THE COLLEGE OF
WOOSTER

Federal Direct PLUS Loan Information at The College of Wooster

The federal PLUS Loan is borrowed through the William D. Ford Federal Direct Loan (Direct Loan) Program, which is administered by the U.S. Department of Education.

PLUS Loans are unsubsidized loans for the parents of dependent students and for graduate/professional students. PLUS loans help pay for education expenses up to the cost of attendance minus all other financial assistance. Interest is charged during all periods.

Eligibility

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 years of age, 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.

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.

Application Process

To apply for a PLUS Loan, you must first file a FAFSA at www.fafsa.gov. After receiving your Student Aid Report, your PLUS Loan application can be submitted online at www.studentloans.gov. You will be given an instant decision after you submit the application. If you are approved, you will then be prompted to complete the master promissory note. The approval or denial is sent electronically to The College of Wooster.

Master Promissory Note (MPN)

You must complete a master promissory note (MPN) if you are taking out this loan for the first time for this student. 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).

If you are borrowing Direct PLUS Loans for more than one student, you'll need to complete a separate MPN for each one. If you have taken out a PLUS Loan for this same student at a different school, you will need to complete another MPN for this student at The College of Wooster.

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 online at www.pin.ed.gov.

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. You'll receive a disclosure statement that gives you specific information about any loan that the school plans to disburse at your request.

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. You may also appeal the credit decision. Instructions for this process will be provided by the Direct Loan Servicing Center.

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. We can help you determine the total amount you may borrow, and we certify the amount of your eligibility.

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 the interest, you pay a loan origination fee that is 4% of the principal amount of each Direct PLUS Loan that you receive. The fee is deducted before disbursement of the loan, so the 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. Please contact the Financial Aid Office for more details if you wish to pursue this.

Disbursement

The PLUS Loan is disbursed in two equal parts, for the fall and spring semesters.

Repayment

There is no grace period for Direct PLUS Loans - the repayment period for each Direct PLUS Loan you receive begins 60 days after your school makes the last disbursement of the loan.

There is, however, an option to defer payment on this loan if 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 separately request each deferment period.

Generally, you'll have from 10 to 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 Graduated repayment plan. You can find out more information about each payment plan at http://www2.ed.gov/offices/OSFAP/DirectLoan/RepayCalc/dlindex2.html.

The Direct Loan Servicing Center 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, with fixed monthly payments for up to 10 years. Most Direct Loan borrowers choose to stay with the Standard Repayment Plan, but there are other options for borrowers who may need more time to repay or who need to make lower payments at the beginning of the repayment period. You can change repayment plans at any time by going to the Direct Loan Servicing Center's website (www.dl.ed.gov) and logging in to your account.

Servicers

Your loan could be assigned to a servicer other than Direct Loan. You will be notified of your servicer on the paperwork you receive from the Department of Education.

Contact Information

For Direct Loan contact information, please visit http://www.direct.ed.gov/callus.html.

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