

# USA Direct Loans - Frequently Asked Questions

## **Do I need money to support myself until my Direct Loan money becomes available?**

Yes! It could take 4-6 weeks after receipt of the cheques for the money to be available to you. It is very important to ensure that you have enough funds available to you to support yourself for at least 2-3 months.

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## **When can I expect the money?**

Your loan will be disbursed by \$ cheque in three instalments, at the start of each term. The disbursement date is the date the loan servicer issues and posts the cheques. It is not the date you physically receive the cheque. Generally the first disbursement date is mid- to late-September so you should be able to collect the cheque shortly after enrolment. If you are a first-year, first-time borrower you cannot receive the money until the 31st day of enrolment on your program.

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## **Where will my money go?**

The money will be sent directly to us and we will contact you to let you know when the cheque has arrived.

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## **How can I access my funds once it has been disbursed?**

The cheques will be co-payable to you and to AECC. They must be paid into AECC's bank account at our Finance Office. You can arrange to have tuition fees and/or accommodation fees deducted. If there is any balance left, this will be returned to you by cheque in UK £ for you to pay into your UK bank account. Please be aware this could take 4-6 weeks for bank processing and there is no way of speeding this up!

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## **What is the cost of living in Bournemouth?**

The cost of living varies from person to person and year to year. On average you need between £7,500 and £8,500 for living expenses. Below is an indication of what living expenses might be for 2012/13:

- Accommodation £85 - £105 per week (depending on where you stay and the type of accommodation)
- Utility bills £55 - per month
- Food £140 - per month
- Travel £60 - per month (travel around town and to the College)
- Stationery £50 - per year
- Books £170 -£350 per year

If you have any specific questions about living expenses or any other student support matters, please email the [Admissions Officer](#) at AECC Registry

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### **Does the College deduct my tuition and accommodation fees from my loan funds?**

Yes, this can be arranged when the loan cheques are received.

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### **How can I pay my tuition fees on enrolment when I get my loan funds over 3 disbursements?**

You can pay your tuition fees in instalments, but you must contact the Finance Office at AECC to let them know that you will be receiving US Direct Loan funds.

We strongly suggest that you set up a Payment Plan for your tuition fees. You can speak to the Finance & Resources Manager about setting up a Payment Plan.

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### **Where can I get information about “entrance clearing visas” and immigration matters?**

If you have any questions regarding visas and immigration matters, please contact the [Admissions Officer](#) at AECC Registry.

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### **Where can I get information on how to open a bank account in the UK?**

You will only be able to open a bank account in the UK once you have enrolled. For information on opening bank accounts, please contact the [Admissions Officer](#) at AECC Registry.

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### **Do I need to check whether my loan has been approved?**

An email will be sent to you once your loan has been certified and the necessary papers have been posted to your guarantor. It is important to stay in contact with your guarantor from time to time to check the status of your loan application.

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### **What do I do if I have applied for a loan, but cannot enrol on my programme?**

If you have applied for a loan and find that you are unable to continue with your study plans, contact your lender immediately. You must also notify the [Federal Aid Administrator](#) at AECC.

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### **How is my financial aid calculated?**

If eligible, you will either receive a subsidized and/or an unsubsidized Stafford loan. Loan amounts are calculated on the following basis:

#### *Subsidized Loans*

Cost of Attendance (e.g. tuition fees, accommodation fees, books, transport costs etc.) [COA] – Expected Family Contribution [EFC] – Other Financial Aid (if applicable) [OFA] = Subsidized loan amount.

For example, if the COA is \$29,500.00 and the EFC is 10,000 and you are not receiving any other financial aid, the calculation will be  $29,500 - 10,000 - 0 = 19,500$ . You will not be eligible for a \$19,500.00 Stafford loan because the subsidized (and unsubsidized) loan amounts are subject to certain maximum amounts based on your grade level.

#### *Unsubsidized Loans*

Cost of Attendance [COA] – Other Financial Aid (e.g. subsidized Stafford loans) [OFA] = unsubsidized loan amount.

For example, if the COA is \$29,500.00, and you were eligible for a subsidized Stafford loan of \$8,500.00 (i.e. OFA), the unsubsidized loan amount will be \$21,000.00. You will not be eligible for a \$21,000.00 Stafford loan because the unsubsidized loan amounts are subject to certain maximum amounts based on your grade level.

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### **How much money will I get if I apply for a private loan?**

If you have a Stafford Loan and wish to apply for a private loan, you're more than likely to receive a private loan just for the additional costs not covered by your Stafford loan. The private loan amount is calculated by using the following formula:

Cost of Attendance [COA] – Stafford Loan = Private Loan Amount

For example, if your COA (incl. tuition, accommodation and living expenses) is \$29,500.00 and you receive a Stafford Loan to the amount of \$18,500.00, your private loan will probably be \$11,000.00 i.e. the difference between your COA and your Stafford Loan.

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### **What should I use the money for?**

As per regulations for the US Education Department, you can only use the money for educational purposes. It is therefore your responsibility to settle your tuition fees and other costs relating to your studies. However this can be arranged when you pay the cheques into the University's bank account.

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## **Who will be paying the interest on my loan?**

If you receive a subsidized Stafford Loan, the federal government will pay the interest that accrues on your loan at these times:

- While you are in school (on at least a half-time basis)
- During the six-month, post-school grace period
- During periods of deferment.

If you receive an unsubsidized Stafford Loan, you are responsible for paying all of the interest that accrues. If you are offered an unsubsidized loan, you will be given the choice of paying the interest on that loan while in school, or you can have it added to the principal of the loan. This is called "capitalized interest"

The interest rate is variable but cannot exceed 8.25%.

The standard repayment terms include a 10-year maximum payback period and a \$50 minimum monthly payment.

Repayment of capital (principal) and interest on Stafford Loans begins no later than six months after you graduate or leave school.

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## **What are the issues surrounding the repayment of my loan?**

Financial Fact: Student loans must be repaid!

There are a variety of options for determining your monthly payment, including:

- Standard repayment
- Long-term, equal-installment repayment
- Graduated repayment
- Income-sensitive repayment
- Income contingent repayment
- Loan consolidation

As soon as you graduate or drop below half-time status, you will get the eligibility rules and repayment terms for these repayment plans as part of your exit counselling session.

After graduating or leaving school, you must let your loan servicer know about changes in your financial situation and personal information (such as your name, address, Social Security number, references, driver's licence number, and the name and address of your expected employer).

It is critical that you notify your loan servicer of any changes in your financial condition. Your loan servicer can offer repayment options designed to help you manage your monthly loan payments. In addition, if you have multiple loans and payments, your loan servicer can help you explore repayment options that will allow you to consolidate multiple loans into a single loan, making payments easier.

Financial Fact: Can't pay? If you have difficulty making payments on your student loan, contact your loan servicer immediately. Your loan servicer will describe the options available to help you deal with temporary difficulties.

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### **What are my rights and responsibilities?**

- You are required to repay education loans even if you do not finish your academic programme or the programme does not meet your expectations.
- You are required to notify your school and lender or servicer if you have previously received student loans.
- You must use money received from student loans for education expenses.
- You must not use loan proceeds to purchase or lease a vehicle.
- You must notify your loan servicer in writing of any of the following events:
  - change of address
  - name change
  - failure to enrol at least half-time
  - failure to enrol for the loan period certified
  - failure to enrol at the school that certified your loan application
  - withdrawal from school
  - transfer from one school to another
  - graduation
  - change of employer or employer's address
- You have a right to repayment deferments - which may postpone payments - if you meet the eligibility requirements. Deferments can be requested for a number of reasons (such as if you return to school).
- You have a right to consider the loan repayment options available to you as you enter the repayment process. These options include loan consolidation.

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### **What are the consequences if I default on my loan?**

If you fail to make payments, your student loan will 'default'. Some consequences of default:

- Bad credit, which will affect your ability to get a car loan, home mortgage, or credit cards.
- Wage garnishment (withholding a portion of your pay).
- Legal action.
- Loss of professional licenses.
- Withholding of tax refunds.
- Repayment Reminders

Repaying your student loan is an important responsibility.

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