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## US LOANS – DIRECT GRADUATE PLUS LOANS

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### DIRECT GRADUATE PLUS LOANS

The School will be participating in the William D Ford Direct Loan Program from 1 July 2010. The Direct Graduate PLUS Loan is operated by the United States Government and offers United States citizens affordable loans to assist with the costs of studying. Unlike the Direct Parent PLUS loan parents are not responsible for the Direct Graduate PLUS loan and should not complete any of the loan documents.

Before applying for a Direct Graduate PLUS loan, you are required to make an application for a Direct Subsidized and Unsubsidized Loan. We recommend that you take out the Direct Subsidized and Unsubsidized loan before applying for a Direct Graduate PLUS loan as you may be eligible for a subsidised portion of the Direct Subsidized loan and the interest on this is lower than on the Direct PLUS loan.

This loan is offered on a fixed interest rate of 7.9% and students can defer repayment until 6 months after the completion of the course.

During the 2010/11 academic year the U.S Department of Education will charge an origination fee of 0.5%.

All loans are borrowed in United States Dollars (\$).

### Abbreviations

Financial aid has its own vocabulary and abbreviations. To help you speak the 'language' here are some of the most commonly used abbreviations:

COA - Cost of Attendance. This figure is determined by the School and is your study related costs (tuition fee amount plus £14,000 for living expenses) converted into US dollars.

EFA - Expected Financial Aid. Any other aid which includes bursaries, scholarships, grants and awards.

MPN - Master Promissory Note. When you sign a promissory note, you promise to repay your student loans. This note also includes important language about your rights and responsibilities as a borrower.

SAR - Student Aid Report. Document received as a result of completing the FAFSA.

### Loan Calculations

With the Direct Graduate PLUS loan you can borrow up to your COA minus your EFA (this will include your Direct Subsidized and Unsubsidized Loans)

**COA minus EFA = Maximum eligible Direct Graduate PLUS loan amount**

As a guide only:

The *average* COA for a full-time MSc is £29,600 (approximately \$48,000).

The *average* COA for a full-time Research Degree is £25,600 (approximately \$42,000) per year.

## How to apply for a Direct PLUS Loan

**(If you wish to apply for the Direct Subsidized and Unsubsidized loans as well as the Direct Graduate PLUS loan please follow all the steps listed below and indicate on the covering letter that you wish to apply for all).**

### **Step 1 –Complete a Free Application for Federal Student Aid form (FAFSA)**

You must first complete the FAFSA. FAFSA applications can be completed online at the US Department of Education's [FAFSA website \(www.fafsa.ed.gov\)](http://www.fafsa.ed.gov), applying on-line will speed up the processing of your application.

If you prefer, paper applications can be requested from:

Federal Student Aid Information Centre

PO Box 84

Washington

DC 20044

(Tel: 1-800-433-3243).

After applying, you can check the status of your application online and make amendments. If you have applied for a FFEL Program Stafford loan before, you should complete the Renewal FAFSA, including updates on family income and assets.

When completing your FAFSA or contacting the US Department of Education you should quote the University of London - London School of Hygiene & Tropical Medicine, school code **02210000**.

### **Step 2- Complete a PLUS loan credit check at <https://studentloans.gov>**

To qualify for a Direct PLUS Loan, you must not have an adverse credit history, as defined in the U.S Department's regulations. If you have an adverse credit history, you may still be eligible for the loan:-

- 1) by obtaining an endorser who does not have an adverse credit history and agrees to repay the loan if you do not

or

- 2) by documenting extenuating circumstances that meet the Department's requirements.

The U.S Department conducts a credit check once you provide your consent. To initiate this process please click on 'Complete PLUS Request Process' at the StudentLoans.gov website.

After you complete your Direct PLUS Request, the U.S Department will conduct the credit check and notify you and the School of the results. After we receive the results of your credit check and determine your eligibility for a Direct PLUS Loan, we will notify you of the amount for which you are eligible.

### **Step 3 - Completing the MPN**

**You must submit the 'Direct Subsidized and Unsubsidized' and 'PLUS' MPN at <https://studentloans.gov>**

The current PLUS Master Promissory Note is designed for parent information. However, as you are a graduate student only your information is required. Please complete the MPN as follows:

- |                |  |
|----------------|--|
| Boxes 1 to 12  | require the <b>student borrower's information only</b>   |
| Box 13         | requires the student's references, with US addresses. This is the only place where parent information could be allowed – <b>parents can be a reference <u>only</u></b> . |
| Boxes 14 to 16 | require the <b>student borrower's information only</b>   |

Boxes 21 and 22 require the **borrower's signature**.

If we receive a PLUS MPN for a borrower that has a parent as borrower the form is INVALID and a new form must be completed.

**Step 4 – Complete the LSHTM Direct Loan Cover Sheet (this can be found in the funding information section of the School's website).**

**Send your completed loan application to the Registry**

**Send your completed cover letter with a copy of your MPN and evidence of your entrance counselling to the Registry ([sarah.rutterford@lshtm.ac.uk](mailto:sarah.rutterford@lshtm.ac.uk)), ensuring that you have completed all the steps listed in the check box at the end.**

Keep copies of your loan documents. Keeping well-organized records of your financial activities will go a long way towards managing your loans and achieving your financial goals. Keep all your loan-related documents such as:

- Applications
- Promissory notes
- Disclosure statements
- Repayment schedules
- Income tax returns

Please note that your loan cannot be certified until you have received and firmly accepted an offer of admission or have already enrolled as a student at the School.

### **What Happens Next**

Once we have received the above documents your loan application will be assessed and we will contact you with details of your loan award. We will also provide you with a letter to confirm your funding for your visa application.

Please note that all Direct PLUS loans must be disbursed in three equal instalments: these will be in September, January and April.

Each disbursement will be paid directly to the School. After each disbursement is received the School will deduct tuition fees due for the term and any remaining balance will be refunded to you.

### **Step 6 - Receiving Your Loan**

The School will request that the Direct PLUS loans are disbursed in at least 3 installments, in accordance with US laws. The first disbursements of your PLUS loan will be requested once you have enrolled at the start the academic year. Subsequent installments of the loans will be requested at the beginning of the Spring and Summer terms, providing you are still fully enrolled and are maintaining Satisfactory Academic Progress.

Loan funds will be refunded directly into your UK bank account, with exception of your first installment which will be raised as a cheque in Great British Pounds (£). We advise you to open a UK bank account as soon as you can, following your enrolment with the School.

We strongly advise that you ensure you have funds to cover travel to the School plus living expenses for approximately four weeks after your arrival. You will need to allow time to open your UK bank account and for the refund cheque to clear in your account, which can take an extra 3-5 working days.

The School has a policy that all students must pay tuition fees in full before the first day of the course, however, US Government loan holders will be able to pay tuition fees in instalments each term as each loan instalment is disbursed.

Your eligibility to continue to receive Direct Loan funds depends on you making Satisfactory Academic Progress. The Registry will therefore contact your tutors before your Summer disbursement is requested to confirm that you are in good academic standing.

If you are in your final year or on a one year Masters program you will also be required to complete exit counselling before your Summer disbursement is requested. You will be contacted with further details towards the end of the Spring Term.

## **Repaying the loan**

Repayment normally starts 6 months after completion of the course, withdrawing or dropping below 50% attendance. There are no early repayment penalties on any of these loans. Students can also defer repayments on previous Stafford, Grad Plus and Private loans whilst you are attending an educational course full time at another Title IV eligible institution.

It is your responsibility to repay your loan. Payments of the principal and interest begin within 60 days of the final disbursement of the loan unless you leave the School or drop below half-time status. Please check with the US Department of Education for full details on repayment.

Note: Split-Study students must start repaying their loan whilst not enrolled.

The maximum repayment term is 120 months (10 years), with a US\$50 minimum monthly payment or US\$600 annually. The interest rate is variable and cannot exceed 9%.

The School policy for tuition fee refunds is available from the Registry. The following is an addendum for students who are utilising US Federal student aid funds:

If a student who receives financial aid withdraws from the institution, the university will recalculate your Financial Aid eligibility based on the period of attendance. As a result you may be required to pay back money to the US Federal Government from the Federal Stafford subsidized and unsubsidized loan you may have received. The institution may also have to repay any funds received for tuition to the US Federal government. As such you may be requested to make an additional fee payment to the school to replace these funds.

Pro-rata refund calculations apply for any student who withdraws within 60% of the payment period. If a student withdraws prior to completing 60% of each payment period, the university will calculate the amount of funds to be returned based on your period of attendance for that specific term. The last date of attendance will be the date confirmed by the program office and the calculations undertaken are those that are set by the Department of Education in the US and cannot be altered.

## **Further information**

Further information on Federal Grad PLUS loans can be found at [United States Department of Education's Student Guide to the Federal Fund Aid Programs](http://www.studentaid.ed.gov/students/publications/student_guide/index.html). This is a complete guide to obtaining aid and is available at [http://www.studentaid.ed.gov/students/publications/student\\_guide/index.html](http://www.studentaid.ed.gov/students/publications/student_guide/index.html).

If you have any other questions please contact Sarah Rutterford (Student Finance Officer) on telephone +44 (0) 20 7299 4781 or e-mail [sarah.rutterford@lshtm.ac.uk](mailto:sarah.rutterford@lshtm.ac.uk)