

US Financing Information

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HEC
PARIS

Contents

Introduction	3
Available US Loans	4
Eligibility and Assessment	5
Repayment: Options and Obligations	6
Refund and Return to Title IV Policy	11
Satisfactory Academic Progress	14
Leave of Absence	17
Glossary of Key Terms	19

US Financial Aid

Higher Education is an investment. Before attending you should have a solid plan in mind for paying your way through it, be it through savings, grants, scholarships, part-time work or loans, or even through a combination of these. US citizens applying to study at HEC Paris are eligible to apply for US Financial Student Aid (FSA), either through the US Federal Loan program, or through a private loan.

This booklet has been designed to help the US students through the financial aid application process, detailing all of the options available to you.

We encourage our students to fully consider all the options available to them, including HEC Paris scholarships and those available from external sources. Please remember that deadlines and application procedures may vary and make sure before applying that you are, or that you will remain eligible.

For further information, please contact our dedicated Financial Aid Office at usfunding@hec.fr.

Available US Loans

There are three main US loans available to students, detailed of which can be found in the table below. For further details on any of these loans, please contact our Financial Aid Officer at usfunding@hec.fr.

Loan Name	Eligibility	Based on financial needs?	Interest Payments	Interest Rates	Extra Information
Direct Unsubsidized loan		No	<ul style="list-style-type: none"> If you are a student, you can begin repayments from when the money is disbursed May be repaid as it is due, or left to accumulate, as long as you are in at least an half-time enrolment program 6-month-grace period after leaving Higher Education 	<p>For all loans disbursed on or after 7/1/2022 for Undergraduate: 4,99 %</p> <p>For all loans disbursed on or after 7/1/2022 for Graduate or Professional: 6,54 %</p>	<p>If you choose to allow interest to accumulate, this will increase the overall amount you eventually have to pay off.</p> <p>This loan has a maximum amount of \$20,500.</p>
Direct Parent PLUS loan	Parents may be eligible if their child is a dependent undergraduate student, as defined by the US Department of Education	No	<ul style="list-style-type: none"> Repayments begin 60 days following the final loan disbursement For all loans disbursed on or after July 9, 2009, and upon request, repayments can begin 6 months after the child leaves Higher Education or drops below half-time enrolment 	For all loans disbursed on or after 7/1/2022: 7,54 %	A credit check will be carried out before the loan is approved.
Direct Graduate PLUS loan		No	<ul style="list-style-type: none"> Repayments begin 60 days following the final loan payment For all loans disbursed on or after July 9, 2009, and upon request, repayments can begin 6 months after you leave Higher Education or drop below half-time enrolment 	For all loans disbursed on or after 7/1/2022: 7,54 %	This loan should only be applied for after you have applied for the Direct Unsubsidized loan. Federal credit check process applies.

Eligibility and Assessment

To be eligible for any of these loans, you must be enrolled into a Full-Time program.

Your eligibility for US Financial Aid will be assessed according to the information that you provide on your Financial Aid Application.

We strongly recommend that you use any financial aid offered to you by HEC Paris to create a budget and spending plan prior to arrival, in order to enable you to plan for the year ahead and remain financially secure.

It is also recommended that you make sure that you have enough money to cover accommodation, books, supplies and any other personal expenses for the first 8 weeks of your studies, in case there is a delay in your loan(s) transferred from the US.

Cost of Attendance (COA)

The cost of attendance (COA) is an estimate of your educational expenses for your enrolment period. The HEC Paris COA components are the same, regardless of which Federal aid you are applying for. The COA specifies the total amount that you can borrow through US Title IV loans, minus any other aid you may be receiving for the same period.

The COA for French/US dual citizens and permanent residents will be modified to reflect your student status category and any additional funding options that you may be eligible to apply for, based on your dual nationality status.

Borrowing Amounts

The US government specifies the maximum a student may be eligible to borrow through US Title IV loans. The amount(s) awarded, however, may be lower than the maximum amounts specified by the US government, depending on your eligibility assessment and your COA calculation. The COA is the total amount you may borrow.

Eligible US loan amount

= COA – any other aid (Estimated Financial Assistance or 'EFA') you will receive for the period

For Graduate Students:

The Direct Stafford Unsubsidized amount that you may borrow (up to \$20,500) is your total COA minus your EFA.

The Direct Graduate PLUS amount you may borrow (up to \$138,500) is your total COA minus your EFA and the amount of Direct Stafford Unsubsidized you will receive.

Repayment: Options and Obligations

Exit Counselling

You must complete an online Exit Counselling before leaving HEC Paris. Counselling will include information on your obligations, rights and options under the terms and conditions of your loan. The session will also cover your repayment options, deferments and other important information that you may need during repayment.

During Exit Counselling, you will need to provide the following information:

- The name and address of your closest living relative
- Two other references who are not your living closest relative, and who have a different address

Repayment Plans

Before repayment starts, you will be provided with repayment options and a repayment schedule from your loan servicer(s), for each type of loan that you have taken out. If you do not receive these schedules near the end of your grace period, then please contact your servicer as repayment will become due.

The repayment process will go smoothly if you plan ahead in good time. Start by researching and understanding all of the available options. Repayment options include:

- **Standard Repayment:** Under this plan your monthly payment will remain the same over the entire repayment period. This repayment plan is the most economical with the least amount of interest accruing over the term of the loan. The maximum repayment term is 10 years. You will be automatically placed on this repayment plan if you do not apply for a different one.
- **Graduated Repayment:** This plan begins with smaller repayments, followed by a gradual increase in payments at specified intervals. Under this plan you may pay more interest over the term of your loan. The maximum repayment term is 10 years.
- **Income-Sensitive Repayment (FELL loans only):** This plan ties the size of your repayment to your income level with annual adjustments made to your repayments. The monthly repayment must be large enough to cover accrued interest. This plan also may increase the amount of interest you pay over the term of your loan. The maximum repayment term is 10 years. However, your provider can use forbearance to lengthen the term for up to five years (15 years in total).
- **Extended Repayment:** This option is available to those who first borrowed on or after October 7, 1998 and who accumulated loans that totaled more than \$30,000. If this applies to you, you may extend your Standard or Graduated Repayment Plan for up to a maximum of 25 years.

- Income Based Repayment (IBR): Under IBR, your monthly payment is capped at an amount, calculated based on your income and family size. You are eligible for IBR if your monthly repayment under IBR is less than the monthly amount calculated for a 10-year Standard Repayment plan. If you follow the IBR plan for 25 years and you meet other requirements, you may have the outstanding balance of your loan cancelled. Additionally, if you work in public service and have reduced loan payments through IBR, the outstanding balance after 10 years in a public service job may be cancelled. For more information on IBR, please visit www.studentloans.gov and click on 'Repayment Plans & Calculators.'
- Income Contingent Repayment (ICR) (Direct Loans Only): Under ICR, your monthly repayments will be calculated each year according to your gross income (AGI, plus your spouse's income if you are married), family size and total amount of your Direct Loans. Under the ICR plan, every month you will pay the lesser of:
 1. The amount you would pay if you repaid your loan within 12 years, multiplied by an income percentage factor which varies with your annual income
 2. 20% of your monthly discretionary income

If your payments are not large enough to cover all of the interest that has accumulated on your loan(s), then the unpaid amount will be capitalized (added to the original loan amount) once each year. However, capitalization will not exceed 10 % of the original amount owed when you started repayment. Interest will continue to accumulate but will no longer be capitalized. The maximum repayment period is 25 years. If you have not fully repaid your loan after 25 years (time spent in deferment or forbearance does not count), then the unpaid amount will be written off. You may, however, still have to pay taxes on the amount that is written off.

As of July 1, 2009, Graduate and professional student Direct PLUS Loan borrowers are eligible for the ICR plan. Parent Direct PLUS Loan borrowers are not eligible for the ICR repayment plan. For more information on ICR, please visit www.studentloans.gov and click on 'Repayment Plans & Calculators.'

Repayment tools and Calculators

When repaying your student loans, it is important to know about all of the choices that are available to you, and the differences between them. To review all of your repayment options, the loan guarantor ASA has developed a repayment comparison calculator:

www.asa.org/repay/calculators/compare

Loan Consolidation

When you leave Higher Education, you may have a number of loans. These loans may be from more than one provider and may have different repayment terms. Repayment can thus become complicated if you have to make different payments at various times of the month. Consolidation is a way to make repayment of multiple loans less complicated and much easier to keep track of.

You can consolidate all of your federal student loans into one loan with a fixed rate and a single lower monthly payment. You pay no additional fees to consolidate your loans. More importantly, you may reduce the amount of each monthly payment by extending your repayment term. Always remember that a longer repayment term increases the amount of interest you will pay over the term of your loan.

Consolidation loans range from 10 to 30 years. Repayment options on consolidation loans include: Standard, Graduated, Income Sensitive, Income Based and Income Contingent plans. To be eligible for a consolidation loan, you must be in a grace period, repayment, deferment or forbearance.

It is important to research loan consolidation carefully as you may lose some borrower benefits that were offered to you by your original loan provider. If you are uncertain of your loan amounts (principle and interest) and of who provides your loans, you can keep track of your loans online using the National Student Loan Data System: www.nslds.ed.gov.

The interest rate on a consolidated loan is determined by taking the weighted average of your current loans' interest rates, and rounding up to the nearest eighth of a percent. This interest rate is fixed, whereas your current loans may be variable.

You should discuss consolidation with your current loan provider(s). Even if your loan provider does not offer an option to allow you to consolidate your loans, they might be able to recommend you one who does.

Loan Term	Amount Owed
10 years	Less than \$7,500
12 years	\$7,500 - \$9,999
15 years	\$10,000 - \$19,999
20 years	\$20,000 - \$39,999
25 years	\$40,000 - \$59,999
30 years	\$60,000 +

Deferment: Postponing repayment

One advantage of borrowing through the US Title IV loan program is the option of postponing repayment for a period of time under certain conditions. However, it is important to note the interest requirements:

- Unsubsidized Stafford Loans and PLUS Loans – you are responsible for paying the interest that accrues whilst at school, during applicable grace and authorized deferment periods.

Please note that you must continue to make payments until you have been officially notified that deferment has been granted. You must retain copies of all forms and correspondence relating to your deferment.

Common reasons for deferment include:

- Economic hardship
- Unemployment
- Enrolment in school
- Graduate fellowship
- Rehabilitation training
- Military Service

For more information, please visit: www.studentloans.gov.

Forbearance: postponing repayment

Borrowers in temporary financial difficulty with no deferment option available may request forbearance from their provider or servicer. Forbearance is granted at the provider's discretion and will allow you to have months added to the term of your loan, temporarily reducing the amount of your monthly payment or temporarily suspending all your monthly payments.

There are several forbearance options available, the most common of which are:

- Economic Hardship Forbearance: If your education loan payments exceed 20 % of your total monthly income, you can apply for this type of forbearance
- Administrative Forbearance: This may be granted by your provider if you are delinquent on payments prior to entering a period of deferment

Please note that interest will continue to accrue on your loan during forbearance. Interest must be repaid, which can result in higher monthly payments once the forbearance has ended. The federal government does not pay the interest on Stafford subsidized loans whilst your loans are in forbearance.

For more information, please visit: www.studentloans.gov.

Delinquency and Default

When your monthly payment is 30 days or more overdue you are considered delinquent. Most loan providers will contact you about delinquent payments and begin collection activity. Delinquency may be reported to a Credit Bureau which may damage your credit rating.

If you expect to have a problem making a monthly payment, please contact your loan provider immediately. It is always easier to discuss alternatives before the due date rather than after a payment is late. To find your loan holder visit: <https://www.nslds.ed.gov>.

Borrowers who are 270 days behind on a scheduled payment are legally in default on the loan agreement. The loan holder can assume that you are not going to repay and may declare the entire amount you owe, including interest, as immediately due and payable. Defaults are reported to Credit Bureau and stay on your credit record whether or not you eventually pay off the loan.

Consequences of default are SEVERE

- Borrowers are liable for late charges to be added to the principal and interest will accrue.
- US federal income tax refunds may be withheld to repay the loan.
- Wages may be garnished (a portion withheld for repayment).
- Payment of attorney fees and court costs may be required.
- Borrowers may lose eligibility for all federal and state financial aid until satisfactory repayment arrangements are made for the defaulted loan.
- In a profession that requires a license to practice, that license renewal can be denied until you make satisfactory payment arrangements on your student loan.

Student Debt on Graduation

Students attending HEC Paris have a variety of different educational experiences and the debt level of each student reflects individual choices and knowledge about the usage of the loan program options.

We are committed to ensuring that students leave this institution with the lowest amount of debt possible and we will actively work with each student to ensure this. Throughout the life cycle of each student using US financial aid we will be actively tracking the debts and benchmarking them with others students who went through the same program.

Average Indebtedness Statistics will be provided to students on completion of both entrance and exit counselling and upon the request of an enrolled student.

Refund and Return to Title IV Policy

There is a refund policy in place for international students attending HEC Paris. The following is an addendum for students who are receiving U.S. Title IV financial aid.

US federal law specifies that if a student withdraws from a program of study, HEC Paris has to complete a Return of Title IV (R2T4) calculation and arrange for any unearned loan funds to be returned to the US Department of Education. If a student who receives financial aid withdraws from a program, HEC Paris will recalculate his/her Financial Aid eligibility based on the period of attendance. As a result, a student may be required to pay back money to the US federal Government from the Federal Direct Stafford Unsubsidized loan or Federal Direct PLUS loans he/she may have received. HEC Paris may also have to repay any funds received for tuition to the US Federal government and such a student may be requested to make an additional fee payment to HEC Paris to replace these funds. For R2T4 purposes, a Leave Of Absence (LOA) longer than 180 days is considered to be a withdrawal. LOA is a temporary interruption in a student's program of study for serious family or medical reasons.

Pro-rata refund calculations apply for any student who withdraws within 60% of the payment period. If a student withdraws prior to completing 60% of each payment period, HEC Paris will calculate the amount of funds to be returned based on the period of attendance for that specific term. The last date of attendance will be the date confirmed by the Program Management Office and the calculations undertaken are set by the US Department of Education and cannot be altered.

The law specifies how schools must determine the amount of Title IV program assistance (Stafford and Graduate PLUS loans) that students had earned before withdrawing from HEC Paris. The Financial Aid Office is responsible for calculating the return of the funds. All funds must be returned to the US Government no later than 45 days of the date of withdrawal determined by HEC Paris.

When a student withdraws during a payment period, the amount of Title IV program assistance that has been earned up to that point is determined by a specific formula. The date of withdrawal is either the date the student notified the Dean of the Degree Program of their intent to withdraw or the date the student submitted a withdrawal letter to the Director, Dean or Program manager, whichever comes first. If the student received (or the school received on the student's behalf) less assistance than the amount earned, the student may be able to receive those additional funds. If the student received more assistance than the funds earned, the excess funds must be returned by the school and/or the student.

Class attendance is mandatory for all students at all times and professors are required to enforce this rule. Any absences are reported immediately to the Dean's office who in turn contacts the student. In the event that a student has decided to withdraw from a Program, the Dean's office will consult with the student's professors to verify the last date of attendance. Without an official withdrawal letter, the school will use the last date of attendance to compute the return of the funds (further mentioned as R2T4).

In the case where a student notifies the Dean or a faculty member that he or she intends to withdraw, the student is informed of the need to send a formal withdrawal letter to document the date the student notified and to share that information with the Program Management Office. Should the student fail to send the withdrawal letter or if there is a gap between the notification and the filing of the form, the earlier date of notification will be used in calculating the return of the Federal loans funds. In the event a student receives all failing grades for a period, the Dean will contact the faculty members to determine if the low grades were earned or represent a lack of attendance. In the event it is determined that those grades were the result of a lack of attendance, the Dean and faculty will attempt to determine the last day of attendance and use that date in the R2T4 calculations. If the exact date cannot be determined, HEC Paris will assume a 50 % attendance and use that date as the last date of attendance. Students who do not attend at least one class are ineligible for Title IV funds and all of the loan funds will be returned to the US Department of Education.

The amount of assistance earned is determined on a pro-rata basis. The payment period is the semester for which the loan was certified and the percent of attendance is calculated by dividing the number of day attended by the total number of days in the payment period. For example, if the student completes 30 % of the payment period or period of enrollment, the student has earned 30 % of the assistance they were originally scheduled to receive. Once the student has completed more than 60% of the payment period or period of enrollment, all the assistance that the student was scheduled to receive for that period is considered to have been earned. If the student did not receive all of the funds that were earned, he or she may be due a post-withdrawal disbursement. If the post-withdrawal disbursement includes loan funds, the student may choose to decline the loan funds so that additional debt is not incurred. The Financial Aid Office will use the R2T4 worksheets as provided by the US Department of Education to determine how much of the loan may be retained and how much must be returned.

HEC Paris may automatically use all or a portion of the student's post-withdrawal disbursement (including loan funds, if the student accepts them) for tuition and fees. For all other HEC Paris charges, the student's permission is needed to use the post-withdrawal disbursement. If the student does not give permission, the student will not be offered the funds. However, it may be in the student's best interest to allow HEC Paris to keep the funds to reduce his / her debt.

There are some Title IV funds that students were scheduled to receive that cannot be earned once a student withdraws because of other eligibility requirements. If the student receives (or HEC Paris receives on behalf of the student) excess Title IV program funds which must be returned, HEC Paris must return a portion of the excess equal to the lesser of:

1. The institutional charges multiplied by the unearned percentage of the funds, or
2. The entire amount of excess funds.

HEC Paris must return this amount even if it didn't keep this amount of the Title IV program funds. If HEC Paris is not required to return all of the excess funds, the student must return the remaining amount. Any loan funds that must be returned, the student must repay in accordance with the terms of the Promissory Note which means that scheduled payments are made to the holder of the loan over a period of time. Students who have received a refund of their loan before withdrawing may be required to return part or all of those funds to the lender.

Title IV funds will be returned in the following order:

1. Unsubsidized Federal Direct loans
2. Federal Direct PLUS Loan

The requirements for Title IV program funds when students withdraw are separate from the HEC Paris Reimbursement Policy. Therefore, the student may still owe funds to HEC Paris to cover unpaid institutional charges. HEC Paris will also attempt to collect from the student any Title IV program funds that were required to be returned. Reimbursement Policy is available through the Program Management Offices.

Satisfactory Academic Progress

HEC Paris is required by the US Federal Law (34CFR 668.16) to define and enforce standards of Satisfactory Academic Progress for students who want to remain eligible to receive US Financial Student Aid. The guidelines have been established to encourage students to progress and successfully complete the academic program for which aid is received.

The HEC Paris SAP policy applies to all students taking Federal loans (also known as 'Financial Aid' and 'Title IV aid') through HEC Paris and more specifically Direct Unsubsidized, Grad PLUS and Parent PLUS loans. It applies to all Federal loan recipients.

Measuring SAP

SAP is assessed as follows:

Qualitative standard (grades): Students must achieve minimum standards as required by the academic department and academic standing consistent with graduation requirements.

Quantitative standard (pace): Students must progress through their course at a pace which ensures that they will graduate within the maximum timeframe. The maximum timeframe for completion is 150 % of the standard, published timeframe for a course, e.g. 24 months for a 16-month MBA, 18 months for a 12-month MSc... Students must also be studying at least half-time in order to be eligible for Federal loans.

Both the qualitative and quantitative SAP standards are reviewed at each evaluation point therefore students who receive US Financial Student Aid will be evaluated at the end of each term.

To receive US Financial Aid the student must meet minimum standards for both the above mentioned components while simultaneously adhering to academic progress rules and French immigration legislation.

Students in receipt of US Financial Aid are entitled to modify their enrolment within the first two weeks of each term and still retain their eligibility for aid provided they do not drop below half-time enrolment.

Academic Standing

Students in receipt of US Financial Aid must achieve a cumulative Grade Point Average (GPA) of 2.5 or more at the end of each term. HEC Paris shows its grades alphabetically from A to F, which equates to a 4-point scale. GPA values for MBA and Grande Ecole grades are as follows:

MBA / Grande Ecole Grade	GPA Values
A	4
B	3.5
C	3
D	2.5
FX	1
F	0

Remedial, Non-credit Courses and Incompletes

Non-credit courses will not be counted towards assessing full-time status. Students are required to achieve a grade on any deferred or supplementary assessment within six months of completing a class.

Please note that while a student may maintain the eligibility for US Title IV loans, institutional academic progress rules and student visa restrictions may impact upon the ability to continue within the program. Conversely, a student may lose eligibility for US Title IV aid and still meet institution requirements for continued enrolment.

Failure to meet SAP and regaining eligibility

Satisfactory Academic Progress will be assessed on an individual basis at the end of each term to determine eligibility for continued award or disbursement of aid. A student who fails to meet SAP standards will be notified in writing, by email and by letter, of the ineligibility for further disbursements of US Federal Student loans. Reinstatement of eligibility for these loans is not automatic. A student can regain eligibility only by submitting a successful appeal to be placed on probation or by taking action to get back into compliance with the SAP standards.

Students who fail to achieve the required GPA will be placed on Financial Aid probation for one term of study with the opportunity to increase the GPA to the required academic standing. Students who have been placed on probation and subsequently meet the GPA requirements in the next semester will be placed back into good SAP standing.

Failure of all courses in which a student was enrolled in will result in an immediate suspension of aid. Students who have been placed on probation and do not meet the requirements applicable to degree and level will have their US Title IV Financial Aid eligibility suspended and will be ineligible to receive this aid until achieving the required GPA.

Students who transfer into a new academic program will also transfer with any SAP warning or sanction

and will still need to meet the specified criteria in the new program before re-establishing eligibility to receive aid.

Appeals

Although HEC Paris cannot automatically waive the SAP requirement for any student to allow them to begin or continue receiving US financial aid, SAP appeals for verifiable extenuating and unforeseen circumstances are available if you have met the appeal criteria:

- Death of an immediate family member, i.e. parent, caregiver, spouse/partner, sibling, dependent child.
- Extended illness – extended illness is defined as a documented chronic or recurring medical or emotional illness that causes the student to be absent from class at least 1 month or more in 2 consecutive terms.
- Extended illness of a family member that places hardship on the student.
- Mitigating circumstances as determined by the Financial Aid Appeal Committee.

Please note this list is not exhaustive.

All appeals must be received in writing by email at usfunding@hec.fr within ten days of receipt of the Notice of Suspension. You must indicate in writing the reason(s) for failure to meet the SAP requirements and what has changed in their situation that will allow them to make SAP at the next evaluation point. All documentation to support the appeal is required at the time of the appeal submission. The appeal will be considered and a response to the appeal will be provided within five working days.

If this appeal is rejected you may appeal your suspension of aid by writing to the Dean. If you wish to undertake this option you must inform the Financial Aid Office within 10 days of receiving a response.

At that time the Financial Aid Office will forward the documentation for submission to the Dean.

If you appeal against the first appeal decision, you will be informed of the Dean's decision in writing. This decision is final.

For further information, please contact the Financial Aid Office at usfunding@hec.fr.

Leave Of Absence and Withdrawals

Approved Leaves of Absence (LOA)

A Leave Of Absence is a status in which the student is considered to be continuously enrolled for U.S. Title IV loan purposes, as approved by HEC Paris, but suspends studies for an agreed period of time due to extenuating circumstances for example an accident or medical problem and will be returning to complete the program. Students returning from an LOA are not required to reapply for admission but must re-register for their courses.

An approved Leave Of Absence is a break in enrolment (not including a standard mid-term or end of term break) that is requested by the student and must be approved by the Financial Aid Office and relevant academic and institution staff. The student's request must be in writing and includes the reason for the absence and any supporting documentation. If an approved Leave Of Absence occurs, the student does not incur any additional charges and the enrolment status will remain as in-school. If approved, the student must return by the agreed date or the enrolment status will change to withdrawal effective from the last date of attendance before the leave of absence began. This withdrawal may have implications for grace and/or repayment obligations.

If the student is a Stafford Loan recipient, HEC Paris will explain to the student the effects that the student's failure to return from an LOA may have on the student's loan repayment terms, including the expiration of the student's grace period.

A student granted an LOA that meets the criteria stated above is not considered to have withdrawn, and no R2T4 calculation is required. Upon the student's return from the leave, he or she continues to earn the Federal Student Aid previously awarded for the period.

Such LOAs are viewed as temporary interruptions in a student's attendance, and since the academic program at HEC Paris are considered term-based programs, where the payment period is the term, a student returning from an LOA must do so at a time when he or she can complete the term in order to complete the payment period and be eligible to receive a second or subsequent disbursement.

Unapproved Leaves of Absence

Students who wish to suspend studies for a period of time must first submit a request to the Financial Aid Office for consideration before the desired start date of the Leave Of Absence. If a Leave Of Absence request is not submitted or approved, and the student ceases academic-related activity for a period of time during a term, this may be treated as an unofficial withdrawal from the institution for US Title IV loan purposes and reported to the loan provider(s).

HEC Paris may grant a student an LOA that does not meet the conditions to be an approved LOA for Title IV purposes (for example, for academic reasons). However, any LOA that does not meet all of the conditions to be an approved LOA is considered to be a withdrawal for Title IV purposes. Therefore, HEC Paris would use the specified withdrawal date in the R2T4 calculation.

Student who fail to return from LOAs

If a student does not return at the expiration of an approved LOA (or a student takes an unapproved LOA), the student's withdrawal date is the date the student began the LOA. Program Management Office is required to inform the Financing Office on such cases. If a student on an approved LOA fails to return, HEC Paris must report to the US Department of Education the student's change in enrollment status as of the withdrawal date. One possible consequence of not returning from an LOA is that a student's grace period for a Title IV program loan might be exhausted.

Official Withdrawal

A 'withdrawal' refers to a student's intent to completely terminate studies at HEC Paris with no expectation of return. Students who subsequently decide to return to their studies must re-apply for admission.

Unofficial Withdrawal

An unofficial withdrawal is when HEC Paris has not received notice from the student that the student has ceased or will cease attending the program.

Note: Students who withdraw from a program receive a Fail grade on their transcript. This grade may affect the quantitative aspect of the Satisfactory Academic Progress standards and therefore the student's future eligibility for Financial Aid.

We strongly recommend you contact the Financial Aid officer about your Title IV program funds if you are considering early withdrawal to discuss your options and possible implications of this.

Glossary of Key Terms

For clarification of the key terms and phrases that you will find in this booklet, please consult the glossary below:

Accrued Interest

The interest accumulated on your loan(s), which is then added to the original loan amount during repayment, if you make no interest payments while studying, in grace, or during an authorized period of deferment.

Award Letter

This is an official letter sent to you by the Financial Aid Office at HEC Paris. This letter details the financial aid that you will receive for the relevant award year.

Award Year

This is the period of time for which your financial aid package has been awarded.

Capitalization

This is the process by which interest is added to the original loan amount, if you have chosen not to make interest payments while studying, in grace or in forbearance. This process increases the amount that must be repaid and will thus increase your monthly repayment.

Cost Of Attendance (COA)

This is a calculation of the students' expenses, including tuition, living costs, books, fees, travel and transportation for the relevant award year. The COA is calculated by the Financial Aid Office in accordance with US federal guidelines.

Cohort Default Rate

This figure shows the percentage of HEC Paris' students who borrowed funds under the US FELL program and then defaulted on their loans. The US Department of Education calculates this rate annually in order to determine the default experience of students who attended a particular institution during a particular period of time.

Default

This is when you fail to make an instalment payment within 270 days of the due date (for monthly payments) or within 330 days of the due date (for less frequent payments). Defaults can also occur if you fail to meet other terms of the written agreement you made with your loan provider. In this case, the US Department of Education or your loan provider can reasonably conclude that you no longer intend to honor your borrower's obligation of repayment, and will thus take the appropriate action against you.

Deferment

This is a period during which repayment is suspended as a result of the student meeting one or more of a number of situations or categories, defined by US law. Borrowers do not pay any interest of 'Direct Subsidized Loans' during deferment, but interest will continue to accumulate on 'Direct Unsubsidized' 'Direct Plus' and private loans.

Delinquency

This is the official status of your loan when payment is late. Delinquency is reported to a credit bureau after 30 days.

Direct Loan (Subsidized)

This is a US Federal program that provides federally subsidized, low-interest loans to students enrolled in undergraduate programs. The US government pays the interest on subsidized loans whilst borrowers remain in at least half-time education, in grace or in an authorized deferment. These loans are awarded according to financial need, determined by the FAFSA (Free Application Form Student Aid).

Direct Loan (Unsubsidized)

This is a US Federal program that provides low-interest loans to students enrolled in undergraduate, graduate or professional full-time programs. Unsubsidized loans are not awarded on the basis of financial need.

Disbursement

The payment of loan funds to the institution – the date on which the Department of Education issues the funds. Disbursement is usually made in two or more instalments during the year, in accordance with US Department of Education regulations.

Expected Financial Assistance (EFA)

This is the amount of all other awards, loans, scholarships, sponsorships, grants... that a student (or his / her parents) may receive.

Expected Family Contribution (EFC)

This is the amount that a student and his / her family are expected to contribute towards the Cost Of Attendance. This amount is calculated according to each student's and his / her family's income and assets - as determined by the FAFSA - and is used when working out to see if a student is eligible for subsidized loans.

Financial Aid Office

This office and its staff members are responsible for managing your Federal Loan application, your compliance to procedure and the administration. The Financial Aid Office also certifies and / or approves your federal loan application and the amount you are eligible to borrow. In the US, the management of such an Office is done by the Financial Aid Director.

Financial Need

This is calculated as the difference between the 'Cost Of Attendance' and the 'Expected Family Contribution' plus 'Estimated Financial Assistance'.

= (Cost of Attendance – Expected Family Contribution) + Estimated Financial Assistance

Forbearance

This is a suspension or temporary reduction of a borrower's monthly repayments. The borrower must contact his / her loan provider directly in order to receive forbearance. Interest will continue to accrue on all loans – including Direct Subsidized Loans – during forbearance.

Free Application for Federal Student Aid (FAFSA)

This is the US Federal application that a student must file in order to apply for financial aid. The FAFSA is available online at <http://www.fafsa.ed.gov/>

Grace Period

This is a period of six months after leaving HEC Paris or dropping down to below half-time enrolment before the borrower must start the monthly repayments on his / her Direct Subsidized and Unsubsidized loan(s).

Graduate Direct PLUS Loan

Graduate students may borrow this federal loan on their own behalf in order to cover the difference between the Cost Of Attendance and all other aids awarded, after applying for other Direct Loan aid.

Interest

The interest is charged by the loan provider in exchange for lending the money. The interest rate, usually expressed as a percentage of the amount given, may stay the same for the entire term of the loan (a fixed-rate loan) or may change periodically (variable rate).

Different rates apply. For more information, please see:

<https://studentaid.ed.gov/sa/types/loans/interest-rates>

Generally, interest rates on Consolidation Loans are fixed, calculated as the weighted average of the loans being consolidated, and rounded up to the next highest eighth of a percent. It will never exceed 8.25 %.

Loan Fees

This is a fee charged by the Federal Government, deducted from the loan funds prior to disbursement. The loan fee is deducted proportionately from each loan disbursement you receive. This means the money you receive will be less than the amount you actually borrow. You're responsible for repaying the entire amount you borrowed and not just the amount you received. The fee is used to offset administrative costs. For Direct Subsidized and Unsubsidized Loans:

Loan Fees for Direct Subsidized Loans and Direct Unsubsidized Loans

First Disbursement Date	Loan Fee
On or after 10/1/20 and before 10/1/23	1.057%
On or after 10/1/19 and before 10/1/20	1.059%

Loan Fees for Direct PLUS Loans

First Disbursement Date	Loan Fee
On or after 10/1/20 and before 10/1/23	4.228%
On or after 10/1/19 and before 10/1/20	4.236%

Loans first disbursed prior to Oct. 1, 2019, have different loan fees.

Master Promissory Note (MPN)

This is a legally binding document between the borrower and the Department of Education that obligates the borrower to repay the loan in accordance with the terms that were agreed to.

Parent Direct PLUS Loan

For undergraduate students, parents can apply for this loan. Please note that whilst parents of all income levels are eligible, a credit-worthiness evaluation will be carried out.

Principal

This is the borrowed amount with which the interest is calculated.

Student Aid Report (SAR) / Institutional Student Individual Report (ISIR)

This is the report sent directly to a student from the US Department of Education's Central Processing System (CPS) that summarizes information submitted on the FAFSA. It also provides figures used in financial need calculations, including the Estimated Family Contribution (EFC). The ISIR is the electronic version which is then forwarded on to the Higher Education institution.

Servicer

A Servicer is a company that is contracted by the US Department of Education to handle the administrative aspects of loans, such as the collection of payments, correspondence with the students, address changes, loan status updates... It is important to know the name of the Servicer in charge, as all communication regarding loans will often be with the Servicer.