

FEDERAL DIRECT PLUS LOAN

These loan funds are made available by the U.S. Department of Education (the Department) to parents of undergraduate, dependent students. Many of our families use this program as an option for paying their remaining balance for the academic year. The University of Dayton's Office of Financial Aid can determine your eligibility for this loan.

DIRECT PLUS LOAN ELIGIBILITY

To be eligible for a Direct PLUS Loan for Parents:

- The student must have filed the FAFSA.
- The parent borrower must be the student's biological or adoptive parent. In some cases, the student's stepparent may be eligible.
- The student must be a dependent student who is enrolled at least half-time at a school that participates in the Direct Loan Program. Generally, a student is considered dependent if he or she is under 24 years of age, has no dependents, and is not married, a veteran, a graduate or professional degree student, or a ward of the court.
- The parent borrower must not have an adverse credit history (credit check will be performed). If the parent does not pass the credit check, the parent may still receive a loan if someone (such as a relative or friend who is able to pass the credit check) agrees to endorse the loan. The endorser promises to repay the loan if the parent fails to do so. The parent may also still receive a loan if he or she can demonstrate extenuating circumstances.
- The student and parent 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. For additional information on eligibility requirements, go to the student aid eligibility page.

APPLYING FOR YOUR LOAN

Follow these steps to apply for the loan:

1. Have the student file a FAFSA for the academic year for which you wish to borrow.
2. If needed, contact a financial aid counselor to help you determine the amount of loan needed to cover your student's charges/expenses.
3. The parent borrower will sign in to www.studentloans.gov using his/her own Federal Student Aid PIN (do not use the student's information to sign in).
4. Once logged in, verify your personal information then select the 'Request a Direct PLUS Loan' link.
5. After reading the supplemental information, view 'What You Will Need' and make sure you have the information at hand for the next step.
6. Return to the previous page and select the 'Parent PLUS' link.
7. Follow the instructions for completing the PLUS request process.
8. If approved, **do not** attempt to complete the Master Promissory Note (MPN) at this time; UD must first certify the loan. This is generally done within three days of receiving the approval once the processing year has begun in June.
9. We will notify you via email if a MPN is required. At that time, you will repeat steps 3 and 4 above, but select the 'Complete Master Promissory Note' link instead of the 'Request a Direct PLUS Loan' link and follow the instructions.

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MASTER PROMISSORY NOTE

The Department must have a valid Master Promissory Note (MPN) on file for each borrower/student approved request in order to disburse the loan funds to the university. The MPN is a legal document in which the borrower promises to repay the loan and any accrued interest and fees to the Department. It also explains the terms and conditions of the loan. In most cases, one MPN can be used for loans that a parent receives over multiple academic years, although a separate loan request must be filed for each school year. If the parent previously signed an MPN to receive an FFEL PLUS loan, he or she will need to sign a new MPN for a Direct PLUS Loan.

LOAN LIMITS

The annual limit that you may borrow under the Federal Direct PLUS Loan is equal to student's cost of attendance minus any other financial aid the student receives. There is no aggregate limit of borrowing for the PLUS loan.

INTEREST

The interest rate is fixed at 7.9% and is charged from the date of the first disbursement until the loan is paid in full.

ORIGINATION FEE

The Department will retain an origination fee totaling 4 percent of the principal from the amount of each disbursement. Therefore, be sure to account for this when determining the amount needed.

DISBURSEMENT

The Department will send the loan funds to the University of Dayton. Loans approved for the academic year will be disbursed in two equal installments at the beginning of each semester as per federal regulations. The school will use the loan money first to pay the student's tuition, fees, room and board, and other school charges. If any loan funds remain, the parent will receive the amount as a check or other means, unless he or she authorizes the amount to be released to the student or transferred into the student's account at the school. Any remaining loan funds must be used for the student's education expenses.

REPAYMENT

The repayment period for a Direct PLUS Loan typically begins at the time the PLUS loan is fully disbursed, and the first payment is due within 60 days after the final disbursement. However, for Direct PLUS Loans with a first disbursement date on or after July 1, 2008, the parent may defer repayment:

- while the student on whose behalf the parent borrowed the loan is enrolled on at least a half-time basis, and
- for an additional six months after the student ceases to be enrolled at least half-time.

More Federal Direct PLUS Loan information, including repayment, can be found at www.studentloans.gov.