

# Federal Direct Parent PLUS Loan Process

## Fall 2018 & Spring 2019

### OFFICE OF FINANCIAL AID WINTHROP UNIVERSITY

Winthrop University participates in the federal PLUS online application. Parents of dependent students wishing to apply for a Federal Direct Parent PLUS Loan should follow these instructions. Approval for PLUS loans is based on the parent borrower's credit history. Please see section II for more information regarding parent borrower eligibility.

#### SECTION I. APPLICATION

- Go to [www.studentloans.gov](http://www.studentloans.gov)
- The parent borrower should click **Log In**
  - Parent will sign in using parent's FSA ID



- When the next page opens, click **Apply for a Direct PLUS Loan**
- Scroll to bottom and click **Start** in the **Direct PLUS Loan Application for Parents**
- Select an Award Year – Choose **2018-2019** from the drop down box
- Follow the steps to complete the application and credit check.
  - In the **School and Loan** section, be sure to select Winthrop University.
- The results of your credit check will be available immediately. You do not need to contact the school with the decision even if the website says that you need to. Winthrop will receive the results electronically within 48 hours and will normally process within 2 weeks. Due to system upgrades, the first 18/19 PLUS loans are usually processed in the Winthrop system in late May/early June. Winthrop will hold your application until then.
  - If your credit is approved and you are given instructions for completing a **PLUS Loan Master Promissory Note**, you must complete the MPN to receive a parent PLUS loan. Winthrop University will receive electronic notification of your PLUS request and MPN. Please allow a few days for processing.
  - If your credit is not approved, you will have the option to (1) not pursue the loan, (2) obtain an endorser/co-signer, or (3) appeal the credit decision. If you choose not to pursue the loan, Winthrop University can offer your student additional unsubsidized loan (freshman/sophomore offer up to \$4,000/year and junior/senior offer up to \$5,000/year).

## SECTION II. GENERAL ELIGIBILITY REQUIREMENTS

- ✓ Student on whose behalf the parent is borrowing must file a **2018-2019** Free Application for Federal Student Aid (FAFSA).
- ✓ Borrower must be a parent of a dependent student who has been accepted for enrollment at Winthrop University as a degree-seeking student; enrolled at least half-time; is a U.S. citizen, permanent resident or eligible non-citizen; and is making satisfactory academic progress.
- ✓ Borrower is a biological parent of the student or a step-parent.
- ✓ Neither parent borrower nor student has property subject to a judgment lien for a debt owed to the United States.
- ✓ Parent is not in default on any loan received under the Direct Loan Program.
- ✓ Parent borrower is a U.S. citizen, permanent resident or eligible non-citizen.

## SECTION III. AWARD AMOUNTS

The maximum award amount of a PLUS loan that can be certified is determined by subtracting the student's total award package from the student's estimated cost of attendance for the loan period. *However, a PLUS loan will not be certified for more than the amount requested by parent on the PLUS application.*

## SECTION IV. INTEREST RATES AND LOAN FEES

The interest rate on a Federal Direct PLUS Loan is fixed at 7.00%. The interest rate is set each July by U.S. Congress. The most up-to-date interest information is available on Winthrop's website ([www.winthrop.edu/finaid](http://www.winthrop.edu/finaid)).

The U.S. Department of Education charges a loan fee of 4.264% of the principal amount of each Direct PLUS loan. The loan fee changes on October 1<sup>st</sup> each year. This fee is deducted from each disbursement of the loan. Often, people will forget to consider the loan fee when requesting the amount they wish to borrow. Here is how to calculate the loan fee:

- Figure out the amount your student needs to cover costs
- Divide that amount by 0.95736
- Round up to the nearest dollar
- Apply at [www.studentloans.gov](http://www.studentloans.gov) using this amount (or you can request maximum amount)

Example: You need \$10,000 to cover your remaining costs. Divide \$10,000 by 0.95736 which gives you \$10,445.39. Round up to \$10,446. This is the amount you need to request. When the loan disburses to your account, you should receive approximately \$10,000 after fees.

## SECTION V. REPAYMENT

The first payment on the PLUS loan will be due within 30 to 60 days of the last disbursement for the loan period unless the parent borrower chose deferment during the application process or has setup deferment options with the Direct Loan Servicing Center. PLUS loans have a 10-year repayment schedule. PLUS loans can be prepaid at any time without a penalty.

## SECTION VI. WHAT HAPPENS NEXT?

Once the Office of Financial Aid receives the electronic notification of the PLUS application and all documents required to complete the student's award package have been received and processed, the PLUS loan request will be processed.

The Direct Loan Servicing Center approves or denies the loan based on credit. The parent borrower must complete a Master Promissory Note (MPN) with the Direct Loan Servicing Center if an active MPN is not on file. We recommend that the MPN be completed online at [www.studentloans.gov](http://www.studentloans.gov). **Note: The parent borrower must be the same parent who signs the MPN; each application has only one parent borrower.**

A dependent student whose parents are not approved for a PLUS loan will be offered an additional unsubsidized loan based on his/her grade level (freshman/sophomore offer up to \$4,000/year and junior/senior offer up to \$5,000/year).

**Please note that Winthrop University's Office of Financial Aid is not authorized to credit approve or deny requests for Parent PLUS loans.**

PLUS loan funds are credited directly to the student's account and will be applied to outstanding charges, such as tuition, fees, room and board. *Unless indicated on the PLUS application that any PLUS credit balance to be issued to the student, any credit balance on a student's account created by a PLUS loan disbursement will be issued to the parent borrower via paper check, which will be mailed to the address provided on the PLUS application.*