

## 2010-2011 FEDERAL DIRECT PLUS LOAN APPLICATION SUPPLEMENT

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 is a fixed 7.9%.**
- ✓ **The loan origination fee is 2.5% (4.0% with a 1.5% rebate).**
- ✓ **Borrower has the option of deferring repayment of the loan until six months after the student graduates, withdraws from school or enrolls for less 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 2010-2011 academic year. Then complete the 2010-2011 Federal Direct PLUS application at the StudentLoans.gov website, and the information will be forwarded to Student Financial Services for verification. To complete the online application, sign in under 'Manage My Direct Loan' using your Department of Education's FAFSA PIN to Complete PLUS Request process. 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 the 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 the back of this supplement for instructions on how to complete your MPN. **Please note that the loan funds will not be disbursed to 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, usually at the beginning of each semester. The actual amount disbursed will be the amount you requested minus the origination fee of 2.5%. The funds are applied to the student's University billing statement. Unless parents request otherwise, credit balances are refunded to the parent borrower instead of the student. Requests for refunds can be made via email to credit-refund@udel.edu. 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 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). The Direct Loan Servicer 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, or capitalized quarterly. Alternately, you may choose to begin repayment 60 days after the loan is fully disbursed, e.g. 60 days after the spring 2010 disbursement if your loan is for both fall and spring semesters, or for spring 2010 only. If you do so, the interest that accrues from the first disbursement to the start of repayment will be capitalized.

### What are my options if I'm denied a PLUS loan?

If your loan is denied due to adverse credit, the Direct Loan Servicing Center will send you documents for you 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 \$6000 maximum for first and second year students (up to 59 credits earned) and \$7000 for third and fourth year students (60 or more credits earned). Promptly notify the

Student Financial Services office **in writing** via email to [finaid-loan@udel.edu](mailto:finaid-loan@udel.edu); please include the student name, student id, parent borrower name, additional amount requested for each term as well as your decision to use either an endorser or to request that the student be awarded the provisional unsubsidized loan.

You may also file an appeal with the Direct Loan Servicing Center if you are confident there is no basis for you to be denied the loan. 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 processed 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](mailto: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 application must be submitted in sufficient time to allow processing and disbursement of funds. Payment for the Fall semester is typically due August 1.

#### **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 Campus Finances, you may indicate you have an additional adjustment, specify Plus Loan and then deduct the amount. This will allow you to pay a partial or even no payment from your semester bill but you will be considered financially clear 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 the 2.5% origination fee.

Please visit our web site for an overview of the Direct PLUS Parent loan at [www.udel.edu/sfs/loans.html](http://www.udel.edu/sfs/loans.html) , or contact our office @ (302) 831-2126 if you have questions regarding the PLUS loan.

### **COMPLETING THE MASTER PROMISSORY NOTE FOR THE DIRECT PLUS LOAN**

#### **Who should complete the PLUS MPN?**

The parent who applied for the loan must be the same parent to complete the MPN. If the 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

#### **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 completed a MPN!!!

#### **Steps to completing the MPN online**

- Use Microsoft Internet Explorer as your web browser. The AOL browser is not compatible with this process.
- Go to the Financial Aid homepage Loans information section @ [www.udel.edu/sfs/loans.html](http://www.udel.edu/sfs/loans.html).
- From the middle of the web page, Select the link next to the ***You can Complete my Parent Master Promissory Note Here.*** This link will take you to the StudentLoans.gov website.
- There is a Sign-on at the top of this web page. You must have your SSN, 2 char. of last name, DOB and PIN. The PIN that is required is your Department of Education PIN, which you obtained from filing the FAFSA. You cannot use the PIN that was issued to the student or another parent. If you do not have a PIN or have misplaced it, click on the link Apply for Pin link or go to [www.pin.ed.gov](http://www.pin.ed.gov) to Apply for a PIN or Request a Duplicate PIN.

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