

2018-2019 Federal Direct PLUS Loan Fact Sheet, Instructions & Application

You are eligible for a Federal Direct PLUS Loan if you:

- Must be biological or adoptive parent of a dependent undergraduate student whose has a valid Free Application for Federal Student Aid (FAFSA) on file
- Are a U.S. Citizen or eligible non-citizen (permanent resident).
- Do not have an adverse credit history. An applicant is considered to have an adverse credit history if the applicant is 90 days or more delinquent on any debt or during the five years preceding the credit report, the applicant has been in default on debt, debts have been discharged in bankruptcy or the applicant has been the subject of a foreclosure, repossession, tax lien wage garnishment or write-off on a federal student aid debt.
- Have an adverse credit history, but obtain an endorser who is credit worthy or you document-extenuating circumstances that are accepted by the U.S. Department of Education.
- Are not in default on a Federal Stafford Loan, Federal PLUS Loan or Federal Direct Stafford Loan or if you are in default, you have made satisfactory repayment arrangements

Loan amounts and Interest Rates:

- The maximum amount you may borrow is the total cost of attendance less all financial aid awarded to the student.
- Through Sept. 30, 2019, a 4.268% origination fee is associated with the Federal Direct PLUS Loan resulting in a net disbursement of 4.268% less than the total loan amount requested. On October 1, 2019 the origination fee will increase as determined by Congress
- The interest rate is fixed at 7.60%.
- We recommend you apply for the loan for the entire academic year and
- We suggest you confirm with Student Accounts the total amount you should borrow to satisfy the Student Account plus the origination fee. Student accounts can be reached at 508-421-3801 or saaccounts@clarku.edu

Disbursements:

- If your loan period is for the full academic year, the Federal Direct PLUS Loan is disbursed in two equal payments applied directly to the student's account.
- If your loan period is for only one semester, the full amount is disbursed for that specific semester. The funds cannot be disbursed any earlier than 10 days before the first day of classes each semester.

Terms of Repayment:

- Your first payment will be due 60 days after the final disbursement for the loan period.
- Interest begins to accumulate on the date of the first disbursement.
- Parents can elect to defer payments on a Federal Direct PLUS Loan until six months after the date the student ceases to be enrolled on at least a half-time basis. Accruing interest can either be paid by the borrower monthly or quarterly, or be capitalized quarterly. You must contact the Direct Loan Servicer to request a deferment.
- During the periods of deferment and forbearance, you do not pay any principal, but interest will accumulate. This will result in an increase in your loan principal unless you chose to pay the interest monthly during the deferment or forbearance.
- There are three options for repayment of the Federal Direct PLUS Loan:
 - **Standard Repayment Plan** – fixed monthly payments of at least \$50 a month for not more than 10 years.
 - **Extended Repayment Plan** – fixed monthly payments of at least \$50 a month; number of years of repayment varies based on the total amount of the loan but may not exceed 30 years.
 - **Graduated Repayment Plan**-monthly payments that graduate to a higher level at least twice over the years of repayment; number of years of repayment varies depending based on total amount of the loan but may not exceed 30 years.

Federal Direct PLUS Loan Request Form Instructions

Thank you for your interest in the Federal Direct PLUS Loan Program. In order to review your eligibility, there are two separate steps:

- 1) Please complete the Direct PLUS Loan Application and return it to our office for processing:
 - This form authorizes the U.S. Department of Education to perform a credit review and
 - Requires you indicate the loan amount you wish to borrow.
 - Authorizes the Students Unsubsidized Stafford Loan to be increased if the Direct Parent Plus Loan is denied.

Return the application to:

The Office of Financial Assistance,
950 Main Street,
Worcester, MA 01610
Fax: to 508-793-8802
Email: Finaid@clarku.edu

- 2) Once approved for the Direct PLUS Loan, the borrower will be notified by the Department of Education regarding approval of the loan and instructed to complete a Master Promissory Note. All first time borrowers must complete a PLUS Master Promissory Note online at www.studentloan.gov. The parent borrower will be required to use his/her U.S. Department of Education FSA ID The Master Promissory Note must be completed in order for the loan to disburse to the school and be applied to your student's account.
- 3) If you are denied the Direct Parent PLUS Loan you may be able to appeal or resubmit your application with an endorser. The Dept. of Education will provide further information. The Unsubsidized Stafford Loan will be increased in accordance with the student's grade level. If you are approved for the Direct Parent PLUS Loan at a later date, the unsubsidized Stafford Loan increase will not apply.

If you have any questions, please contact the Office of Financial Assistance at 508-793- 7478. Our office is open Monday through Friday from 8:30am to 5:00pm.

Direct Lending Customer Service Representatives are also available to assist borrowers at 1-800-557-7394, they are available Monday through Friday from 8:00am to 8:00pm ET.



2018-2019 Federal Direct Parent Loan Request Form

Section A: Student Information – Please Print Clearly

Student ID: _____ Social Security Number: _____

Name (Last, First, Middle Initial): _____

U.S. Citizenship Status: _____ U.S. Citizen or National _____ Eligible Non-Citizen, Please provide Alien # _____

Year in School: _____ Expected Year of Graduation: _____

I authorize being awarded the additional Direct Unsubsidized Stafford loan in accordance with the student's current grade level, if the Direct Parent PLUS Loan is denied. If the Direct Parent PLUS Loan is approved at a later date the Unsubsidized Stafford loan increase will not apply.

Student's Signature: _____ Date: _____

Electronic signatures are not accepted

Section B: Borrower Information (Parent) – Please Print Clearly

Social Security Number: _____ Name (Last, First, Middle Initial): _____

Permanent Home U.S. Address: _____ Apt.# _____

City: _____ State: _____ Zip: _____

Home Telephone: _____ Daytime Telephone: _____

Date of Birth: _____ Borrower's Email Address: _____

(Cannot accept student email address)

U.S. Citizenship Status:
_____ U.S. Citizen or National _____ Eligible Non-Citizen, Please provide Alien ID# _____

Driver's License Number: _____ State: _____

Remember to consider the origination fee (assessed up front) when determining the Direct PLUS amount you want to request. The current Direct PLUS origination fee is 4.268% from 10/1/2018 to 9/30/2019, resulting in a net disbursement of 4.264% less than the total loan amount requested. The interest rate for the 2018-2019 academic year is 7.60%.

Direct PLUS Amount Requested \$ _____

Loan Period- Please check one: Full Year (Recommended*) _____ Fall Only _____ Spring Only _____

*You will only pay interest on the portion of your Direct PLUS that has been disbursed to the University; we recommend that you apply for what you will need for the full academic year. The spring disbursement can be cancelled if you decide you do not need the funds. If you choose to have the loan applied on a per semester basis, you will need to complete an application for each semester.

READ CAREFULLY BEFORE SIGNING:

- I consent to the U.S. Department of Education & its agents obtaining a report of my credit record and using the information from that report in determining whether to make a Direct PLUS Loan to me. I understand that I will be notified in writing of the results of the credit check with respect to my loan application. Electronic signatures are not accepted. I also confirm that I, the parent borrower, am not in default on any loan or repayment of grants offered through Federal Student Aid to include but not limited to: Federal Pell Grant; Federal Stafford Loan, Federal PLUS Loan or Federal Direct Stafford Loan.

Borrower Signature: _____ Date: _____