

# Financial Aid



## 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. The University of Dayton's Office of Financial Aid can determine your eligibility for this loan.

### ***Direct PLUS Loan Eligibility***

To be eligible to apply for a Direct PLUS Loan:

- The student must be a FAFSA filer.
- 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.

### ***Master Promissory Note***

The Department must have a valid Master Promissory Note (MPN) on file in order to disburse the loan funds to the university. Approved parent borrowers must complete an MPN for each student for whom they are borrowing. 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, the MPN can be used to disburse approved loans during the student's entire undergraduate enrollment. However, the borrower must complete a Loan Request for each school year.

### ***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 Rate***

For PLUS loans with a first disbursement on or after July 1, 2017 and before July 1, 2018, the fixed interest rate will be 7.00%. Interest is charged from the date of the first disbursement until the loan is paid in full.

### ***Origination Fee***

For PLUS loans with a first disbursement on or after October 1, 2017 and before October 1, 2018, the Department will retain an origination fee of 4.264% of the principal from the amount of each disbursement. Therefore, be sure to account for this when determining the amount to borrow.

# Financial Aid



## Federal Direct PLUS Loan, cont.

### **Disbursement**

The Department will send the loan funds directly to the University of Dayton. Loans approved for the academic year will be disbursed in two equal amounts at the beginning of each semester following federal regulations. The school will use the loan funds first to pay the student's tuition, fees, room and board, and other school charges. If any loan funds remain, the student will receive the amount as a check or direct deposit via E-Refund. 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 with the first payment coming due within 60 days after that final disbursement. However, the parent may now choose to 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. Remember that interest will be accruing during these times of deferment. Payment options will be presented during the MPN process.

More detailed Federal Direct PLUS Loan information can be found at [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

### **Loan Timeline**

A PLUS loan request should not be completed for the upcoming academic year **until mid-May**. If you plan to use the loan for the full academic year (fall and spring terms), we encourage you apply for the full year amount (August – May) upon initial request. Adjustments can always be made during the loan period if needed. Be sure to select the correct **'award year'** when completing the request.

### **Applying for Your Loan**

If applying for a PLUS loan for the current 2017-18 academic year, proceed to the steps below. If you wish to apply for the upcoming 2018-19 academic year, please wait until May 1. We do not begin our loan processing cycle until late May-early June for the upcoming academic year.

Steps to apply for the loan:

1. If needed, contact a financial aid counselor to help you determine the amount of loan needed to cover your student's charges/expenses. *Remember the origination fee will result in a lowered net amount.*
2. The parent borrower will sign in to the Department's student loan website (<http://www.studentloans.gov>) using his/her own Federal Student Aid ID (*do not use the student's information to sign in*).
3. Once logged in, verify your personal information then select the **'Request a Direct PLUS Loan'** link.
4. After reading the supplemental information, view **'What You Need'** to ensure you have the necessary information at hand for the remainder of the process. Close the 'What You Need' tab to go back to the previous page.
5. Start the request by selecting the link to the **'Parent PLUS'** loan.
6. Complete each section accurately and submit the request. **Be mindful when entering student vs. parent information.**
7. If approved, you will need to complete the **'Master Promissory Note'** (MPN).
8. If denied, you can choose to appeal the decision or seek an endorser. The options will be presented to you at the time of the decision and are handled on the studentloans.gov site. A third option is for your student to access the additional unsubsidized funds available due to Parent PLUS denial. Please contact our office for more information.