



A Guide to Student Funding  
For students from North America  
2019/20

## **Information and guidance on US Federal Student Loans for 2019/20**

www.rncm.ac.uk

www.studentloans.gov

Royal Northern College of Music: Certified as eligible to process Federal loans (Title IV)  
School Code: G23205 / 023205 – OPE ID: 02320500

This booklet will explain the regulations and process for Direct Subsidised, Direct Unsubsidised and Direct PLUS loans (Parent and Graduate).

This guide is correct at the time of publication, but in case of updates or amendments, please visit [www.rncm.ac.uk](http://www.rncm.ac.uk) and [www.studentloans.gov](http://www.studentloans.gov)

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### **Glossary**

**USDE** – United States Department of Education

**FAFSA** – Free Application to Federal Student Aid

**FFEL** – Federal Family Education Loan Program

**SAR** – Student Aid Report

**MPN** – Master Promissory Note

**COA** – Cost of Attendance

**EFC** – Expected Family Contribution

**SAP** – Satisfactory Academic Progress

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## Overview of Direct Loans

Direct Loans come under 'Title IV' legislation, and therefore can be referred to as 'Title IV Loans' with the money being referred to as 'Title IV funds'. Students may be eligible for up to 3 types of Direct loan: Subsidised, Unsubsidised and PLUS.

**Subsidised Loans** – Available to undergraduate students in financial need. The US government cover the cost of the accruing interest on the loan whilst you are enrolled for at least half-time study.

**Unsubsidised Loans** – Available to undergraduate and postgraduate students who do not qualify for subsidised loans or students whose cost of attendance is greater than other financial aid received.

The US government does not cover the interest that accrues on the loan whilst you are enrolled at the College, or during the 6 month grace period following the completion of your studies.

Students may pay the interest that accrues on their loan on a monthly basis, or choose to defer the payments until they graduate, or drop below half-time study.

## **Loan Limits**

The maximum amounts available to you annually are listed below. You may choose to borrow less than the amount listed, or choose to have all or part of the loan Unsubsidised.

### Undergraduate (BMus / JC)

- Dependant Undergraduates (except students whose parents are unable to take out a PLUS loan)

BMus 1st year            Subsidised \$3,500 + Unsubsidised \$2,000 = Total \$5,500

BMus 2nd year           Subsidised \$4,500 + Unsubsidised \$2,000 = Total \$6,500

BMus 3rd or 4th year   Subsidised \$5,500 + Unsubsidised \$2,000 = Total \$7,500

- Independent Undergraduates (and Dependant students whose parents are unable to take out a PLUS loan)

BMus 1st year            Subsidised \$3,500 + Unsubsidised \$6,000 = Total \$9,500

BMus 2nd year           Subsidised \$4,500 + Unsubsidised \$6,000 = Total \$10,500

BMus 3rd or 4th year   Subsidised \$5,500 + Unsubsidised \$7,000 = Total \$12,500

An independent student is someone who meets one of the following criteria for 19/20:

- The student is at least 24 years old by 31 December of the award year
- They are married
- They are enrolled on a graduate / professional educational program
- They have legal dependants other than spouse
- They are an orphan or ward of the court
- They are serving in, or are a veteran of the US armed forces

Postgraduate (PGDip, MA, MMus, Mphil, PhD excluding writing up period)

Usually, a student on one of our postgraduate courses can request up to \$20,500 in unsubsidised loans, depending on the cost of attendance.

Note - The Budget Control Act of 2011, SEC. 502, means that subsidised loans cannot be awarded to postgraduate students who begin a course after 1<sup>st</sup> July 2012.

### Aggregate Loan Limits

	Dependent Undergraduate Student (except students whose parents are unable to obtain PLUS Loans)	Independent Undergraduate Student (and dependent students whose parents are unable to obtain PLUS Loans)	Graduate and Professional Degree Student
<b>Maximum Total Debt from Stafford Loans When You Graduate (aggregate loan limits)</b>	\$31,000—No more than \$23,000 of this amount may be in subsidized loans.	\$57,500—No more than \$23,000 of this amount may be in subsidized loans.	\$138,500—No more than \$65,500 of this amount may be in subsidized loans. The graduate debt limit includes Stafford Loans received for undergraduate study.

### PLUS Loans

GradPLUS and ParentPLUS loans are also direct loans. They can be used to bridge the gap between the cost of attendance and the financial support already received; and/or helps pay the expected family contribution (EFC).

A parent of an undergraduate student may apply for a ParentPLUS loan to help support their child financially. GradPLUS loans are for independent postgraduate students. Independent undergraduate students are not eligible for PLUS loans.

As interest rates are lower on the Unsubsidised loans, graduate students must take out the full unsubsidised allocation before requesting a PLUS loan. If the full allocation is not taken, and a PLUS Loan is still requested, a confirmation statement must be provided to the College, which acknowledges that you have requested a PLUS loan, even though Unsubsidised loans are available to you.

The application for a PLUS loan includes a credit check that is valid for 180 days. The College will begin to process loan originations in August, so don't apply too early.

## Loan Origination

The College complies with US Department of Education guidance regarding the Direct Lending process.

## Interest Rates and Loan Fees

The 2017/18 annual interest rates are as follows (correct at time of publication):

Subsidized loan (Undergraduate students)	4.45%
Unsubsidized loan (Undergraduate students)	4.45%
Graduate Loan (UNSUB)	6.0%
ParentPLUS and GradPLUS loans	7.0%

In addition to the interest charges, each payment has the following fees deducted from the dispersed amount:

### Sub / Unsub loans (all students)

Origination fee	1.062%
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### ParentPLUS and GradPLUS loans

Total deduction	4.2482%
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## Loan application procedure

As the Royal Northern College of Music is a Foreign School, the loan procedures and regulations may differ to those for universities in the US, so please read this guide carefully.

Firstly, you need to confirm your eligibility by completing a **FAFSA** (Free Application for Federal Student Aid). This can be done online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov)  
You must have gained a secondary school completion credential or equivalent to be eligible for a Direct Loan.

After you have completed your FAFSA, your **SAR** (Student Aid Report) will be sent to you. This document should be checked thoroughly to ensure it lists any previous loans and all other information is correct.

Once you have checked and confirmed the information on the SAR is correct you can then apply directly to the USDE (US Department of Education) for your loan(s). You need to apply after 1 May through the website – [www.studentloans.gov](http://www.studentloans.gov) – and you will have to sign an MPN (Master Promissory Note). This can be done online and the RNCM do not require a copy.

As the College is a foreign school, you will need a new MPN each year and for each type of loan you require.

## How much can I borrow?

The COA (cost of attendance) and loan limits regulate how much you can borrow per academic year. The COA is calculated by adding the tuition fees to the estimated living costs plus any additional items that may vary per student, such as flights home or cost of a computer less any scholarships or other financial aid.

US citizens usually pay the standard international tuition fees, which can be found on the College website [www.rncm.ac.uk](http://www.rncm.ac.uk)

If you are enrolling on a programme which lasts more than one year, you should note that fees increase each year and you will need to reapply annually for direct loans.

It is impossible to give a precise figure for students living costs. However, the College estimate that for a 42 week course, £7500.00 is needed. This will pay for a student's rent (based on living in Sir Charles Groves Halls of Residence) and allow £70 per week for food / clothes / socialising etc.

If you would like to discuss the maintenance figure in more detail you can email [adam.croucher@rncm.ac.uk](mailto:adam.croucher@rncm.ac.uk).

The EFC (expected family contribution) may reduce a student's entitlement to a Subsidised loan by that amount. For example (All figures are for illustration purposes only);

A third year undergraduate dependant student's	COA	Tuition Fee £15,400
		Living Costs £7,500
		Flights £1617
	COA =	£24,517

Using [www.oanda.com](http://www.oanda.com) (this site is used by the UK Border Agency, and will be used on the date of calculating your loan eligibility) the exchange rate is \$1.55 and therefore COA is \$38,000

The EFC (as given on the SAR) = \$33,000

Therefore COA -	\$38,000
Less EFC -	\$33,000
Educational Need =	\$5,000

The student in this example would be able to borrow:

Subsidised loan	\$5,000 (Educational Need is less than the max \$5,500 therefore capped at \$5,000)
Unsubsidized loan	\$2,500 (Maximum annual loan \$7500 less \$5,000 subsidized)
ParentPLUS loan	\$30,500 (COA \$38,000 less aid already received)
Total support	\$38,000 (equal to COA)

### **What to do before you arrive**

Assuming you have already completed your FAFSA, received your SAR and applied through [www.studentloans.gov](http://www.studentloans.gov) you should also complete Entrance Counselling.

This can be done at the same time as signing the MPN online, and is a requisite before loans can be released.

### **What to do whilst you are in attendance at the College**

As your loan is to be used specifically for your education, tuition fees must be paid before maintenance payments can be given to students. Your loan will be paid in 3 termly instalments, at around the beginning of each term (September, January and April).

Your loan will be paid directly to the College, and the Student Finance Office will then process the payments. Once the required tuition fees have been deducted, the student's portion of the payment will be transferred to your bank account.

Make sure you have enough funds when you arrive for at least 1 month. You may need to have funds when opening a bank account or you may need to make immediate payments, for example, to a landlord.

The College is required to report back to the USDE on your academic progress. A student must be making satisfactory academic progress (SAP) before each subsequent loan instalment is disbursed. For more information regarding SAP, contact [adam.croucher@ncm.ac.uk](mailto:adam.croucher@ncm.ac.uk)

In addition, you must remain enrolled and complete the course in no more than 150% of the advertised time (For example, 3 years for a 2 year course).

### **When you leave**

During your final term, you will be asked to complete exit counselling. This is a requirement of the USDE, and must be completed either online or via paper copy. The College is sent proof of exit counselling, but you may be asked to provide evidence if needed.

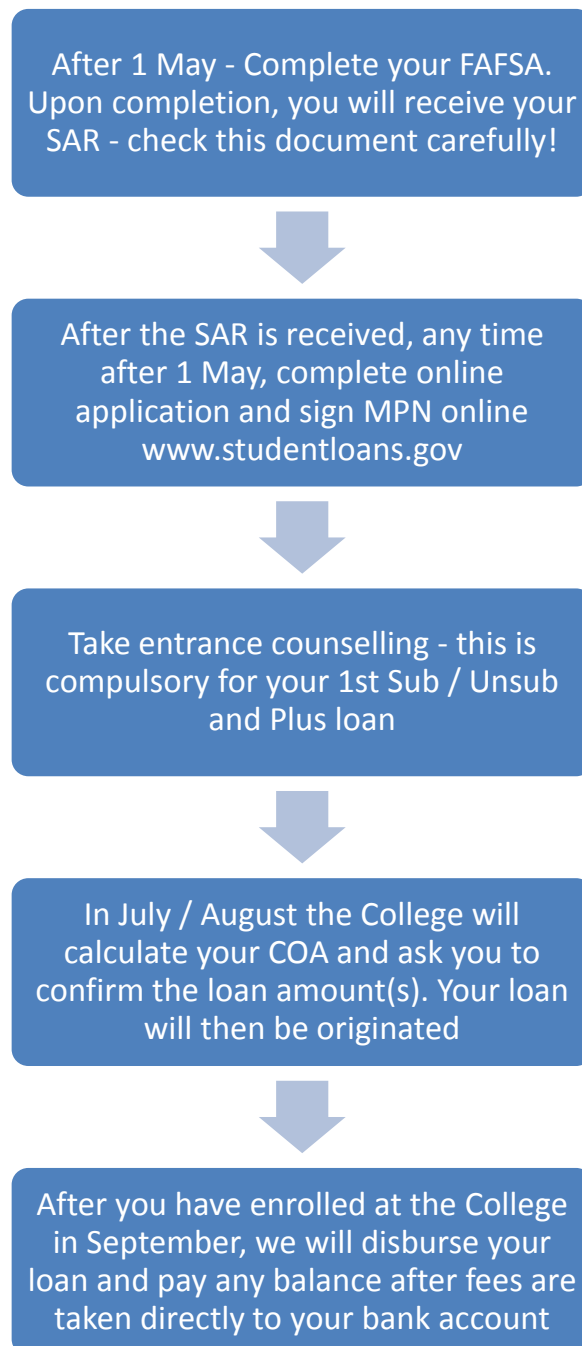
The exit counselling session ensures all students are aware of anticipated loan repayment amounts, the different repayment plans that are available and how to avoid debt-management problems which could damage your credit file.

After you cease to be enrolled at least half time, you will enter the repayment schedule. The exit counselling session will provide further information regarding this.



## Timetable

The following guide can be used to show how long the application process is likely to take, and to highlight important dates. The College will begin to process loan applications before the start of the academic year, so these dates may change.



## **Private Loans**

There are some lenders that offer private loans towards the cost of your study. You may be able to use these loans against the cost of programmes which do not meet the criteria for Direct Loans, or if you are unable to take out Direct loans yourself.

In the same way as Direct Loans, private loans are restricted to the COA.

The Royal Northern College of Music can not endorse a particular lender, but you should ensure that the lender you choose is suitably trained and experienced in the sector, such as Sallie Mae or Global Education Management Services (GEMS), but we are happy for a student to use any lender which does not impose any financial obligation on the school.

Please contact the individual lenders for further details.

## **Rights, Responsibilities and Repayment**

The US Government requires the College to bring several things to your attention. As ignorance is not accepted as an excuse for defaulting on responsibilities, you should know your rights and entitlements.

### **Rights:**

#### **How much can you borrow**

Unsubsidized Loans have fixed annual maximums of \$20,500 for graduate students, and for dependant undergraduates the subsidized loan limits are \$3,500 (year 1) \$4,500 (year 2) and \$5,500 (years 3 and 4) – see page 4/5

#### **Further Loans**

You can borrow up to the COA in total, using Subsidized, unsubsidized, PLUS and private loans, but the College is not authorised to approve loans above the COA.

#### **You have the right to:**

- Repay your loan early without penalty;
- A deferment on prior loans;
- Written information on obligations
- An explanation of default consequences
- Be notified if your loan is sold
- Cancel any disbursements.

#### **Deferments**

You have the right to defer any previous loans whilst you are still in school. You should get a deferment from your lender(s) and have it signed by Adam Croucher

GradPLUS loans include an additional 6 month deferment after borrower ceases to be enrolled at least half time.

ParentPLUS loans – A parent may request to defer payment whilst the beneficiary is still in school and/or for an additional 6 month period following a student's graduation / withdrawal.

**Responsibilities: Entrance and Exit Counselling**

If this is the first time you have taken a loan of this type, entrance counselling is mandatory. It can be completed at [studentloans.gov](http://studentloans.gov) Exit counselling must be completed towards the end of your study programme. Both sessions last around 20 minutes each, and the College are required to check if it has been completed.

**Interest**

Interest is charged on your loan from the day your loan is dispersed (which may be earlier than the date you receive the funds), and it is charged whilst you stay in education.

With a subsidized loan, the interest is paid by the USDE whilst you are in full time education (or studying at least half time). After that time, interest is charged.

**If you default on any loan amount, there may be penalties – so it is important to read all documentation correctly.**

**You are required to:**

- Use your loan for educational purposes only
- Tell USDE and the College of address changes during **and** after your studies
- Tell USDE about course changes
- Tell USDE about any relevant changes
- Open and read your student loan mail

**Repayment: Like all loans, it has to be repaid.**

The repayments normally begin when you have finished your programme of study, however a 6 month 'grace' period may apply in some cases.

You aren't able to choose not to repay if you didn't enjoy the course, or you failed. Your student loans are only cancelled if you die, become too disabled to hold a job, or become eligible for Public Service Forgiveness; they are not discharged by bankruptcy. You can usually defer repayments if you continue to study.

**Return to Title 4: If you withdraw**

Any unearned part of your loan has to be immediately repaid. The College has a duty to inform the USDE of any withdrawal. As you earn your loan money by attending the study programme, the unearned

amount is calculated from the amount of time you have attended for that payment period – not how much you have remaining.

For example; if you are paid the 1st instalment, for a 12 week term and only attend 4 weeks, you have only attended 4/12 weeks and therefore 8/12 (66%) is unearned and requires immediate repayment. The 34% is earned and therefore you will repay this via your normal repayment method.