



Student Financial Services  
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## Loan Guide for Undergraduate Students and Parents

### \*Federal Loans for Students\*

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.

#### How can the student get a federal direct loan?

- Complete the FAFSA
- Be a U.S. citizen or eligible non-citizen as defined by the FAFSA.
- Be enrolled or accepted for enrollment in a degree program on at least a half-time basis (6 semester hours) as an undergraduate student
- Not be at the aggregate loan limit.
- Not be in default on any federal education loans.
- Must not owe an overpayment on a federal education grant.
- Maintain Methodist University's Satisfactory Academic Progress (SAP) for Financial Aid Eligibility.

#### What is the difference between a subsidized loan and unsubsidized loan?

Subsidized Loan (sub loan): the student *is not* charged interest while enrolled at least half time.

Unsubsidized Loan (unsub loan): the student *is* charged interest as soon as the loan is dispersed.

#### What steps does the student need to take to ensure I get the loans?

- If you are eligible for these loans, they will automatically be offered on your financial aid package at Methodist University.
- Sign the financial aid confirmation notification on your MyMU portal.
  - Step 4 on the Financial Aid tab
- You must complete these two steps at [www.studentaid.gov](http://www.studentaid.gov) or the loans will be removed.
  - Master Promissory Note
  - Loan Entrance Counseling

#### What is the student entitled to for the academic year?

Hours	Federal Direct Loan Borrowing Limits for an Academic Year			Total
	Subsidized	Unsubsidized	Additional Unsub	
0-29.5 (Freshman)	\$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 unsub amount if the Parent PLUS Loan is denied.

#### What are the loan limits for the student's entire academic career?

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

## **\*Federal Parent Plus Loans\***

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.**

### **How to apply for a Parent PLUS Loan**

- Complete the Parent PLUS Loan Application at [www.studentaid.gov](http://www.studentaid.gov)
  - Opens May 1. (A parent plus application must be completed each year.)
- If approved, complete these two steps at [www.studentaid.gov](http://www.studentaid.gov)
  - Master Promissory Note
  - Loan Entrance Counseling
- Student Financial Services will send an email to the email address on the parent plus loan with further instructions once we receive the approved application.
- If the application is denied, we will automatically add the additional unsub loan amount based on the grade level to the student's financial aid package.

### **Additional Information on Interest Rates/Loan Fees for Federal Student Loans & Parent Plus Loans**

Your loan will be assigned a Loan Servicer on behalf of the Department of Education when the loans are processed. Here are three ways you can find out more information about your federal loans:

- A complete listing of Loan Servicers is online at <https://www.studentaid.gov>
- Call the Federal Student Aid Information Center (FSAIC) at 1-800-433-3243
- Track your federal loan history at <https://www.studentaid.gov>

For information regarding unresolved federal loan issues, contact:

Phone: 1.877.557.2575  
Email: [STUDENTAID.GOV/REPAY-LOANS/DISPUTES](mailto:STUDENTAID.GOV/REPAY-LOANS/DISPUTES)

## **\*Alternative Loans for Students\***

### **What does the student need to know?**

- These loans are offered by banks or lending institutions to help students bridge the gap between cost of attendance and the amount of financial aid received.
- They are credit based.
- They are not guaranteed by the federal government.
- Terms and conditions vary for each lender.
- MU does not endorse any lender or their products.
- As a borrower, you may choose any alternative loan lender you prefer even if they are not listed on the Methodist University website. If you choose to borrow through a lender that is not listed, contact the lender for complete details

### **Applying for an alternative loan**

1. The student needs to select a lender. (See our list of possible lenders below)
2. Apply online through the selected lender. The Lender will notify the student of additional documentation needed for approval of the Alternative loan.
3. Once all documentation is received by the lender and the loan is approved the lender will send a certification request to the Office of Financial Aid for authorization of the alternative loan.
4. Check the status of their loan by contacting their lender.

### **MU Courtesy List for Alternative Loan Lenders**

Methodist University does not provide a preferred lender list for alternative loans, instead as a courtesy, there is list of private lenders who continue to participate in the Private Education Loan Program. Follow the steps below to access the list.

- Go to: <https://www.methodist.edu/admissions-aid/financial-aid/aid-types/alternative-student-loans/>
- Scroll halfway down and click on "FASTChoice."
- Fill in the required information and follow the prompts.