aid Department.
 3. A prospective private loan borrower must be successfully admitted into a program of study at DMACC (or be seeking registration in an eligible non-credit program).
 4. DMACC, at its sole discretion, will determine any non-credit/non-Title IV eligible programs offered by the institution that are eligible for certification of private loan requests. Non-credit/non-Title IV program eligibility is currently limited to the Transportation Institute's Truck Driver Training Program. The determination of private loan program eligibility will be made by the Executive Dean of Student Services, the Director of Financial Aid, and the Program Chair.
 5. Prospective private loan borrowers determined to be eligible by the DMACC Financial Aid Department for Federal Direct Student Loans during the same period of enrollment for which a private loan is sought must utilize their full eligibility for a Federal Direct Student Loan prior to the certification of a private loan. In lieu of this requirement a student may provide a written (or e-mail from the student's DMACC e-mail address) statement outlining their refusal to accept a Federal Direct Student Loan or to accept their full eligibility for the Federal Direct Student Loan.
- F. The certified amount of a private student loan shall not exceed a prospective private loan borrower's educational expenses less any federal, state, institutional, scholarship or other financial aid resources received. Educational expenses are define in section A, 2 of this policy.
- G. Prospective private loan borrowers will be subject to a cancellation of a certified private student loan should attendance not be established for a period of enrollment during which the scheduled disbursement was to occur. Students choosing to completely withdrawal prior to the census date established for the term will be subject to private loan cancelation.

II. Procedure

- A. Receiving Private Loan Certification Request: Requests for a private loan are received by the DMACC Financial Aid Office via an electronic certification request. The certification request is delivered by iLink. On a limited basis, a paper certification request may be received from lenders choosing not to utilize electronic services.
1. The designated Financial Aid Specialist will be provided access to iLink to support the processing of private loan certification requests. The Specialist will log into iLink at www.ilinksupport.org/
 2. A prospective student borrower's Admission status will be evaluated within Banner. Prospective student borrowers must be admitted into an eligible program or otherwise seeking an eligible non-credit program at DMACC before the loan request will be certified. Prospective student borrowers that have not applied for Admission at DMACC (or are not seeking an eligible non-credit program) will not have their loan request certified. Guest students may only access a private student loan if the private lender selected by the student allows such as part of the lender's established eligibility criteria.
 3. The designated Specialist will evaluate the student's financial aid status to determine if the student has applied for financial aid by completing the Free Application for Federal Student Aid (FAFSA) and has been offered or has accepted federal student loans.
 - a. If the prospective borrower has not completed the FAFSA, the Specialist will notify the student to complete the FAFSA or provide a signed statement (or an email from their DMACC email address) indicating that student will not be completing the FAFSA. A request for a private loan will not be processed until this statement is received from the student. Exceptions to this policy include:
 - (1) Students attending a non-credit program
 - (2) Students not maintaining Financial Aid Satisfactory Academic Progress as outlined by ES 4300

- (3) Students no longer eligible for federal student aid due to aggregate limits as identified by the National Student Loan Data System
- (4) Guest students
- (5) Students enrolled at a less than halftime basis.

b. If the prospective borrower has been offered federal students loans by the DMACC Financial Aid Office but has not accepted the award, DMACC must obtain confirmation that the student does not wish to access the federal loan program by providing a written statement or e-mail. The Specialist will notify the student to provide the signed statement (or an email from their DMACC email address) indicating that the student will not be accepting or requesting a federal student loan. A request for a private loan will not be processed until this statement is received from the student. Exceptions to this policy include:

- (1) Students attending a non-credit program
- (2) Students not maintaining Financial Aid Satisfactory Academic Progress as outlined by ES 4300
- (3) Students no longer eligible for federal student aid due to aggregate limits as identified by the National Student Loan Data System
- (4) Students attending less than halftime*

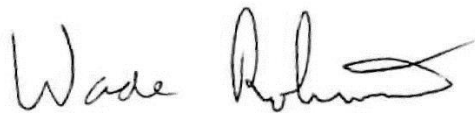
* Students attending less than halftime will be notified of their eligibility for a federal student loan should the student make the decision to increase his or her enrollment level. A certified private loan for students attending less than halftime shall not exceed \$1000 per term at DMACC.

- 4. As outlined in section I, F, a private student loan shall not exceed a prospective private loan borrower's educational expenses less any federal, state, institutional, scholarship or other financial aid resources received. The designated Specialist will review a student's cost of attendance as determined by the DMACC Financial Aid Office. The requested private loan amount may be adjusted downward in order to avoid exceeding a student's cost of attendance.
- 5. The maximum private loan amount for students seeking an eligible non-credit program is determined by the DMACC Financial Aid Office and will be determined by the identified cost of tuition and required materials (books, etc.) for the non-credit program.
- 6. During the loan certification process, the designated Specialist will ensure the student prospective private loan borrower has completed the required loan counseling. Students that have not completed the required counseling will be sent a reminder to complete the counseling. Students failing to complete the counseling will not continue to have their loan request processed by the Specialist, and could result in loan cancellation.
- 7. The designated Specialist will provide notification to the prospective student borrower that the private loan certification request has been received by DMACC and is in process. The notification will outline any student eligibility factors that may have prevented or delayed certification of the private student loan.
- 8. Once the request for a private student loan has been successfully certified, a comment will be placed on the Banner RHACOMM form. The comment in RHACOMM will identify the lender, loan period, amount, and estimated disbursement date. The Specialist will add to the Banner RRAAREQ form (for the applicable award year) a requirement code associated with the student's chosen lender with a status of "received."
- 9. In the event a student selects a lender not previously identified on the institution's historical lender list (identified in section I, D) the Specialist will ensure the new lender is added.

B. Receiving a Private Loan Disbursement: Disbursements are delivered to DMACC utilizing an electronic process through iLink. On a limited basis, a paper check may be received from lenders choosing not to utilize electronic services.

1. The designated Specialist will access a disbursement roster utilizing iLink.
2. The Specialist will establish the private loan within Banner once the prospective student borrower's continued eligibility has been confirmed. Loan disbursement amounts will be reconciled to the amounts previously certified by the Specialist.
3. A copy of the disbursement roster will be maintained in order to complete a monthly reconciliation of private loan funds received by the DMACC Business Office.
4. Students that are over-awarded as outlined in section I, F, will be subject to a reduction of their loan disbursement. Students no longer enrolled at the time of disbursement will be subject to a cancellation of their private loan.
5. Funds that are required to be returned to the private lender will be returned within 30 days utilizing the policies and procedures outlined by the DMACC Business Office.
6. Private loan funds are released to the student's account utilizing the same release of funds schedule established for federal and state aid by the DMACC Financial Aid and Student Accounts Departments.
7. All private loan funds will be first credited to a student's account to pay institutional charges including but not limited to tuition, fees, and purchases made in the DMACC bookstore. Credit balance disbursements will be made according to the release of funds schedule utilizing the disbursement method the student has established with the DMACC Student Accounts Department.

APPROVED:



Executive Dean, Student Services

7-25-17
Date: _____



Executive Vice President, Academic Affairs

7-25-17
Date: _____