

PLUS Loan Application Process

Federal Direct PLUS Loan

- PLUS loans are available to parents of dependent students enrolled at least half time in a degree-granting program.
- The Federal PLUS interest rate is 7.21% for loans borrowed July 1, 2014 to June 30, 2015.
- A current year FAFSA must be completed for any student whose parent wishes to apply for the PLUS loan.
- Request a Federal PLUS Loan online beginning July 1st.
- Note: Have all *federal student loans* been fully exhausted? Review the annual student loan maximums to make sure.

Who is Eligible?

- You must be the student's biological parent, adoptive parent or the student's stepparent.
- You must have an acceptable credit history. A credit check will be performed during the application process.
- You must be an U.S citizen or eligible non-citizen.
- Please note federal regulations do not allow PLUS loan request to be processed for an outstanding balance that is associated with an academic year that has already ended.

Step one

Borrowers enter **personal information** on the new StudentLoans.gov website. First time borrower 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 by the Department. You can complete the MPN online at the Direct Loans e-MPN website at StudentLoans.gov. To complete the MPN online, you will be required to use your Department of Education issued PIN (not your student's). If you do not have a PIN, you may request one from the official PIN site at www.pin.ed.gov . Prior borrowers won't have to fill out a new MPN; you can borrow additional Direct Loans on a single MPN for 10 years.

Step Two

Student information is entered. Borrowers have the option to select who (borrower or student) should receive a credit balance if applicable. The federal Direct PLUS can be requested for the cost of education minus financial aid. Per federal regulations, if a parent's credit is denied on a PLUS the student is then eligible for an additional unsubsidized federal direct student loan.

Step Three

Review Application. Please be sure to double check that the social security number (and DOB?) is correct.

Step Four

Credit check and submit application. When you apply for a Direct PLUS the Department will check your 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 adverse credit history. An endorser is someone who agrees to repay the 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.

How a loan is disbursed (paid out)?

Loan proceeds are disbursed in two equal installments, one per semester. Parents are encouraged to apply for a full year loan as the credit decision is only good for 90 days: applying for a second loan in the spring semester requires a second credit decision. If you want loan for one semester only please email the loan counselor at loans@hampshire.edu.

When do Parents begin repaying the loan?

There is no grace period for Direct PLUS loans-the repayment period for each direct plus loan (capitalize name of loan) you receive begins 60 days after the last disbursement of the loan. You can defer repayment of Direct PLUS loans while the student for whom you obtained the loan is enrolled at least half time and for an additional 6 months after the student graduates or drops below half-time enrollment. You must make a separate request each deferment period.

- Full year loans begin repayment in March
- Fall only loans begin repayment in October
- Spring only loans begin repayment in March

Generally, you'll have 10-25 years to repay your loan, depending on the repayment plan that you choose. You can choose to repay your PLUS loan using the standard, extended, or graduate repayment plan. Read more about these repayments plans at StudentLoans.gov.

You will be notified which loan servicer will be responsible for managing your loans. This servicer will notify you of the date your first payment is due. If you do not choose a repayment plan you will be placed on the standard repayment plan, but there are other option for borrowers who may need more time to repay or who need to make a lower payments at the beginning of the repayment period. You can change repayment plans at any time by going to your loan servicer's web site and logging in to your account.