

In a nutshell. . .

- ✓ **The Federal Direct PLUS (Parent) Loan is a non-need based, low-interest federal loan available to parents of dependent undergraduate students, who are enrolled for at least half-time (6 credits) in a degree program.**
- ✓ **For the academic year interest is fixed at 7.00%.**
- ✓ **The loan origination fee is set at 4.276% until Sept. 30, 2017 and will decrease to 4.264% effective Oct. 1, 2017.**
- ✓ **Borrower has the option of deferring repayment of the loan until six months after the student graduates, withdraws from school, or enrolls for fewer than 6 credit hours in a semester.**

How do I apply for a PLUS Loan?

First, file the Free Application for Federal Student Aid (FAFSA) or renewal FAFSA for the relevant academic year at www.fafsa.ed.gov. Then complete the correct year's Federal Direct PLUS application on StudentLoans.gov and the information will be forwarded to Student Financial Services for certification. To complete the online application, click on the "Parent Borrowers" tab and select "Apply for a PLUS Loan." You must be the biological (including non-custodial), adoptive or, in some cases, the step-parent of the student. Also, you must be a U.S. Citizen or Eligible Non-Citizen (e.g. Permanent Resident) to be eligible for this loan. Borrowers are subject to a credit check to determine credit-worthiness. Parents with an adverse credit history, including being more than 90 days or more past due in the repayment of a debt, or those who defaulted or foreclosed on a loan, or filed bankruptcy in the past, may be denied a PLUS loan.

How much can I borrow?

The maximum amount you may borrow for any semester is the difference between the cost of attendance (tuition, fees, room and board, books, etc.) and the financial aid that the student is already receiving for that semester. If you are applying prior to the cost being established for the year (typically in July), and you would like to request that we process the loan for up to cost of attendance, then please specify that on the application. We will then process the loan after the rates are set in early July for the difference between the cost of attendance less your financial aid package.

What happens next?

- ❖ The information you provided on your application is forwarded electronically to the U.S. Department of Education Direct Loans Servicing Center for approval. Borrowers are subject to a credit check to determine credit-worthiness. **Parents with an adverse credit history, including being more than 90 days or more past due in the repayment of a debt, or those who defaulted or foreclosed on a loan, or filed bankruptcy in the past, may be denied a PLUS loan.**
- ❖ If your loan is denied, you will be notified in writing by Direct Loans with the reason for the denial, and the name of the credit bureau from which the denial was obtained.
- ❖ If your loan is approved, you will be notified in writing by Direct Loans. **IMPORTANT:** You may have to complete the Electronic Master Promissory Note (MPN) online; refer to "Complete Loan Agreement for a PLUS Loan" (MPN). **The loan funds will not be disbursed into the student's school account until the MPN is completed.**

How will the PLUS loan be disbursed?

Academic year PLUS loans are disbursed into your student's school account in two disbursements, typically at the beginning of each semester. The actual amount disbursed will be the amount you requested minus a federally mandated origination fee. The funds are applied to the student's University student account. If a credit balance exists because of the PLUS loan, these additional funds are refunded to the parent borrower instead of the student. If/when a student requests a refund, and a parent loan is involved, the parent will be required to provide approval for the refund through our established process. If the student receives additional financial assistance after the PLUS application is certified, one or both of the loan disbursements may be reduced or cancelled to prevent over-awards.

When do I have to begin repaying my loan?

You have a choice. You may choose to defer payments on your PLUS loan until six months after the date the student ceases to be enrolled at least half-time (6 credits). In the meantime, the Direct Loan Service will provide you with the option to pay the interest that accrues on the loan prior to the start of repayment, either monthly or quarterly. Alternately, you may choose to begin repayment 60 days after the loan is fully disbursed, e.g. 60 days after the spring semester disbursement if your loan is for both fall and spring semesters, or for spring only. If you do so, the interest that accrues from the first disbursement to the start of the repayment will be capitalized.

What are my options if I am denied a PLUS loan?

If your loan is denied due to adverse credit, the Direct Loan Servicing Center will provide you the option to add an Endorser to your loan. If you choose not to use an Endorser, your student may be eligible to receive additional funds as a Federal Stafford Unsubsidized Loan. The additional Unsubsidized Loan amount available each year is \$4000 maximum for first and second year students (up to 59 credits earned) and \$5000 for third and fourth year students (60 or more credits earned). Our office will automatically provide these additional funds if the student qualifies. You may also file an appeal with the Direct Loan Servicing Center if you are confident there is no basis for the loan to be denied. They will explain to you what steps you need to take to get an override to the credit decision.

Can I make changes to my loan?

Yes. At any time during the loan period(s) you may request that the loan amount(s) you were approved for be reduced or cancelled. An increase to the original request may require a new loan to be process for the additional amount only. However, in all these **cases your request for a loan change MUST be submitted in writing** which again can be done via email to finaid-loan@udel.edu; please include the student name, student id, parent borrower name, additional amount requested for each term on this communication.

Is there a deadline to submit my application?

Please bear in mind that it is your responsibility to meet all UD bill payment deadlines. Your PLUS application should be submitted in sufficient time to allow processing and disbursement of funds. Payment for the Fall semester is due August 1, and for Spring semester payment is due at the start of January.

What should I do if the loan I applied for is not showing on my semester bill?

If the Direct PLUS loan you applied for is not reflected on your semester bill, from your online bill in My Finances, you may indicate you have an additional credit, specify PLUS loan and then deduct the amount. This will allow you to pay a partial or even no payment from your semester bill, and you will be considered financially cleared for your first billing. Failure to take action from your online bill could result in late or installment penalties. Remember, the amount of your loan that you can deduct from the bill is the amount you requested minus an origination fee.

Please visit our website for an overview of the Direct PLUS Parent loan, www.udel.edu/finaid/ugrd_loans.html, or contact our office, 302 831-2126 if you have any additional questions.

COMPLETING THE MASTER PROMISSORY NOTE FOR THE DIRECT PLUS LOAN

Who should complete the PLUS MPN?

If the PLUS loan is approved, and this is the first time the parent is borrowing a PLUS loan for this student, or if the parent needed an endorser on a previous PLUS loan, the parent who applied for the loan must complete the MPN.

When should the MPN be completed?

Parents should complete their MPN, if necessary, soon after they have been notified by Direct Loans that their PLUS loans have been approved. Remember, your loan application is not complete until you have a completed MPN.

Steps to completing the MPN

- ❖ Visit <https://studentloans.gov>, click on the "Parent Borrowers" tab, then the "Complete Loan Agreement for a PLUS Loan MPN".