

# Federal Direct Graduate PLUS Loan Process

## Fall 2021 & Spring 2022

### OFFICE OF FINANCIAL AID WINTHROP UNIVERSITY

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

#### SECTION I. APPLICATION

- Go to [www.studentaid.gov](http://www.studentaid.gov)
- Click **Log In**
  - Sign in using your FSA ID



- Under **Apply for Aid**, choose **Apply for a PLUS Loan**
- Scroll to bottom and click **Learn More** in the **I am a Parent of a Student** section
- Click **Start**
- Select an Award Year – Choose **2021-2022** from the drop down box
- Follow the steps to complete the application and credit check.
  - In the **School Information** 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. We will receive the results electronically within 72 hours and will normally process it within 2 weeks. Due to system upgrades, the first 21/22 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 the loan. Winthrop University will receive electronic notification of your Grad 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.

## **SECTION II. GENERAL ELIGIBILITY REQUIREMENTS**

- ✓ Must file a 2021-2022 Free Application for Federal Student Aid (FAFSA).
- ✓ Must enroll at least half-time in a graduate degree program
- ✓ Must be making satisfactory academic progress
- ✓ Must not have adverse credit history

## **SECTION III. AWARD AMOUNTS**

The maximum award amount of a Grad 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 Grad PLUS loan will not be certified for more than the amount requested on the Grad PLUS application.*

## **SECTION IV. INTEREST RATES AND LOAN FEES**

The interest rate on a Federal Direct Grad PLUS Loan is fixed at 5.3%. 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 4.228% of the principal amount of each Direct Grad PLUS loan. The loan fee rate 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 you need to cover your costs
- Divide that amount by 0.95772
- 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 0.95772 which gives you \$10,441.47 Round up to \$10,442. 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. WHAT HAPPENS NEXT?**

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

The Direct Loan Servicing Center approves or denies the loan based on credit. The 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).

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