

## Federal Direct PLUS Loans

### The Federal Direct PLUS Loan Application will be available after June 1<sup>st</sup> of each year

- Federal non-need based program.
- Borrowed by either the parent of a dependent student or by a graduate student.
- The rates are determined each year by the Department of Education, and rates are fixed for the given year.
- Net origination fee may vary from year to year.
- Credit check conducted by the U.S. Department of Education to establish eligibility.

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### Federal Direct PLUS Loan for *Parent* Borrowers:

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#### Who is eligible to borrow a Federal Direct PLUS Loan on behalf of a dependent student?

To borrow a PLUS loan for a dependent student, the parent must be the student's biological or adoptive mother or father. Both parents may get a PLUS loan as long as the total aid package does not exceed the student's cost of attendance. A stepparent is also eligible to borrow a PLUS loan if his/her income and assets were listed on the FAFSA. A legal guardian or grandparent is not eligible to borrow a Federal Direct PLUS Loan.

The parent borrower will undergo a credit check with the U.S. Department of Education. Parents with adverse credit, a defaulted Federal student loan, or who owe an overpayment on a Federal Student Aid grant are not eligible. You are considered to have an adverse credit history if you have one or more debts with a total combined outstanding balance greater than \$2,085 that are 90 or more days delinquent as of the date of the credit report, or that have been placed in collection or charged off (written off) during the two years preceding the date of the credit report; or during the last five years preceding the date of the credit report, you have been subject to a default determination, discharged or debts in bankruptcy, foreclosure, repossession, tax lien, wage garnishment, or write-off of a federal student aid debt. For more information, please visit <http://studentaid.gov>.

#### How does my parent apply for a Federal Direct PLUS Loan?

Parents wishing to borrow a Federal Direct PLUS Loan must complete the following steps:

- ✓ **All students whose parent wishes to borrow a Federal Direct PLUS Loan MUST complete a FAFSA**

✔ Go to the [Department of Education website](#). Click the “Sign In” link and follow the instructions to “Request a PLUS Loan”. You will need the same Federal Student Aid PIN you used to complete your student’s FAFSA. Complete all requested data and authorize the Department of Education to check your credit.

✔ If credit approved, first time Federal Direct PLUS Loan borrowers must complete the Master Promissory Note (MPN). This is completed on the same website: <http://studentloans.gov>

✔ Once step one is complete, our office will transmit the PLUS Loan request to the Department of Education for final approval.

✔ Upon final approval from the Department of Education, the loan will show as anticipated aid on your student’s fee bill. The MPN must be complete before this will occur. Funds for the loan will disburse to your student’s account approximately 10 days prior to the start of classes.

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### **How much can my parent borrow?**

The PLUS Loan Eligibility amount listed in your award package on the Student Administration System represents the maximum amount your parent(s) can borrow. It represents your Cost of Attendance minus any financial aid you have been offered. Although this amount represents the maximum your parent(s) can borrow, you and your parent(s) should always borrow the minimum amount needed to cover your costs.

Your parent should plan to borrow enough up front to cover both fall and spring.

### **What if my parent is credit denied for the Federal Direct PLUS Loan?**

If credit denied, the parent will be presented with three options at the end of the web application process:

- Apply with a credit-worthy endorser to continue with the PLUS Loan process and complete PLUS Counseling **OR**
- Appeal the credit decision from the Department of Education if your parent feels he/she has extenuating circumstances or incorrect information on his/her credit report and complete PLUS Counseling **OR**
- Indicate that he/she will not be pursuing either of the above options. As a result of the PLUS denial, you may be eligible for an additional \$4,000 or \$5,000 Federal Direct Unsubsidized Stafford Loan. If your parent indicates he/she will not pursue an endorser or an appeal please access and complete the Non Co Endorser form by visiting the [Financial Aid website](#) form **AND** submitting the denial letter to the Office of Student Financial Aid & Scholarships.



### **Can more than one parent borrow a Federal Direct PLUS Loan for the same year?**

Yes, as long as the total amount does not exceed the student's Cost of Attendance. Each parent would need to complete a separate online application and MPN via the [studentloans.gov](http://studentloans.gov) website.

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### **Are there any fees?**

In addition to interest, there are fees associated with borrowing a Federal Direct PLUS Loan. **For loans first disbursed on between 10-01-2015 and 09-30-2016:** The U.S. Department of Education charges a 4.272% fee. This fee is deducted from the loan by the Department of Education before the proceeds are credited to your student's account.

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### **If my PLUS loan generates a refund, who will receive the check? Me or my son/daughter?**

During the PLUS online application you complete via <http://studentloans.gov>, you will be asked a question about to whom the refund should be credited. If you answer that the student should receive the refund, the funds will be issued to the student by the Office of the Bursar. If you answer that you should receive the credit or if you don't answer the question, the refund will go to the parent borrower. Please note that we cannot change the person to whom the refund will go once the first disbursement has occurred. All refunds to the parent borrower will be mailed home to the address on the PLUS loan application.

### **When must my parent begin repayment on a Federal Direct PLUS Loan?**

Repayment of the Federal PLUS loan principal and interest begins 60 days after the final disbursement for the loan period. Deferments are available for a parent who wishes to postpone repayment while the dependent student is enrolled on at least a half time basis. During the application process, the parent borrower will be able to select whether or not to defer the loan. Note that interest continues to accrue on the PLUS loan during periods of deferment or forbearance.

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## Federal Direct PLUS Loan for Graduate Student Borrowers:



### As a Graduate Student, am I eligible to borrow a Federal Direct PLUS Loan?

If you apply for a Federal Direct Graduate PLUS Loan, you will undergo a credit check with the U.S. Department of Education. Borrowers with adverse credit, a defaulted Federal student loan, or who owe an overpayment on a Federal Student Aid grant are not eligible. You are considered to have an adverse credit history if you have one or more debts with a total combined outstanding balance greater than \$2,085 that are 90 or more days delinquent as of the date of the credit report, or that have been placed in collection or charged off (written off) during the two years preceding the date of the credit report; or during the last five years preceding the date of the credit report, you have been subject to a default determination, discharged or debts in bankruptcy, foreclosure, repossession, tax lien, wage garnishment, or write-off of a federal student aid debt. For more information, please visit <http://studentaid.gov>

### . How do I apply for a Federal Graduate Direct PLUS Loan?

Graduate Students who wish to borrow a Federal Direct PLUS Loan must complete the following steps.

**NOTE:** Graduate Students MUST have completed a FAFSA for the current aid year in order to be eligible for a Federal Direct Graduate PLUS Loan.

- ✔ Go to the [Department of Education website](#). Click the “Sign In” link and follow the instructions to “Request a PLUS Loan”. Complete all requested data and authorize the Department of Education to check your credit.
- ✔ If credit approved, first time Federal Direct PLUS Loan borrowers must complete the Master Promissory Note (MPN). This is completed on the [studentloans.gov website](http://studentloans.gov) as well.
- ✔ Once step one is complete, our office will transmit the PLUS Loan request to the Department of Education for final approval.
- ✔ Upon final approval from the Department of Education, the loan will show as anticipated aid on your fee bill. The MPN must be complete before this will occur. Funds for the loan will disburse to your student account approximately 10 days prior to the start of classes.



## Should I accept all of my Federal Direct Stafford Loan eligibility prior to requesting a Federal Direct PLUS Loan?

Yes! The Federal Stafford Loan has a lower interest rate and fees than the Federal Direct PLUS Loan. You should always exhaust your Stafford eligibility prior to borrowing a PLUS loan. The interest rate on a Stafford Loan is 5.84% (compared to 6.84% for a PLUS Loan). The fees charged on a Stafford Loan are 1.073% (compared to 4.272% for a PLUS Loan). **It is in your best interest to maximize Stafford eligibility before borrowing a PLUS Loan.**

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## What if I am credit denied for the Federal Direct Graduate PLUS Loan?

If credit denied, you have two options if you still wish to borrow a PLUS Loan. You will be presented with these options at the end of your web application if denied.

- Apply with a credit-worthy endorser to continue with the PLUS Loan process and complete PLUS Counseling. **OR**
- Appeal the credit decision from the Department of Education if you feel you have extenuating circumstances or incorrect information on your credit report and complete PLUS Counseling.
- **Are there any fees?**
- In addition to interest, there are fees associated with borrowing a Federal Direct PLUS Loan. The U.S. Department of Education charges a 4.292% origination fee. This fee is deducted from the loan by the Department of Education before the proceeds are credited to your student account.

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## When must I begin repayment on a Federal Direct PLUS Loan?

- You have the option of beginning repayment on a Federal Direct Graduate PLUS Loan at any time after disbursement. You may postpone interest and principal payments until 6 months after you cease to be enrolled at least half-time. In most cases, your Graduate PLUS Loan will be automatically deferred while you are in-school. If it is not, you should contact your Direct Loan Servicer after the first disbursement to request a deferment.

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## How much will I have to pay each month?

- For an estimate of your monthly payments, please visit our [Loan Repayment Calculator](#).