

- What is the first step to getting loans?

First, I would clarify for yourself if you are sure you need additional money, and that you are not able to get the funds from a grant or scholarship.

Generally, students fill out a FAFSA (<https://fafsa.ed.gov/>) or a California Dream Act application (<https://dream.csac.ca.gov/>) prior to coming to UCSC. However, if you need Financial Aid at any time, the best first step is to have a walk-in appointment with your financial aid adviser.

Once the loan has been offered, the student needs to complete Entrance Counseling and sign their Promissory Note (loan contract) online. (For certain loans, “TILAs” are also included in the Entrance and Prom Note process).

- Can I apply for a specific loan amount or are there set loan amounts I have to choose from?

The Financial Aid office is limited in the amount of aid they can offer based on family income and available aid. If they offer a student more aid than the student needs, the student can accept a lower amount when they first accept the aid on their my.ucsc portal.

- Where do I find out how many loans I owe?

To find out who your servicer is or which loans you borrowed, visit: nslds.ed.gov or studentaid.gov.

NOTE: University and Dream loans will not be listed on those websites. Check my.ucsc.edu, call Financial Aid at 831-459-2963, or call Student Business Services at 831-459-4699 if you are unsure if you have University or Dream loans.

- Do I pay my Perkins separately from my Direct Subsidized and Unsubsidized Loans? Is there a way I can pay them all in one place?

Yes and yes! Direct Loans are repaid to your Direct Loan Servicer and Perkins Loans are repaid to UCSC’s servicer, Heartland ECSI (<https://heartland.ecsi.net/>). If you would like to combine your Perkins with your Direct Loans, this is called **consolidation**. The only way to pay your direct loans and Perkins in one place is to consolidate. You can consolidate for free at <https://studentloans.gov/myDirectLoan/index.action>.

- Can I consolidate my University Loan with my other loans?

University Loans are not eligible for consolidation on studentloans.gov. They are repaid to <https://heartland.ecsi.net/>. (There are private companies that offer consolidation, however borrowers often lose their deferment and forbearance options.)

- What is the difference between Subsidized and Unsubsidized loans?

Subsidized means the borrower doesn’t accrue interest while enrolled at least half time, while in grace, or in deferment.

Unsubsidized means interest will begin to accrue from the moment the loan is taken out. (Therefore it's best to pay off unsubsidized loans first).

- What is a Grace Period?

Borrowers receive a Grace period when they separate from UCSC. (Separation means graduation, less than half time enrollment, leave of absence, and withdrawals). During the Grace period, borrowers are not required to make payments. Direct Loan and Dream Loan borrowers receive a 6-month grace period after separation. Perkins and University borrowers have a 9-month Grace period. Depending on your loan type, there may also be a Grace period after using a deferment.

- I'm paying my Direct Loan Servicer (i.e. Nelnet / Navient / Fed Loan / Great Lakes / EdFinancial). Why is ECSI or UCSC telling me I'm past due on a loan?

Many people that have Direct Loans also have Perkins or University Loans. Perkins and University Loans are much smaller so borrowers sometimes forget they have them. Contact UCSC at 831-459-4699 and 831-459-2940, or ECSI at 1-888-549-3274.

- How do I contact my loan servicer?

Perkins, University, and Dream Loans are held by UCSC and serviced by Heartland ECSI: 1-888-549-3274 <https://heartland.ecsi.net/>

Direct loans are held by the federal government. To find out who your direct loan servicer is visit: nslds.ed.gov or studentaid.gov.

- Do I have to pay back my loans while in school?

No payments are due while in school, however any payments made at this time will help reduce the amount of interest you pay. You must attend school at least half time.

Since interest accrues for unsubsidized loans right away, it's best to pay off unsubsidized loans as soon as you can.

Paying the interest on an unsubsidized loan while in school will also keep the interest from *capitalizing* (which means in-school interest is added to your principal balance and then you can accrue interest on interest).

- Do I have to pay back my loans even if I'm pursuing grad school or if I transfer somewhere else?

No payments are due while in school, but it's the borrower's responsibility to make sure UCSC knows you are in school somewhere else so that we give you in-school deferment status. You may need to submit an in-school deferment form. You must attend at least half time.

- What happens if I don't pay back my loans?

When a borrower doesn't make on-time payments, particularly if payments are more than 30 days late, the tardiness is reported to the credit bureaus, resulting in a reduction of the borrower's credit score.

This can reduce the borrower's ability to rent an apartment, purchase a car, or receive a credit card.

California's Franchise Tax Board and the Federal Government's IRS can also withhold a borrower's tax return and divert it to pay outstanding loans.

- I can't pay back my loans. What are my options?

Student loan borrowers have many good options when unable to pay. They can use deferment or forbearance entitlements (which allow the borrower to not pay all or to make only small interest payments). The borrower can also go on an income-based repayment plan. Note: Only direct loan servicers offer income-based plans. Borrowers can consolidate their Perkins loan with their Direct loans to get on an income-based repayment plan. Consolidation is free at studentloans.gov.

- How does my interest rate affect my loan?

Every month of repayment, interest is added to the loan, which increases the overall amount the borrower has to pay. Paying off your loan as fast as you can will reduce the overall interest paid.

- What happens if I miss a payment?

You can call and ask for forbearance or submit a deferment form. We are able to apply these retroactively. Or you can make a larger payment to catch your balance up.

- Who can apply for loan forgiveness, and how?

Perkins offers cancellations for these careers: Nurse, med tech, K-12 teacher, child and family service employee, early intervention employee, law enforcement, corrections officer, public defender, active duty military person in area of hostility, fire fighter, faculty at Tribal College, librarian, speech pathologist, AmeriCorps VISTA member, or Peace Corps member. Forms must be submitted to ECSI.

Direct Loans offer 10-year Public Service forgiveness and teacher forgiveness, as well as some income-based forgiveness. Visit studentloans.gov for more info.