



**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)

## **Federal Direct PLUS Loan for Parents**

The Federal Direct Parent Loan (plus) for Undergraduate Students is a low-interest federally insured loan for parents (as defined by the FAFSA form) of dependent students to help pay college costs. The loan can be used to cover any educational expenses not covered by other forms of financial aid. Under the Federal Direct PLUS loan program parents may borrow up to the cost of attendance minus other financial aid received. To be eligible for a Federal Direct PLUS Loan for Parents, the student and parent must be a U.S. citizen or eligible noncitizen and must not be in default on any federal education loans or owe an overpayment on a federal education grant, the student 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, the parent borrower must not have an adverse credit history (a credit check will be performed). If the parent does not pass the credit check, the parent may still receive a loan if someone (such as a relative or friend who is able to pass the credit check) agrees to endorse the loan promising to repay the loan if the parent fails to do so. If the parent is denied the Federal Direct Parent PLUS Loan and elects not to use an endorser, the student is eligible for the additional Federal Direct Unsubsidized Loan not to exceed the student's Cost of Attendance. Processing fees will be deducted from the total amount borrowed.

### **Directions for applying:**

**\*\* 2018-2019 Parent Plus Application (2018) will open on June 1, 2018.\*\***

**Step 1: COMPLETE A FEDERAL DIRECT PARENT PLUS LOAN APPLICATION** at <https://studentloans.gov>. Once on the site, click on blue "Log In" button, located in the upper left hand corner of the page. The PARENT will need their Federal Student Aid FSA ID user name or e mail address and FSA ID password to sign in. To complete the Parent PLUS Loan application, select the link titled "Apply for a Direct PLUS Loan" and select the link for the "Direct Plus Loan Application for Parents" then click on start. The Department of Education will automatically notify Methodist University of the loan decision. Please keep in mind, credit checks expire after 180 days.

**Step 2: IF APPROVED COMPLETE THE FEDERAL DIRECT PARENT PLUS 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. The PARENT will need their Federal Student Aid FSA ID user name or e mail address and FSA ID password to sign in. To complete the MPN, select the link titled "Loan Agreement (Master Promissory Note)" and select the link for the "PLUS Master Promissory Note for Parents" click on start. The Department of Education will automatically notify Methodist University of the loan decision. If the borrower requests a paper copy of the MPN be sent for completion, there are more steps involved before the Direct Loan can be approved and disbursed, possibly causing delays in receiving loan funds.

**Step 3: COMPLETE METHODIST UNIVERSITY PARENT PLUS LOAN REQUEST FORM (PLRF) (MUST HAVE AN APPROVED APPLICATION & COMPLETED THE MASTER PROMISSORY NOTE WITH THE DEPARTMENT OF EDUCATION.)** The form is located online at [www.methodist.edu](http://www.methodist.edu); Financial Aid; Financial Forms: Loans; Methodist University "Parent PLUS Loan Request Form" (PLRF). The PLRF must be completed, signed (not e-signed) and then submitted to the Methodist University Office of Financial Aid before the loan can be processed. Please keep in mind, credit checks expire after 180 days from the original date of application with the Dept. of Ed.

- Before a Federal Parent plus loan can be originated/processed all required documentation must be completed prior to the end of the student's current academic year enrollment. Keep in mind that plus loan applications are time sensitive and must be completed before the application expires. Any missing documents can be found on the student's **MYMU Portal**.

*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.*

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## **Alternative Loans for Students**

Alternative student loans are offered by banks or lending institutions to help students and parents bridge the gap between the cost of attendance and the amount of financial aid received. These loans are credit based supplemental loans not guaranteed by the federal government. Terms and conditions vary for each lender. Please refer to the alternative loan section of the Office of Financial Aid's website at [www.methodist.edu](http://www.methodist.edu); select Financial Aid; Student Loans then Alternative Loans for additional information. MU does not endorse any lender or their products. Each lender varies in regard to terms, interest rate, and repayment options; therefore, students are encouraged to research private loan companies prior to borrowing. As a borrower, you may choose any alternative loan lender you prefer.

### **Directions for applying:**

**Step 1:** Select a lender. MU does not provide a preferred lender list for alternative loans, instead as a courtesy listed online are private lenders (in alphabetical order) who continue to participate in the Private Education Loan Program at [www.methodist.edu](http://www.methodist.edu); Financial Aid; then student loans, then Alternative Loans. You may choose to borrow through any lender, including lenders not on this list. If you choose to borrow through a lender that is not on the Alternative Loan Lender list, contact the lender for complete details.

**Step 2:** Apply online through the selected lender. The Lender will notify the student of additional documentation needed or approval of the Alternative loan. The lender will then send a certification request to the Office of Financial Aid for authorization of the Alternative loan.

**Step 3:** Students may check the status of their loan by contacting their lender.

*Please note: When the loan has been processed, you will receive an updated award letter from MU listing the loan as PROCESSED.*

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You can now track your financial aid/student accounts status through your MyMU Portal by logging on to [www.methodist.edu](http://www.methodist.edu)  
Consumer information can be found on line at [www.methodist.edu](http://www.methodist.edu), click on the financial aid tab, under the heading "general information" look for consumer information and rights and responsibilities.

### **Contact Information:**

For information regarding scholarships, grants and loan status, contact the Office of Financial Aid at 1-800-488-7110 or locally at (910) 630-7192 or 7193.  
For information regarding charges or actual cost of attendance, contact the Office of Student Accounts at 1-800-488-7110 or locally at (910) 630-7619, 7284 or 7012.  
For information regarding unresolved federal loan issues, contact U.S. Department of Education- FSA OMBUDSMAN GROUP P.O.Box 1843, Monicello, KY 42633  
or by phone at 1-877-557-2575 or email [STUDENTAID.GOV/REPAY-LOANS/DISPUTES](mailto:STUDENTAID.GOV/REPAY-LOANS/DISPUTES). REV. 10/12/2017

