LAMDA

Student Guide to Direct Loans from the US Department of Education

LONDON ACADEMY OF MUSIC AND DRAMATIC ART

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Introduction

LAMDA participates in the William D. Ford Federal Direct Loan (Direct Loan) Program. These pages outline the types of loans available, how to apply for them and when and how they are disbursed. We will also keep you informed at each step of the process by email.

The Department of Education also have a website for students studying internationally.

Please note that students studying at schools outside of the USA can apply for Direct Subsidised, Direct Unsubsidised and Direct PLUS loans but are not eligible for PELL Grants or Perkins loans.

Contacts and links

Admissions & Student Services Manager: Amy Richardson
tel +44 (0)20 8834 0505 or admissions@lamda.ac.uk

Federal Student Aid website
https://studentaid.gov/

FAFSA
https://studentaid.gov/h/apply-for-aid/fafsa

Federal Student Aid Information Centre
https://studentaidhelp.ed.gov/app/home/site/studentaid

Phone:	In the US	1-800-4FED-AID (1-800-433-3243)
	Outside the US	1-334-523-2691
	Hearing impaired (TTY)	1-800-730-8913

Types of Loans Available to US Students

There are 3 types of loan available to students through the Federal program. These are the Direct Subsidized, Direct Unsubsidized and Direct PLUS loans. If you are a graduate you can apply for a PLUS loan in your own right. If you are an undergraduate student you cannot apply for the PLUS, but your parents can apply on your behalf, if you are under the age of 24 on the first day of term.
Direct Loans are borrowed straight from the US Federal government, and once you enter the repayment stage there is a single point of contact with a loan servicing company, even if you have received loans whilst enrolled at more than one school or university.

Direct Subsidized

These are only available to undergraduate students with demonstrated financial need. No interest is charged while a student is enrolled at least half-time at LAMDA, during the grace period and during the deferment period.

Direct Unsubsidized

These are available to undergraduate and postgraduate students. Not based on financial need; interest is charged during all periods, even during the time a student is at LAMDA and during grace and deferment periods.

Direct PLUS

PLUS loans help pay for education expenses up to the cost of attendance minus all other financial assistance. Interest is charged during all periods. PLUS loan borrowers must not have an adverse credit history and a credit check will be required before a loan can be approved.

Loan consolidation

If you already have loans under the old FFEL Program or a range of other programs, and will now be receiving Direct Loans, consolidating your FFEL and Direct Loan program loans together into a Direct Consolidation loan may make loan repayment easier. If you consolidate, you will have just a single monthly payment. Consolidating your loans into a Direct Consolidation Loan may also allow you to take advantage of certain benefits that are offered only in the Direct Loan Program, such as Public Service Loan Forgiveness and the Income Contingent Repayment Plan.

To learn more about when you may consolidate, the pros and cons of doing so, and the application process, visit https://studentaid.gov/manage-loans/consolidation or call the Student Loan Support Center at 1-800-557-7394.

What is a Plus Loan?

Parent PLUS loans are federal loans taken out by a parent on behalf of a student and are only available to students under age 24 who are studying at undergraduate level. If the parents are denied on their application for a Parent PLUS loan, their child (the student) is eligible to be considered "independent" for Direct loan purposes. Please alert us as soon as possible if your PLUS loan is denied and provide us with the relevant supporting paperwork so we can adjust the Direct loan amounts accordingly.

While Parent PLUS loans generally go into repayment immediately, a parent borrower can request to defer repayment during the student's studies and/or for an additional 6 months after the student graduates. Parents must request to have their loan deferred directly through the lender.

Graduate PLUS loans are available to postgraduate students (MA/MFA only) and are borrowed by the student. Graduate PLUS loan borrowers must apply for the maximum Direct loan available to them before being allowed a Grad PLUS. This loan, like the Parent PLUS, can also be deferred during your studies but you must request this yourself, with the lender, otherwise the loan will go into repayment immediately.

Parent PLUS and Graduate PLUS loans are applied for in the same way as Direct loans. Unlike the Direct Loan, however, the Graduate and Parent PLUS loans are subject to an adverse credit history check. The interest rate applying for loans disbursed between 1 July 2020 and 1 July 2021 is 5.3% (fixed for the life of the loan), and there is also a fee of just over 4%, which is deducted from the disbursements at source.

Do I need a credit check?

When you apply for a Direct PLUS Loan, the Department of Education will check your credit history. To be eligible to receive a PLUS Loan, you must not have an adverse credit history. If you are determined to have an adverse credit history, you may still receive a Direct PLUS Loan if you obtain an endorser who does not have an adverse credit history. An endorser is someone who agrees to repay the Direct PLUS Loan if you do not repay the loan.

If you are a parent borrowing on behalf of your dependent student, the endorser may not be the student on whose behalf you (the parent) obtain a Direct PLUS Loan. In some cases, you may also be able to obtain a Direct PLUS Loan if you document to our satisfaction that there are extenuating circumstances related to your adverse credit history.

How Much Can I Borrow?

There are fixed amounts which can be borrowed under the Subsidised and Unsubsidised schemes. These are set out below.

Type of student	**Subsidized ($)**	**Additional unsubsidized ($)**	**Combined max($)**
Dependent undergrad yr 1	3,500	2,000	5,500
Dependent undergrad yr 2	4,500	2,000	6,500
Dependent undergrad yr 3	5,500	2,000	7,500
Independent undergrad yr 1	3,500	6,000	9,500
Independent undergrad yr 2	4,500	6,000	10,500
Independent undergrad yr 3	5,500	7,000	12,500
Graduate	0	20,500	20,500

Please note the figures above are accurate for academic year 2020-21. Please check with LAMDA admissions about the figures for future academic years.

On top of these amounts, a PLUS loan is normally also available, to make up the difference between the maximum amount above and the full Cost of Attendance.

Cost of attendance

LAMDA calculates a full Cost of Attendance for each year of each eligible course, and these calculations are made available to applicants on an individual basis as soon as they express an interest in applying for Federal Loans. The Cost of Attendance is based upon LAMDA's informed estimate of the actual costs incurred by students on the relevant year of that course, and includes amounts for:

- Tuition Fees
- Accommodation
- Return flights from USA
- Visa and health insurance
- Daily travel within London
- Food and living expenses
- Books and other course costs

Applying for Direct Loans:
Eligibility and application process

Direct Loans are available to all US citizens or permanent residents with a valid social security number who have a high school diploma and are not in default on any previous student loans. Male students also have to be registered for Selective Service.

Step 1: Free Application for Federal Student Aid

You will need to complete the Free Application for Federal Student Aid (FAFSA). We will use the information from your FAFSA to assist in determining your eligibility for a Direct Subsidized Loan and/or a Direct Unsubsidized Loan.

- You should complete the FAFSA electronically at https://studentaid.gov/h/apply-for-aid/fafsa/
- To complete the FAFSA electronically, you must have a Federal Student Aid ID. If you're not sure what that ID is, or you need to create on, there is an online process to help you.
- When you have completed your FAFSA, the US Department of Education will use the information to produce a Student Aid Report (SAR). They will send you a copy of your SAR which you should keep for your records. You do not need to send us a copy of your FAFSA or your SAR.
- LAMDA's ID is G21086

In addition to completing a FAFSA, you will need to be accepted onto a degree course (ie FdA, BA, MA or MFA) at LAMDA and meet other eligibility requirements, such as maintaining Satisfactory Academic Progress (SAP) while you are studying, and remaining within the borrowing limits for Direct Subsidized Loans and Direct Unsubsidized Loans.

Step 2: Award Notification

Once your Student Aid Report (SAR) is available, email admissions@lamda.ac.uk and we will review your SAR. The US Department of Education does not inform foreign schools like LAMDA when a SAR is available: you must inform us when it is ready.

The checks we make include:

- Whether or not you are a US citizen or a permanent resident of the US
- Whether you are within the borrowing limits for Direct Loans
- If you are male, whether you are registered for Selective Service

After we determine your eligibility for a Direct Subsidized Loan and/or a Direct Unsubsidized Loan, we will email you with the loans and amounts for which you are eligible.
This will depend upon your intended program of study, Estimated Family Contribution, other funding and Cost of Attendance. We will also ask you how much you wish to borrow under the various programs open to you.

Depending on your status, we may also include information about a Direct PLUS Loan award for which you or your parent may be eligible. (If you are a graduate/professional student, you may be eligible for a Direct PLUS Loan; if you are a dependent undergraduate student, your parent may be eligible for a Direct PLUS Loan.)

Step 3: Direct Loan Entrance Counselling Completion

You must complete Direct Loan Entrance Counselling before you can receive your first Direct Loan in relation to your course at LAMDA.

- You should complete Direct Loan Entrance Counselling electronically at https://studentaid.gov/app/counselingInstructions.action?counselingType=entrance
- You must have a Federal Student Aid ID. This is the same ID used to complete the FAFSA.
- After you complete entrance counselling, email us to say you have completed it.
- You will need to complete Entrance Counselling for each type of Loan you borrow (eg Direct and PLUS).
- Parents are not required to complete Entrance Counselling for a Parent PLUS loan.

You will also be required to complete Exit Counselling shortly before you complete your studies; see the relevant section.

Federal Student Aid also provide general Financial Awareness Counselling at https://studentaid.gov/app/counselingInstructions.action?counselingType=fa. Whilst this is not compulsory, you may find it of use when planning your borrowing and spending.

Step 4: Direct Loan Master Promissory Note Completion

You will need to confirm the loans you wish to take out, including PLUS loans.

Once the loan amounts have been agreed you must complete a Master Promissory Note (MPN) for each loan type you wish to borrow. Any existing MPNs relating to previous courses you have taken are not eligible.

The MPN is the legal document through which you promise to repay your Direct Loans and any accrued interest and fees to the US Department of Education. It also explains the terms and conditions of your loans. In some cases, a Direct Loan MPN can be used to make loans for up to ten years. However, you will need to complete new Direct Loan MPN(s) each academic year at LAMDA that you receive a Direct Subsidized, Unsubsidized or Plus Loan.

- You should complete a Direct Loan MPN electronically at https://studentaid.gov/mpn/
- A *separate* MPN is needed if you are applying for a PLUS loan as well as subsidised / unsubsidised loans.
- MPNs need to be completed by the borrower. This means that parents/guardians should complete the MPN for a ParentPLUS loan (as below).
- You must have a Federal Student Aid ID. This is the same ID used to complete the FAFSA.
- After you complete the MPN(s), you will be able to print and/or save them as pdf for your records. You do not need to provide us with copies; just email us to say you have completed this stage.

Step 5: Direct Plus Parent loan

If this section does not apply, skip ahead to step 6.

If a Direct Plus Parent loan is required, your parent or guardian should

a) Complete a Parent Plus Master Promissory Note, at https://studentaid.gov/mpn/parentplus/landing and

b) Pass the Credit Check.

If the credit check is problematic, then it is still possible to receive the Parent Plus loan if additional requirements are met. Please contact Admissions about this.

Step 6: Loan Certification

Once you have completed the required processes as outlined above, we will originate (certify) the loans and send a confirmation letter to you. You will be able to use this letter to support your visa application.

Federal loans will normally be disbursed in 3 instalments and must be allocated to any due Tuition Fees first.

Please note that once originated, loan information will be sent to the National Student Loan Data System.

As you can see this is a long process. In order for you to have your payment disbursed in time for the start of term, you will need to have completed your FAFSA and signed the MPN by early July if possible. You will also need proof of funding for your UK visa application.

Step 7: Disbursement of Funds

The first instalment will be available to LAMDA shortly after you start your course with us. Subsequent instalments will be available at the beginning of each term.

Before each disbursement LAMDA is required to confirm you are still eligible to receive funds. This includes ensuring you are making Satisfactory Academic Progress and are studying 'at least half time'.

The loans will be disbursed to LAMDA who will then convert the money into pounds sterling (GBP). The money is allocated firstly towards your tuition fees, as laid down in the US Dept of Education regulations, before the remainder is passed on to you. You will then be notified of how the loan has been allocated.

Please note that we calculate the Cost of Attendance based upon the best evidence available to us of the £ - $ exchange rate that will be in effect during the forthcoming year. However, when funds are released to LAMDA each term, the amounts are calculated using the exchange rate in place on the day of the transaction.

Funds are transferred to your UK bank account in GBP.

Please note any PLUS loan is allocated to your Institutional charges (ie tuition fees) before the subsidized and unsubsidized.

Summary of application process

Step 1: Complete a FAFSA (https://studentaid.gov/h/apply-for-aid/fafsa/) to generate your Student Aid Report (SAR) which we need when certifying you for any federal loans. LAMDA's OP EID code is G21086.

Step 2: Once your SAR is available email admissions@lamda.ac.uk. We will review your SAR and tell you what loans you can get.

Step 3: Confirm the loans you wish to take out, including PLUS loans, using the form we send you.

Step 4: Complete your Entrance Counselling.

Step 5: Submit your Master Promissory Note (MPN) electronically through https://studentaid.gov/mpn/. You will need separate MPNs for each of your loans (one for Direct Subsidised/Unsubsidised and one for Direct PLUS).

Step 6: LAMDA will approve your loan and issue a visa letter, confirming your loan.

Step 7: Your loan will then be disbursed, usually in three instalments, during the academic year. The first instalment will be available shortly after your course begins. Subsequent instalments will be available at the beginning of each term.

Exit Counselling

Before you finish your course at LAMDA, we will be in touch with you to remind you to complete your loan exit counselling. This is a similar process to entrance counselling; it reminds you of your obligations and takes you through the various options open to you. It is a compulsory part of receiving Federal Student Aid, but is also designed to be helpful and informative.

If you are ready to complete exit counselling, please go to https://studentaid.gov/app/counselingInstructions.action?counselingType=exit

Repayment of Federal Loans

Repayment of Federal loans is a very serious obligation, but generally borrowers have between 10 and 25 years to make the repayments. There are a number of repayment options available to help borrowers to meet their obligations. Remember, you are required to make your student loan payments even if you:

a) do not complete your education
b) are not employed upon completion of your studies
c) do not find employment in your field of study
d) feel that the education you received did not meet your expectations
e) do not receive a bill

You must make your loan repayments on time or it may have serious consequences. It may:

a) damage your credit rating, which could impact your ability to borrow in future
b) refer your account to a collection agency
c) incur collection costs
d) cause garnishment of your wages
e) cause withholding of your state or Federal treasury payments (including federal tax refunds, Social Security benefits, etc.)
f) cause a civil lawsuit, including court costs and legal expenses
g) cause loss of deferment and forbearance entitlements and flexible repayment options
h) cause loss of eligibility for further financial aid
i) suspend your professional license

Repayment options

You should discuss repayment options with your loan servicer to determine which will be the best for you. Details of your loan servicer are available by logging into to My Federal Student Aid at https://studentaid.gov/fsa-id/sign-in/landing

There are a number of repayment options available. At the time of writing (Summer 2020) they are

- Standard Repayment
- Graduated Repayment
- Extended Repayment
- Revised Pay as You Earn Repayment (REPAYE)
- Income-Based Repayment (IBR)
- Income-Contingent Repayment (ICR)
- Income-Sensitive Repayment

It is worth noting that you can change your repayment plan free of charge if your circumstances change. For full details see the Department of Education repayment webpages at https://studentaid.gov/manage-loans/repayment/plans

Forgiveness

In certain limited situations, your loan may be forgiven, cancelled or discharged, meaning that no repayments are necessary. Further information about that is available at https://studentaid.gov/manage-loans/forgiveness-cancellation

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LAMDA
Student and Academic Services
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