



Royal Conservatoire  
*of* Scotland

# **ROYAL CONSERVATOIRE OF SCOTLAND**

## **US DIRECT LOAN GUIDE 2024-2025**



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## **Information and Guidance on US Direct Loans for academic year 2024-2025**

This booklet will explain the regulation and process for Direct Subsidized, Direct Unsubsidized and Direct PLUS loans (Parent and Graduate).

**The Conservatoire will be reviewing Student Aid Reports and contacting US Direct Loans applicants from June 2024. Loans will be certified from July 2024. Delays in the “FAFSA Simplification” may impact timelines.**

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

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### **Glossary**

**USDE** – United States Department of Education  
**FAFSA** – Free Application to Federal Student Aid  
**ISAR** – Institutional Student Information Report  
**MPN** – Master Promissory Note  
**CoA** – Cost of Attendance  
**SAP** – Satisfactory Academic Progress  
**SAI** – Student Aid Index  
**OFA** – Other Financial Assistance



**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 Loans: Subsidized, Unsubsidized and PLUS.

**Subsidized Loans** – This is awarded to students based on financial need. The information you supply on your FAFSA is used to calculate your Student Aid Index (SIA). Your SIA and the amount of your Other Financial Assistance (OFA) i.e. any scholarships, bursaries or awards you will receive) will be deducted from your Cost of Attendance (CoA) to determine your financial need. Please note that Graduate/Professional students are not eligible for a subsidised loan.

The US government will pay the interest on a subsidised loan while you are enrolled at least half time or during a grace or deferment period.

**Unsubsidized Loans** – This is not based on financial need. Whilst studying at least half time, or during deferment or grace periods you have the option of paying the interest or having it capitalised and added to the total value of the loan therefore increasing the amount you need to repay.

**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 Unsubsidized.

|                             |                              | <b>Dependent Student</b>  | <b>Independent Student</b>                                      |
|-----------------------------|------------------------------|---|---|
| <b>Academic Year</b>        | <b>Subsidized Loan Limit</b> | <b>Direct Loan Limit (combines subsidized and unsubsidized)</b> | <b>Direct Loan Limit (combines subsidized and unsubsidized)</b> |
| <b>First Year</b>           | \$3,500                      | \$5,500   | \$9,500   |
| <b>Second Year</b>          | \$4,500                      | \$6,500   | \$10,500  |
| <b>Third Year and above</b> | \$5,500                      | \$7,500   | \$12,500  |
| <b>Graduate</b>             | n/a                          | n/a   | \$20,500  |



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**Aggregate Loan Limits**

| <b>Aggregate Limits</b>           |                   |   |
|-----------------------------------|-------------------|---|
|                                   | <b>Subsidized</b> | <b>Subsidized and Unsubsidized Combined</b> |
| <b>Dependent Undergraduate</b>    | \$23,000          | \$31,000                                    |
| <b>Independent Undergraduates</b> | \$23,000          | \$57,500                                    |
| <b>Graduate</b>                   | n/a               | \$138,500                                   |

### **Parent PLUS Loan**

Parents of dependent undergraduate students can borrow a federal Direct Parent PLUS Loan and can borrow up to the total CoA minus all other sources of financial aid their student receives. The loan is the financial responsibility of the parents and not the student.

A parent PLUS loan borrower must meet the same citizenship and residency requirements as the student. The parent must not owe a refund on a federal student financial aid grant or be in default on a federal student loan. Repayment begins within 60 days after your loan is fully disbursed and lasts ten years.

### **Graduate PLUS Loan**

The Federal Direct Graduate PLUS Loan is a federal loan that graduate students with good credit histories may borrow to help pay their educational expenses. A graduate student may borrow up to the total CoA less all other financial aid received.

Students must have applied for their annual loan maximum eligibility under the Federal Subsidized and Unsubsidized Direct Loan Program before applying for a Graduate/Professional PLUS loan.

Repayment begins on the date of the last disbursement of the loan and the first payment is due within 60 days after the date the loan is fully disbursed. Graduate PLUS borrowers may receive a deferment while he or she is enrolled on at least a half-time basis at an eligible school.

**Note: PLUS loan borrowers cannot have an adverse credit history (a credit check will be done)**



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**Loan Origination**

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

**Interest Rates and Loan Fees**

Up-to-date interest rates and loan fees can be viewed at: <https://studentaid.gov/understand-aid/types/loans/interest-rates>

Interest rates and fees are generally lower for federal student loans than private student loans.

**Interest Rates for Direct Loans First Disbursed on or After July 1, 2023, and Before July 1, 2024**

| Loan Type   | Borrower Type                                 | Fixed Interest Rate |
|---|---|---------------------|
| Direct Subsidized Loans and Direct Unsubsidized Loans | Undergraduate                                 | 5.50%               |
| Direct Unsubsidized Loans                             | Graduate or Professional                      | 7.05%               |
| Direct PLUS Loans                                     | Parents and Graduate or Professional Students | 8.05%               |

All interest rates shown in the chart above are fixed rates. A fixed rate will not change for the life of the loan.

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



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## Loan Fees for Direct Subsidized Loans and Direct Unsubsidized Loans

| First Disbursement Date                | Loan Fee |
|--|----------|
| On or after 10/1/20 and before 10/1/24 | 1.057%   |
| On or after 10/1/19 and before 10/1/20 | 1.059%   |

## Loan Fees for Direct PLUS Loans

| First Disbursement Date                | Loan Fee |
|--|----------|
| On or after 10/1/20 and before 10/1/24 | 4.228%   |
| On or after 10/1/19 and before 10/1/20 | 4.236%   |

**“Disbursement”** in the context of direct loans has a very precise definition. A disbursement occurs when a school credits a student’s account *or* pays a student directly with either:

- Federal student aid funds received from the Education Department

*or*

- School funds labelled as federal student aid funds in advance of receiving actual funds from the Education Department.

**Therefore when you see “disbursement date” in any direct loan correspondence from RCS, it will not be the same date as when you receive any direct loan funds into your own bank account.**

The 2024/2025 school year starts, for most programmes of study, on 23rd September 2024. It is therefore possible that a student’s first disbursement might be on or after 1 October 2024. If this is the case, the above-quoted interest rates and loan charges may be different.



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### **What's different at a 'Foreign School'?**

For US financial aid purposes, the Conservatoire is a 'foreign school'. If you've never accessed financial aid before then this section may be irrelevant. However, if you've borrowed in the US before, for previous study, then you should note that there are differences when you choose to study overseas.

Most programmes at RCS qualify for financial aid with the exception of our Diploma courses and any distance learning courses. You therefore cannot receive a US government loan for the following programmes:

- Professional Graduate Diploma in Musical Directing
- Artist Diploma
- Advanced Postgraduate Diploma in Music
- MEd in Learning and Teaching in the Arts

Foreign schools are not eligible to certify Pell Loans or Grants.

### **How much can I borrow?**

A student may borrow up to an amount equal to their Cost of Attendance (COA). The CoA consists of two main elements:

1. Annual tuition fee

AND

2. Living/study/visa/travel costs, made up of:

- Programme levy for photocopying and teaching materials (some new students only)
- Programme supplies
- Housing and general living costs (inc. food, bills, social and local travel)
- Transportation (flights to and from the USA)
- Computer/tablet (new students only)
- Visa (new students only)
- Immigration Health Surcharge (new students only)

Tuition fees can be found on the Conservatoire website - <https://www.rcs.ac.uk/study/fees-funding/fees/> If you are enrolling on a programme which lasts more than one year, you should note



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that fees increase each year and you will need to reapply annually for direct loans.

You will be informed of your Cost of Attendance when you are emailed your student loan offer. The CoA is not individualised, but instead is calculated for each programme of study on an annual basis. If you think you won't need the full amount stated, you can choose to borrow less, but you cannot borrow more.

From 1 May 2024 the theoretical exchange rate of £1 = \$1.35 will be used when calculating the CoA for the 2024/2025 academic year. This is the rate used to convert Pounds Sterling into USD for CoA purposes only. The exchange rate used by the Conservatoire to disburse your funds will vary for each disbursement as it is set by Western Union at the point when funds are drawn down from the U.S. Treasury's Federal Reserve System.

Please note that your cost of attendance cannot be altered to reflect any fluctuations in the exchange rate. This includes fluctuations that occur before you start or during your program of study.

### **Loan Application Procedure**

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

#### **Stage 1:**

#### **Applying for Aid**

Firstly, you need to complete a FAFSA (Free Application for Federal Student Aid). This can be done online at <https://studentaid.gov/h/apply-for-aid/fafsa>.

The RCS Federal School Code is **G30887** - Royal Conservatoire of Scotland. The information on your FAFSA will be transmitted to the schools that you list on your FAFSA and is used then to assess your financial need for student aid.

Continuing students need to complete a renewal FAFSA every year at: <https://studentaid.gov/apply-for-aid/fafsa/renew>

Any FAFSAs submitted within a month of the course start date may not be processed in time for the start of the course.





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## **Stage 2:**

### **Complete Documentation**

The Conservatoire will send you a student loan offer letter by email telling you how much you are eligible to borrow. Please evaluate this carefully, keeping in mind that whatever you borrow must be [paid back with interest](#). You will be asked to sign your loan offer letter and return it by email.

### **Parent Plus and Graduate Plus Loans Applications**

Parents of dependent students and Postgraduate students are eligible for Plus loans. For Parent Plus loans, the parent completes the Master Promissory Note and application under their own FSA ID. Parent/Graduate Plus loan applications are made at <https://studentaid.gov/plus-app/>. When applying for a Direct Plus Loan, your credit history will be checked. To be eligible for a Plus loan, you must not have an adverse credit history and the credit check decision must be 'accepted' on the COD system used by foreign schools. If you are determined to have an adverse credit history, you can receive a 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. The

Conservatoire cannot certify a Plus Loan for someone who has a credit check decision of 'declined' on the COD system.

### **Completing a Master Promissory Note**

To take out a Direct Loan, you must complete a Master Promissory Note (MPN). The MPN is a legal document which you promise to repay your loan(s) and any accrued interest and fees to the Department of Education. It also explains the terms and conditions of your loan(s). This can be completed online at <https://studentaid.gov/mpn>. You will be required to use your FSA ID. A MPN must be completed for Subsidized and/or Unsubsidised Loans and Graduate/Parent Plus Loans.

As the Conservatoire is a foreign school, you will need to sign a new MPN each year for every type of loan you require.



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### Stage 4:

#### **Entrance Counselling**

All new student borrowers must complete Entrance Counselling (EC) before the Conservatoire is able to disburse loan(s). EC helps you understand your responsibilities regarding the loan(s) and can be completed at <https://studentaid.gov/entrance-counseling/>

### Stage 5:

#### **Receiving Loan Funds**

Loan disbursements are made at the beginning of each term, unless otherwise stated. The Conservatoire will allocate your loan to your tuition fees with any remaining balance being paid to you by bank transfer by **Convera**. Please note that the amount will vary each term depending on the exchange rate at the time of the transfer. Western Union try their best to process loans quickly. To help them do this, you should add your bank details to their secure portal as soon as you are invited to do so.

**Please ensure you have sufficient money of your own to see you through the first 3-4 weeks after the start of the academic session.** This will allow you time to open a UK bank account, your loan funds to be disbursed, and the initial bank transfer to clear in your account. Transfers to a UK bank account will take a minimum of 3-5 working days to go through.

The disbursement dates provided are estimated. Please allow sufficient time for your loan to be disbursed. For 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> disbursements, we require confirmation of your Satisfactory Academic Progress before we will request your funds.

#### **After your loan has been disbursed**

You are required to progress in a satisfactory manner on your course of study. Not doing so could have financial consequences. Please see the Conservatoire's Satisfactory Academic Progress policy on our website at: <https://www.rcs.ac.uk/apply/finance/feesandfunding/us-federal-student-aid/>

Your student status is communicated to the [NSLDS](#) system via [National Student Clearinghouse](#) on a monthly basis.

If you decide to withdraw from, or suspend your studies, the RCS is obliged to carry out a [Return to Title IV](#) calculation to ascertain whether you are due a post-withdrawal disbursement and/or whether RCS is obliged to return any funds to the USDE.



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### **At the end of your studies**

#### Exit Counselling

It is a legal requirement that you complete exit counselling before you graduate. Exit counselling will advise you of the methods of repayment, deferment, and the consequences of defaulting. Please visit the following website <https://studentaid.gov/app/counselingInstructions.action> and complete exit counselling before you graduate. You will need your FSA ID.

#### Repayment Information

Please see the following website regarding repayment – <https://studentaid.ed.gov/sa/repay-loans>. Repayment normally starts 6 months after completion of the course, withdrawing or dropping below 50% attendance.