

The William D. Ford Federal Direct Parent Loan for Undergraduate Students (PLUS)

Susquehanna University – Student Financial Services Office

WHAT IS THE FEDERAL DIRECT PARENT PLUS LOAN?

- Federal Direct Parent PLUS Loans are available to parents of dependent students who are attending at least half-time. A “parent” is defined as the biological parent (custodial or non-custodial) or stepparent.
- Parents who meet the Federal Direct Parent PLUS Loan credit check may borrow up to the total annual cost of attendance less any other aid or scholarships received by the student. ***The student must have filed a FAFSA in order for the Parent borrower to be eligible to apply for the Parent PLUS Loan.***

WHAT ARE THE FEES AND INTEREST RATE FOR THIS LOAN?

- The Federal Direct Parent PLUS Loan has a current loan origination fee of 4.236%. This amount is charged by the government and withheld from each loan disbursement.
- The 2020-2021 interest rate is fixed at 5.30%. Interest will begin to accrue after the first disbursement of the loan.

HOW DO I APPLY FOR A FEDERAL DIRECT PARENT PLUS LOAN?

- A parent can apply for a Federal Direct Parent PLUS Loan by visiting studentaid.gov. The *parent* FSA ID username and password are needed to login. On the main welcome page, select “Parent”. Next click “Apply for a Parent PLUS Loan”. The PLUS process will ask for information about the parent, allow a parent to indicate a loan amount and initiate a credit check. (Borrow for the entire year, versus one semester at a time). ***Credit checks are valid for 180 days.***
- When completing the application, enter the amount you wish to borrow for academic year 2020-2021. ***We require that you indicate a specific dollar amount in the loan request field. Remember to add in the 4.236% origination fee.***
- The individual parent applying for the loan will also need to complete a Master Promissory Note (MPN) online at studentaid.gov. The MPN can be completed as soon as the credit is approved. Click on “Parent”. Next, click on “Complete a Master Promissory Note for a Parent PLUS Loan”. The Loan Application is not complete until we receive both the loan application and the Master Promissory Note. The Direct Parent PLUS application process must be completed annually, even though the Parent PLUS MPN is required only once.

WHAT ARE MY OPTIONS IF I AM DENIED A FEDERAL DIRECT PARENT PLUS LOAN?

- If a Federal Direct Parent PLUS Loan is denied there are options available:
 - The parent may appeal the credit decision by contacting Direct Loan Applicant Services at (800) 557-7394 or online at studentaid.gov and either:
 - Request a review of credit due to inaccurate information on the credit report.
 - Explain extenuating circumstances affecting the credit report.
 - Obtain an endorser. The endorser must pass a credit check.

A parent will need to complete required Entrance Counseling if the loan is appealed and the credit decision is subsequently overturned or an endorser is added.

OR

- The denial permits the student to receive an additional Federal Direct Unsubsidized Loan of up to \$4,000 for first and second year students and up to \$5,000 for juniors and seniors. The total amount for which a student is eligible will be determined by the Office of Student Financial Services.

WHEN WILL MY REPAYMENT BEGIN?

- Repayment of the Federal Direct Parent PLUS Loan begins 60 days after the final disbursement for that academic year, usually March of the academic year. Parents may choose to defer payments until 6 months after the date the student ceases to be enrolled at least half-time. This is the more expensive option.

HOW WILL MY FEDERAL DIRECT PARENT PLUS LOAN BE DISBURSED? The Federal Direct Parent PLUS loan will be disbursed in **2 equal installments**, one at the beginning of each semester, to the student’s billing account. Any PLUS loan funds remaining after satisfying the University bill can be refunded to the borrower or to the student. Please contact our office at (570) 372-4450 to request a refund.