

# Georgia Student Access Loan (SAL) Program Overview

## Student Eligibility

- Eligible students must have graduated from an eligible high school with a 2.5 or 75 grade point average in core subjects.
- Students must be attending an eligible postsecondary institution.
- Eligible postsecondary institutions must offer associates or baccalaureate degrees.
- Students must be Georgia Residents.
- Borrower must be U.S. citizen, national or permanent resident of U.S. as defined by Title IV of the Higher Education Act of 1965 as amended.
- Students must be making **Satisfactory Academic Progress (SAP)** in accordance with the SAP policy at your college or university. Failure to maintain SAP may result in your ineligibility for this loan.
- Graduate students are ineligible.

## Loan Characteristics-Terms

- Low interest student loan program targeted to students who have “unmet financial need”
- Fixed interest rate of 1% except in the case of default.
- Borrowers are charged a 5% origination fee with a maximum of \$50 per loan. Fee is deducted from each disbursement.
- There is no minimum annual loan amount.
- Maximum annual loan amount of \$10,000 or the student's cost of attendance minus his or her Expected Family Contribution (EFC), Expected Financial Aid (EFA {and other aid including VA or PLUS Loans}) whichever is less.
- Maximum aggregate loan limit of \$40,000.

## **Application Process**

- Applications are submitted online via the [www.GAcollge411.org](http://www.GAcollge411.org) website and are accepted periodically throughout the year. GSFA will begin accepting applications on June 20<sup>th</sup> 2011 and stop accepting applications on July 15, 2011.
- Students are randomly selected from each pool of applicants.
- Borrower must have diligently applied for and exhausted other student aid including federal scholarships, grants and loans. This includes PLUS loans but not private education loans.
- Students and parents may not use the Student Access Loan as a substitute for another state or federal loan program.
- Loans must be certified by the postsecondary institution.
- An institution may refuse to certify the loan or may reduce the amount borrowed on a case-by-case basis.
- Application status updates are sent to students via e-mail at all points throughout the loan application cycle.
- Loan proceeds are sent to the postsecondary institution via EFT and credited to the students account at the institution.

## **Repayment Process**

- Repayment begins after the student graduates or drops out of their program. However, interest only payments are due monthly while the student is in school.
- ACH is preferred for monthly payments.
- Loan term is ten years (120 months) not inclusive of the in school period.
- No penalty for early repayment.
- Late fees may apply.
- Borrowers who become teachers and teach in a Georgia public school in Science, Technology, Engineering and Mathematics (STEM) at the elementary, middle or secondary level may be eligible for cancellation of portions this loan.

Georgia Student Access Loan (SAL) Program  
Frequently Asked Questions

1. If student applies, but is selected for verification, how is the process handled?  
**In order to be eligible for a SAL Program loan, the student must have applied for other aid including federal and state scholarships, grants and loans. Therefore, if the student is selected for verification, then the postsecondary school has not likely yet fully evaluated that student for aid. However, if the postsecondary institution believes it has enough information to award the student, then they should feel free to certify this loan based on other program requirements. Of course, if the student's financial situation changes, then the postsecondary school will have to adjust the student's award package.**
2. Will school certification have a timeline?  
**Yes, Postsecondary schools will be allowed a finite amount of time to certify the loan application.**
3. How much can a student borrow under the SAL Program.  
**The maximum loan amount is \$10,000 or the student's cost of attendance less their Expected Family Contribution (EFC) and Expected Financial Aid (EFA). EFA includes federal and state student loans, scholarships grants, PLUS loans and VA benefits.**
4. Truth in lending, will it be handled as an alternative loan?  
**Yes, the Georgia Student Finance Authority (GSFA) will make required disclosures.**
5. If an institution does not participate in the Federal Direct Loan program, is the school eligible.  
**Yes**
6. Are there limitations for eligibility such as age, timeframe, number or type of degrees held by a student, etc?  
**No, except graduate students are ineligible.**
7. Are graduate students eligible?  
**No**
8. If the application timeframe is June, when is the enrollment timeframe for students?  
**The program begins with fall 2011.**
9. Is summer term eligible?  
**Yes, the program begins with fall 2011**
10. Couldn't funding be pulled for next fiscal year?  
**Yes, just as with any other state appropriated program which is why it is important to demonstrate use and need.**
11. Will students have to be Hope eligible? Pell eligible? Need based?  
**No, neither HOPE nor Pell eligibility is required. Applicants must have an unmet need or a gap in financing, with the exception of private loans, remaining after all other resources have been exhausted.**
12. Can a student decline a Stafford Loan and be eligible?  
**No, the Student Access Loan Program is intended to be last resort financing that would come into play once the student has exhausted other forms of aid including federal and state loans, scholarships and grants. The**

13. Should student be full time?  
**No, full time enrollment is not required. However students must be enrolled at least half time.**
14. Should a student seek an associate or bachelors degree?  
**No, students are not required to be seeking an associates or baccalaureate degree. However, the student must be attending a postsecondary institution that offers associates or baccalaureate degrees.**
15. Should schools certify in August when they may not enroll until October?  
**Schools are encouraged to certify the loan as early as possible.**
16. How will the process work if a student enroll below the initial enrollment hours?  
**A certain number of hours enrolled is not required. Schools are expected to reduce student awards if such a change affects the student's overall budget, eligibility or need.**
17. Can the student only select one school?  
**Yes, students may only select one school.**
18. Could we (GSFC) make it similar to Hope Promise; meaning, students have to select how many hours for which they will enroll?  
**No, the law governing the program does not permit this at this time.**
19. What's the minimum a student may borrow?  
**There is no minimum.**
20. Does it fall under Title 4 or 10?  
**The program is governed by Georgia law, O.C.G.A. (20-3-395). Portions of Title IV are also applicable to this program.**
21. How will GSFC handle promissory notes?  
**Once a student's application has been randomly selected by GSFA and certified by the student's school, a promissory note will be sent to them via secure email.**
22. Will students sign a new promissory note each year?  
**Yes, students must apply annually.**
23. How will the process be handled if a student certifies and later the Financial Aid (FA) office finds the student is not Hope eligible? Or, Pell eligible? How does the school get additional money?  
**The student may not be able to increase the loan amount unless there are funds available. Funding is limited.**
24. What if the opposite of #22 happens, if the student becomes eligible for Hope, what happens?  
**As with other aid, if the student's financial situation changes then it is expected that the student's aid would be adjusted. This loan program cannot cause a student to exceed cost of attendance.**
25. Is GSFA counting VA benefits as part of the student's aid package?  
**Yes**
26. Should the student indicate the requested amount on the application?  
**Yes, the student will indicate their requested loan amount on the application. It will be displayed to school the student lists on their application as part of the online certification process.**
27. What definition of COA is considered?  
**In accordance with Title IV of the Higher Education Act.**

28. When will the disbursement happen, before or after GSFA receives the prom note?  
**Disbursements will not be processed until after the completed promissory note is received and verified by GSFA.**
29. Can institutions track status on Surfer?  
**Yes, but not initially.**
30. Can institutions refuse to participate in the program?  
**Yes**
31. Is the application process totally student initiated?  
**Yes**
32. Since high school students have been notified, what other marketing will be used to notify other students?  
**GSFA is taking a variety of actions including but not limited to the following:**
- **Information has been on our Facebook and Twitter pages,**
  - **We have updated the GAcollge411.org home page and “What’s New” section of the website,**
  - **The Atlanta Journal Constitution will be running an article about the program.**
  - **GSFA has sent direct communications to all high school counselors,**
  - **Direct emails will be sent to students who have requested further information from GSFC.**
33. Since the selection process is revolving, how and when will students be notified they have not been selected?  
**GSFA will send students emails at each stage of the application cycle.**
34. After each cycle, can students apply for other cycles?  
**To be determined.**
35. Is GSFA requiring students to apply for PLUS? Grad PLUS? Private loans?  
**Yes to PLUS but no to GRADPLUS (grad students are ineligible) and private loans.**
36. Are there any projections on the potential default rate?  
**No**
37. How will this process affect future funding?  
**High demand for this program will demonstrate the need for continuation and/or increased future funding.**
38. When will training material be ready and available? Training?  
**Postsecondary training materials are under development and will be released by July 1.**
39. What fees are charged in connection with this loan?  
**Each loan is charged an origination fee in the amount of 5% of the approved loan amount with a maximum of \$50 dollars per loan. The origination fee is deducted from each loan disbursement.**
40. What is the interest rate on this loan?  
**The standard interest rate is 1% per year. In the event the borrower defaults on their loan, the loan converts to the reasonable interest rate which is defined as the Wall Street Journal Prime Rate as of July 1 of the year in which the default occurs.**

41. The law states that students must graduate from an eligible high school. What about GED recipients and students who graduate from unaccredited home Schools.

**Students who do not graduate from an eligible high school are ineligible for the Student Access Loan.**

42. When does repayment of the loan begin?

**Repayment begins when the student graduates or drops out of their program. However, interest payments are required while the student is enrolled.**