Direct Parent PLUS Loan (for Parents of Dependent Students)

Description
To borrow a PLUS loan for a student, the parent must be the student's biological or adoptive mother or father. A stepparent is also eligible to borrow a PLUS loan if their income and assets would be taken into account when calculating the dependent student's EFC. A legal guardian is not considered a parent for federal student aid purposes. PLUS loans are not based upon financial need. Parents with adverse credit history or who have filed bankruptcy in the past may be denied the PLUS loan. The federal government does not pay the interest on the Federal Direct PLUS Loan.

How to Apply
In order to be considered for a PLUS loan, the student must file the Free Application for Federal Student Aid (FAFSA) and have the results sent to Xavier University (XU) Office of Student Financial Aid, ensuring that information provided on the application is complete and accurate. Failure to resolve any problems with the processing of the application, or delays in resolving the problems, may preclude the student from being considered for the loan. The parent must complete the XU Financial Aid Federal Direct PLUS Loan Request.

Eligibility Criteria
The biological or adoptive parent may borrow a Federal Direct PLUS Loan on behalf of a dependent undergraduate student who is enrolled at least half time. In certain circumstances, a stepparent also may borrow. The Federal Direct PLUS Loan is limited to U.S. citizens and eligible noncitizens with the student being required to be enrolled in a degree or certificate-granting program. To receive a Federal Direct PLUS Loan, parents will be required to pass a credit check. If the parent borrower’s credit is not approved, he or she can obtain a “credit worthy” endorser to co-sign the loan. The endorser must obtain a FAFSA pin number, and then proceed to www.studentloans.gov website to complete the Endorser Addendum. Additionally, if a parent does not pass the credit check, the student may be eligible for a Federal Direct Unsubsidized Loan.

Interest Rate
Direct Parent PLUS Loans first disbursed on or after July 1, 2006, have a fixed interest rate of 7.9%. For more information on interest rates, contact the Direct Loan Servicing Center at (800) 848-0979.

Fees
There is a 2.5 percent fee deducted from each disbursement of a Federal Direct PLUS Loan. This fee goes to the federal government to help reduce the cost of the loan.

Renewal
Awards cannot be automatically renewed. Parents must apply annually and continue to meet the eligibility requirements listed above.

Award Amounts/Loan Limits
The yearly limit on a Federal Direct PLUS Loan is equal to the student’s cost of education minus any other financial aid for which the student is eligible. For example, if the student’s cost of education is $10,000 and the student is eligible for $8,000 in other financial aid, the parents can borrow up to $2,000.

Promissory Notes
In order to receive Federal Direct PLUS Loan funds, the parent making the PLUS request must complete an electronic Master Promissory Note (eMPN). The parent must complete the PLUS eMPN online at www.studentloans.gov using their Personal Identification Number (PIN) issued by the U.S. Department of Education. Parents who do not have a PIN may request one online (http://www.pin.ed.gov).

The eMPN does not reflect loan amounts because it can serve as the parent's promissory note for up to 10 years. The loan amount(s) will be included in the most recent Disclosure Statement. Parent borrowers will receive
their PLUS Disclosure Statement from the Federal Loan Origination Center for each new loan borrowed. The disclosure statement provides information about the amount of money borrowed, the loan period, and the anticipated disbursement dates. Parents should maintain the statement for their records. If an endorser is used on a PLUS loan, the borrowing parent must complete a new PLUS eMPN each year that an endorser is required on the loan.

Parents may decline or reduce the amount of their original loan request by notifying the University’s Office of Student Financial Aid in writing. To avoid incurring interest charges and loan fees, funds must be returned within 120 days of disbursement. The loan fee will be reduced or eliminated in proportion to the amount of the disbursement returned. Please note that parents who do not return their signed promissory note by October 1 will have their Federal Direct PLUS Loan canceled for the academic year.

**Disbursement**

Federal regulations require two disbursements of all Federal Direct PLUS Loans borrowed within an academic year. The first disbursement should be made during the first week of class, provided that the loan is approved, all necessary documents have been received, and that there are no changes in the expected enrollment status. The second disbursement should be made during the first week of class (at the beginning of the second semester) for the spring loans, provided that all necessary documents have been received and no changes exist in the expected enrollment status.

Refunds are either disbursed in the form of a check or deposited directly to the loan borrower’s checking account (the parent). Parents can request to have refunds of the Federal Direct PLUS Loan released to the student. All requests must be in writing.

**Changes in Enrollment Status**

If a student utilizes the Federal Direct PLUS Loan to pay their university charges (tuition, fees, room and board) and they withdraw from all of their classes or drop below half time, any refund may go to repay the Federal Direct PLUS Loan.

**Repayment**

The repayment period for a Direct PLUS Loan commences at the time the PLUS loan is fully disbursed, with the first payment due within 60 days after the final disbursement. However, for Direct PLUS Loans with a first disbursement date on or after July 1, 2008, the parent may defer repayment as follows.

- While during the period, the student (on whose behalf the parent borrowed the loan) is enrolled on at least a half-time basis; and
- For an additional six months after the student ceases to be enrolled at least half-time.

**Lender**

The lender for the PLUS Loan Program is the Federal Government. The contact information is:

Telephone #: (800) 848-0979
Web: [www.myedaccount.com](http://www.myedaccount.com)

**Default**

For loans repayable in monthly installments, borrowers will be declared in default after 270 days of not making scheduled payments (for loans repayable in less frequent installments, borrowers will be declared in default after 330 days of not making scheduled payments). If the borrower defaults on a Federal Direct PLUS Loan and the servicer is unable to collect, it will harm the borrower’s credit rating and the federal government may take action to recover the loan.
Deferment/Forbearance
A parent's monthly Federal Direct PLUS Loan payment may be temporarily suspended if the parent qualifies for a deferment or forbearance. A deferment is a period in which repayment of the principal balance is postponed. During a deferment, the parent is responsible for the interest that accrues on the Federal Direct PLUS and Federal Direct PLUS Consolidation Loans in deferment. If the parent is not eligible for a deferment, the parent may still be eligible for forbearance.

There are several deferment types:
- Economic Hardship Deferment Request.
- Education Related Deferment Request.
  - Internship/Residency.
  - PLUS borrowers when the student is enrolled at least half time and borrowed a Federal Direct Loan.
- In School Deferment Request.
  - Engaged in at least half-time studies at a postsecondary school.
  - Engaged in a Graduate Fellowship.
  - Engaged in Rehabilitation Training.
- Public Service Deferment Request.
  - Active duty in the Armed Forces.
- Unemployment Deferment Request.

Forbearance is an arrangement to postpone or reduce the parent's monthly Federal Direct PLUS Loan payment amount for a limited and specific period of time. However, the parent is assessed an interest charge. If the parent indicates a temporary inability, but willingness to pay the loan(s), the parent may ask for or be offered forbearance. The parent must apply and qualify for forbearance through the Direct Loan Servicing Center.

There are two forbearance types:
- General Forbearance Request.
- Loan Debt Burden Forbearance Request.

For details about deferment/forbearance options, visit www.studentloans.ed.gov. (Please have a federal Personal Identification Number (PIN) to access this site).

Alternative Loans

Alternative Loans are designed to assist students and their families who require additional educational financing to help reduce the costs for the Academic Year.

Typical components of these types of loans include:
- Loan approval is generally based on credit worthiness and ability to repay.
- In most cases, the student’s eligibility is determined by the cost of attendance minus other financial aid.
- 6 month grace period.
- Interest rates are higher than Federal Direct Loans.

When applying for an alternative loan, students should understand the terms of the loan and ensure that they are applying for an alternative loan, not a federal student loan. Students interested in an Alternative Loan should contact the lenders to apply.

If you need help searching the web for private educational loans, please contact your Financial Aid Counselor for assistance.