

# FEDERAL DIRECT PARENT PLUS LOAN INFORMATION

## Parent eligibility requirements for a Direct PLUS Loan:

You must be the student's biological or adoptive parent or the student's stepparent, if the biological or adoptive parent has remarried at the time of application. Your child must be a dependent student who is enrolled at least half-time at a school that participates in the Direct Loan Program. For financial aid purposes, a student is considered "dependent" if he or she is under 24, unmarried, and has no legal dependents at the time the Free Application for Federal Student Aid is submitted. (Exceptions are made for veterans, wards of court, and other special circumstances.) If a student is considered dependent, then the income and the assets of the parent have to be reported on the FAFSA.

## Additional requirements to receive a PLUS loan:

Parent PLUS loan borrowers cannot have an adverse credit history (a credit check will be done). In addition, parents and their dependent child must be U.S. citizens or eligible noncitizens, must not be in default on any federal education loans or owe an overpayment on a federal education grant, and must meet other general eligibility requirements for the Federal Student Aid programs. You can find more information about these requirements in *Funding Education Beyond High School: The Guide to Federal Student Aid* available at: [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

## Applying for a PLUS Loan and the Master Promissory Note (MPN):

To take out a Direct Loan for the first time, you must complete a PLUS Application and master promissory note (MPN). The MPN is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the Department. It also explains the terms and conditions of your loan(s). The MPN will be provided either by your child's school or the Department.

If your child's school offers the option of completing the MPN electronically, you can do so online at the [Direct Loans e-MPN website](#). If you are borrowing Direct PLUS Loans for more than one student, you'll need to complete a separate MPN for each one. To complete an MPN online, you will be required to use your Department of Education-issued PIN (not your child's). If you do not have a PIN, you may request one from the [official PIN site](#).

In most cases, once you've submitted the MPN and it's been accepted, you won't have to fill out a new MPN for future loans you receive to pay for the educational expenses of the same student. Unless your child's school does not allow more than one loan to be made under the same MPN, you can borrow additional Direct Loans on a single MPN for up to 10 years.

You'll receive a disclosure statement that gives you specific information about any loan that the school plans to disburse under your MPN, including the loan amount and loan fees, and the expected loan disbursement dates and amounts.

## Credit check & endorser alternative:

When you apply for a Direct PLUS Loan, the Department will check your credit history. To be eligible for a PLUS Loan, you must not have an adverse credit history. If you are found to have an adverse credit history, you may still borrow a PLUS Loan if you get an endorser who does not have an adverse credit history. An endorser is someone who agrees to repay the Direct PLUS Loan if you do not repay the loan. The endorser may not be the student on whose behalf a parent obtains a Direct PLUS Loan. In some

cases, you may also be able to obtain a Direct PLUS Loan if you document to our satisfaction that there are extenuating circumstances related to your adverse credit history.

### **Loan limits, interest rate, and loan charges:**

There are no set limits for Direct PLUS Loans, but you may not borrow more than the cost of your child's education minus any other financial aid received, such as a Direct Subsidized or Unsubsidized Loan. The school will determine the actual amount you may borrow.

The interest rate for Direct PLUS Loans is a fixed rate of 7.9%. Interest is charged on Direct PLUS Loans during all periods, beginning on the date of your loan's first disbursement. To find out more information on interest rates for Direct PLUS Loans, contact the Direct Loan Servicing Center.

In addition to interest, you pay a loan origination fee that is a percentage of the principal amount of each Direct PLUS Loan that you receive. This fee helps reduce the cost of making these low-interest loans. We deduct the fee before you receive any loan money, so the loan amount you actually receive will be less than the amount you have to repay.

Dependent students whose parents have applied for but were unable to get a PLUS Loan are eligible to receive additional Direct Unsubsidized Loan funds.

### **How a loan is disbursed (paid out):**

Generally, your loan will cover a full academic year and your child's school will make at least two disbursements to you, for example, at the beginning of each semester or quarter or at the beginning and midpoint of your academic year.

In most cases your child's school will disburse your loan money by crediting it to your child's school account to pay tuition, fees, room, board, and other authorized charges. If the loan disbursement amount exceeds your child's school charges, the school will pay you the remaining balance of the disbursement directly by check or other means. In some cases, with your permission, the school may disburse some of the PLUS loan money directly to the student. Your child's school will notify you in writing each time they disburse part of your loan money and will provide information about how to cancel all or part of your disbursement if you find you no longer need the money. You will also receive a notice from us confirming the disbursement. You should read and keep all correspondence received concerning your loan.

### **Using the loan for education expenses:**

You may use the loan money you receive only to pay for your child's education expenses at the school that is giving you the loan. Education expenses include school charges such as tuition, room and board, fees, and indirect expenses such as books, supplies, equipment, dependent child care expenses, transportation, and rental or purchase of a personal computer.