



**METHODIST
UNIVERSITY**

Office of Financial Aid
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Loan Guide for Undergraduate Students

Federal Direct Subsidized/ Unsubsidized Loan

Methodist University participates in the William D. Ford Federal Direct Student Loan Program (Federal Direct Loans) for the processing of the Federal Direct Subsidized and Unsubsidized loans. These are low-interest loans for eligible students to help cover the cost of higher education. In the William D. Ford Federal Direct Loan program, loan proceeds are provided directly from the U.S. Department of Education. As with all federal student aid, to become eligible you must complete the Free Application for Federal Student Aid (FAFSA), the borrower must be a U.S. citizen or eligible non-citizen as defined by the FAFSA, the student borrower must be enrolled or accepted for enrollment in a degree program on at least a half-time basis (6 semester hours) as an undergraduate student, have not met their aggregate loan limit, must not be in default on any federal education loans or owe an overpayment on a federal education grant, and the borrower must also maintain Methodist University's Satisfactory Academic Progress (SAP) for Financial Aid Eligibility.

DIRECT LOAN SUBSIDIZED LOAN TIME LIMITATION

If you received your first federal student loan after June 30, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans. In general, you may not receive Direct Subsidized Loans for more than 150% of the published length of your program. This is called your "maximum eligibility period."

- **Federal Direct SUBSIDIZED Loan:** Direct Subsidized Loans are for students with financial need as defined by the FAFSA. The borrower is not charged interest while enrolled in school at least half-time.
- **Federal Direct UNSUBSIDIZED Loan:** The borrower is not required to demonstrate financial need to receive a Direct Unsubsidized Loan; however the FAFSA must be completed. The Unsubsidized loan cannot exceed the educational cost of attendance minus other financial aid. Interest accrues (accumulates) on an unsubsidized loan from the time of the first disbursement. The borrower can pay the interest while in school and during grace periods and deferment or forbearance periods, or allow it to accrue and be capitalized (that is, added to the principal amount of the loan). If the borrower chooses not to pay the interest as it accrues, this will increase the total amount repaid because of charged interest on a higher principal amount.
- **Before a federal student loan** can be originated/processed a student must sign for the loan and complete all required documentation prior to the end of the student's current academic year enrollment, (per federal guideline 34 CFR 668.164(g)(2)(ii)). Any missing documents can be found on the student's **myMu Portal**.

Directions for applying:

Step 1: NEW and RETURNING Students: SIGN YOUR AWARD LETTER and return it to the Office of Financial Aid to confirm the amount of Federal Direct Loans for processing.

Step 2: NEW Students: Complete the Direct Loan Entrance Counseling at <https://studentloans.gov>. Once on the site, click on blue "Log In" button located in the upper left hand corner of the page. You will need your Federal Student Aid FSA ID user name or e mail address and FSA ID password to sign in (same FSA ID user name and FSA ID password used to electronically sign the FAFSA); the FSA ID is available at <https://fsaid.ed.gov>. To complete the Direct Loan Entrance Counseling, select the link titled "Complete Loan then Entrance Counseling (required) / click on Start button." The Department of Education will automatically notify Methodist University of the completed Entrance Counseling.

Step 3: NEW Students: Complete the Direct Loan Master Promissory Note (MPN) at <https://studentloans.gov>. Once on the site, click on blue "Log In" button located in the upper left hand corner of the page. You will need your Federal Student Aid FSA ID user name or e mail address and FSA ID password to sign in (same FSA ID user name and FSA ID password used to electronically sign the FAFSA); the FSA ID number is available at <https://fsaid.ed.gov>. To complete the Master Promissory Note, select "Complete loan Agreement" then select "Master Promissory Note (MPN) for Subsidized/Unsubsidized loan" then click Start (Federal undergraduate loan) .. The Department of Education will automatically notify Methodist University of the completed Master Promissory Note (MPN).

Please note: When the loan has been processed, you will receive an updated award letter from MU listing the loan as PROCESSED. Once the loan is processed/booked, the loan is assigned a Loan Servicer on behalf of the Department of Education. For a complete listing of Loan Servicers, please visit <https://studentloans.gov> and choose Loan Servicers at the bottom right. For additional information regarding interest rates, repayment for the Federal Direct Sub/Unsub, Parent / Graduate PLUS, please contact the Direct Loan Servicing Center at 1-800-557-7394.

Track your federal loan history at <https://nsls.ed.gov>

Federal Direct Loan Borrowing Limits for an Academic Year

		Subsidized	Unsubsidized	Additional Unsubsidized	Total
0-29.5	Freshmen	\$3,500	\$2,000	\$4,000*	\$ 9,500
30-61.5	Sophomore	\$4,500	\$2,000	\$4,000*	\$10,500
62-93.5	Junior	\$5,500	\$2,000	\$5,000*	\$12,500
94+	Senior	\$5,500	\$2,000	\$5,000*	\$12,500
	Graduate	0	\$20,500	N/A	\$20,500

**Dependent students are eligible to receive the additional unsubsidized amount if the Parent PLUS Loan is denied.*

Federal Direct Aggregate Loan Limits for Academic Career:

Dependent Undergraduate: \$31,000 (Maximum \$23,000 in Subsidized)
Independent Undergraduate: \$57,500 (Maximum \$23,000 in Subsidized)
Graduate or Professional: \$138,500 (Maximum \$65,500 in Subsidized)

