New eligibility rules for student loans coming

Rogue Community College financial aid officials are notifying prospective student-loan applicants about federal rules affecting “new borrowers.”

After June 30, 2013, anyone who takes out a student loan for the first time will be regulated by new federal rules limiting access to need-based subsidized federal student loans.

Subsidized loans don’t accrue interest while the borrower is still attending school, according to Anna Manley, director of RCC’s Financial Aid Department. But under the new rules, students will be eligible to receive subsidized loans for no more than one-and-a-half-times their program length. Examples include a one-year certificate or two-year degree programs.

“If you take longer to complete your program and need more funds to do so, you may be limited to unsubsidized federal student loan debt,” Manley said. Interest accrual for unsubsidized loans begins as soon as funds are paid out.

Because of the rule change, Manley recommends student limit borrowing and maximize other types of financial aid such as grants, scholarships and student employment. Another strategy is to take out a small loan prior to RCC’s loan application deadline of June 7, 2013.

“Students who are enrolled for 2013 winter and/or spring terms and have more than a year of undergraduate work yet to complete should consider a small loan,” Manley said. “Someone who borrows $100 during 2012-13 won’t be considered a new borrower and will not be subject to the limitation.”

However, she notes, only financial aid applicants who have received an award letter or eligibility notification may apply for a federal student loan. RCC students can check their financial aid status by visiting myRogue at website: www.roguecc.edu.

Lastly, Manley warns that grants, such as the federal Pell grant and the Oregon Opportunity Grant, also have eligibility limits. The Pell grant limit is 18 quarters in which to finish a four-year bachelor’s degree while the Oregon Opportunity Grant is 12 quarters.

“It’s important to choose your major carefully, successfully finish what you start, think before changing your major, and take classes that progress toward graduation,” she said.

For more information about RCC financial aid, visit www.roguecc.edu/FinancialAid.

More information on the federal law change is available at http://ifap.ed.gov/eannouncements/071012InterestRateFinal.html.

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