

## Federal Direct Parent PLUS Loan (Parent Loan for Undergraduate Students)

A parent can apply for a PLUS loan to cover all or a portion of the remaining net cost after financial aid is applied. The student must file a Free Application for Federal Student Aid (FAFSA) for a parent to apply for a PLUS loan. Below is additional information, including next steps, if you plan to borrow a PLUS loan.

### What to Do Next

If you plan to borrow a Federal Direct Parent PLUS Loan, complete and submit the 2018-19 Direct PLUS Loan Request Form to Augustana's Office of Financial Aid no later than June 1, 2018.

- If approved, complete the Loan Agreement for a PLUS Loan (MPN) online at [www.studentloans.gov](http://www.studentloans.gov).
- If denied, you may choose to appeal the decision, your student may borrow additional Direct Unsubsidized Loan funds, or you may use a third-party endorser to co-sign the PLUS application. If using an endorser, the parent is required to complete PLUS credit counseling.

The 2018-19 Direct PLUS Loan Request Form can be found in the student's award folder and in the financial aid section on Augustana's website.

### Frequently Asked Questions

#### How do I apply for a Parent PLUS Loan?

To apply, submit the 2018-19 Direct PLUS Loan Request Form to Augustana's Office of Financial Aid. This gives our office permission to run a credit check. You may submit the form at any time, but we will begin processing PLUS applications on June 1, 2018. Credit approvals are valid for 180 days.

#### How will I know if I am eligible to borrow a PLUS loan?

After the 2018-19 Direct PLUS Loan Request Form is processed, you will be notified by the Office of Financial Aid of a credit approval, or by the Direct Loan Servicer of a credit denial. Generally, you are eligible if:

- your student has filed the FAFSA for the 2018-19 academic year;
- you do not have an adverse credit history (a credit review will be completed);
- you are a U.S. citizen or an eligible non-citizen;
- you are not in default on a federal student loan (including Federal Direct PLUS);
- you are the legal, adoptive or stepparent of the student; and,
- you meet the other eligibility requirements outlined on your loan application.

#### What if my credit is not approved?

If your credit is denied, you will receive notification from the Direct Loan Servicer. You may choose from the following options:

- You may attempt a credit status override completed by the servicer. Contact the Student Loan Support Center at 800-557-7394 and Equifax (their credit bureau) at 800-685-5000. If approved, PLUS loan counseling is required.
- You may provide documentation to the Student Loan Support Center (800-557-7394) if you have extenuating circumstances. Your request for a PLUS loan will be reviewed again by the servicer.
- You may have a third-party endorser co-sign the PLUS application with you. In this case, you should contact the Student Loan Support Center at 800-557-7394. If using an endorser, PLUS credit counseling is required.
- You may choose not to appeal the denial and your student may borrow an additional Federal Direct Unsubsidized Loan. If you did not check this option on your 2018-19 Direct PLUS Loan Request Form, your student must write or fax a signed letter to us requesting the additional unsubsidized loan, with a specified amount. Maximum additional funds that can be borrowed by your dependent student: First-year and sophomore students, \$4,000 per academic year; junior and senior students, \$5,000 per academic year.



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

A parent may apply for a PLUS loan up to the cost of attendance minus all other financial aid, including Augie Choice and Board of Trustees Fellowship funds. If the PLUS is for one term only, the amount a parent may borrow is based on the cost of attendance minus the financial aid for that term. If the amount requested exceeds the eligibility, Augustana will reduce the loan amount to abide by federal regulation.

### **What is a Master Promissory Note (MPN)?**

A promissory note is a binding legal document that lists the conditions of your loan and the terms of repayment. A Master Promissory Note is a multi-year loan agreement that only has to be completed once while your student is attending Augustana, provided the parent is approved each year.

### **What is the interest rate and are there fees?**

The loan has a fixed interest rate (currently 7.0%) and is determined yearly. Parent borrowers are charged a federal origination fee (currently 4.264%) that is deducted from the gross loan amount prior to disbursement to Augustana. The net loan proceeds are electronically credited to the student's account approximately 7-10 days prior to the beginning of each term in equal disbursements.

### **When will repayment begin?**

PLUS loan borrowers have the option of delaying their repayment on the PLUS loan either 60 days after the loan is fully disbursed for the academic year, or six months after the dependent student is not enrolled at least half-time. If you choose to defer principal payments on the loan, you must contact the Direct Loan Servicing Center at 800-848-0979 to make arrangements. During this time, interest may be paid by the parent or capitalized. The repayment period for the PLUS loan may range from 10 to 25 years.

### **What if my loan proceeds exceed what is actually due to Augustana?**

If the student's financial aid, including the PLUS funds, results in a credit on the student's account, a refund will be sent to the parent borrower's address, to be used for educational expenses, unless otherwise authorized on the Account Billing and Refund Disclosure.

### **What if additional financial aid is received and I want to reduce or cancel my PLUS?**

If your student has received additional financial aid and you now wish to reduce or cancel the amount of Federal Direct PLUS you borrowed, you must notify the Office of Financial Aid at Augustana in writing as soon as possible. You may cancel all or a portion of your loan before or up to 14 days after funds have been credited to your student's account, by notifying us in writing. Canceling your Federal Direct PLUS loan will not make your student eligible for additional unsubsidized loan amounts. If the additional financial aid received by your student results in aid that is in excess of your student's cost of attendance, our office will automatically reduce the appropriate loan fund. These loan funds will be returned to the U.S. Department of Education, and the amount returned will appear as a charge on the student's bill.

### **Whom should I contact to reduce or cancel my PLUS loan?**

Contact Augustana's Office of Financial Aid to cancel or make revisions to your loan. Call 309-794-7449 or email [financialaid@augustana.edu](mailto:financialaid@augustana.edu).

### **What if I want to apply for additional PLUS loan funds?**

You may apply for additional PLUS loan funds by completing another PLUS Loan Request Form, available in the financial aid section of Augustana's website. You should list the additional amount and mark a check on the application that you are requesting additional funds. Please note that an additional credit check may be run to determine your eligibility.

### **Can I consolidate my loans when my student graduates if I've had previous PLUS loans with a lender/bank?**

Yes, you may consolidate your PLUS loans. Consolidation allows you to combine all of your loans (whether Direct or with a lender) thereby making one new loan requiring only one monthly payment. Consolidation loans are offered through the Direct Loan Consolidation Center and some lenders.

For more information on loan consolidation, contact the Direct Loan Consolidation Center at 800-557-7392 or [www.studentaid.gov](http://www.studentaid.gov).

### **Where can I get more information on the Federal Direct PLUS Loan?**

General Information: [www.studentaid.gov](http://www.studentaid.gov) (select "Types of Aid," "Loans," then "Direct PLUS (parent borrowers).")

Additional Information: [www.studentloans.gov](http://www.studentloans.gov)

Phone: Federal Student Aid Customer Care Center 800-433-7327

