



## FEDERAL DIRECT PLUS LOAN (GRADUATE & PARENT) APPLICATION INSTRUCTIONS 2019-2020

Parents of dependent, undergraduate students and Graduate/Professional students are eligible to apply for the Federal Direct PLUS loan. This credit-based loan can assist students and/or their families in meeting the cost of college expenses.

### **Eligibility Information:**

A completed and valid 2019-2020 FAFSA (Free Application for Federal Student Aid) is required before completing the Federal Direct PLUS Loan. Borrowers must be U.S. Citizens or Permanent Residents and must not be in default on a federal loan. Students must be enrolled at least half-time at Concordia University Texas (CTX).

PLUS loans are restricted to the biological or adoptive parents of a dependent undergraduate student or to Graduate/Professional students. Step-parents whose information is included on the FAFSA may also apply. Grandparents, aunts, uncles & friends may not apply for the PLUS loan.

Eligibility for the Federal Direct PLUS loan is based, in part, on the credit worthiness of the borrower. If the borrower's credit is not approved they may still receive the loan if someone (such as a relative or friend who is credit-worthy) agrees to endorse the loan. The endorser promises to repay the loan if the parent fails to do so. The borrower may also appeal the credit decision to the U.S. Department of Education if he or she can demonstrate extenuating circumstances.

### **Federal Direct PLUS Loan Interest Rate & Repayment Information:**

**Interest Rate:** Currently the Federal Direct PLUS Loan interest rate is fixed at 7.08% and begins to accrue at the time of disbursement (this rate is subject to change by the U.S. Department of Education on July 1st each year). A 4.236% origination fee is deducted from each disbursement (this rate is also subject to change by the U.S. Department of Education on October 1st each year).

**Repayment Information:** Repayment begins 60 days after all disbursements for the loan period requested have been paid. Parents also have the option to defer payments until their dependent, undergraduate student ceases to be enrolled at least half-time. To request deferment of payments, borrowers should contact the loan servicer assigned by the U.S. Department of Education.

### **Application Process:**

Once the PLUS Loan offer has been accepted in MyInfo all PLUS Loan borrowers must complete the PLUS Application online through <https://studentaid.gov>.

#### Step 1:

- Go to <https://studentaid.gov>. The borrower will be asked to log in with his/her FSA ID. If they do not have an FSA ID they will need to create one first using the "Create an FSA ID" on the login screen.
- Choose 'Apply for Direct PLUS Loan' and then select either 'Direct PLUS for Parent' or 'Direct PLUS for Graduate'
- Complete the application process (which includes the credit check) to confirm approval or denial of the loan. The borrower will be asked to choose a loan period (Fall only, Fall/Spring, etc.) and specify a loan amount. If "maximum amount" is selected, CTX will process the loan for the maximum amount available (cost of attendance minus all other financial aid) for the specified loan period.

## Step 2:

All PLUS applicants will be notified by the U.S. Department of Education regarding their loan application status – Approved or Denied.

### Approved Loans

- **Parent borrowers** must complete the Parent PLUS Master Promissory Note (MPN).
- **Graduate/Professional Student borrowers** must complete the Graduate PLUS Master Promissory Note (MPN) **and** Entrance Counseling. NOTE: Graduate/Professional students must have applied for and accepted their annual loan maximum eligibility under the Federal Direct Unsubsidized Loan before receiving a Graduate/Professional PLUS Loan.

Once CTX receives confirmation from the U.S. Department of Education of approved credit status and completed Master Promissory Note CTX will update the student's award to reflect the approved PLUS loan and submit the final information to the U.S. Department of Education to set the loan for disbursement. Within 30 days of the first scheduled disbursement date the borrower will receive a disclosure notice from U.S. Department of Education with details regarding their loan.

### Denied Loans

Borrowers who are denied the PLUS may take one of the following actions:

- **Appeal the decision.** Contact the U.S. Department of Education at 1-800-557-7394 or log on to **<https://studentaid.gov>** and select "Appeal Credit Decision". CTX will receive updated credit information if the appeal is approved. NOTE: if approved, the borrower must also complete PLUS Credit Counseling before any funds can be disbursed.
- **Secure an Endorser.** If the borrower elects to use an Endorser, the Endorser will need to secure their own FSA ID and log on to **<https://studentaid.gov>** to complete the Endorser Addendum. CTX will receive an updated credit record indicating either approval or denial of the Endorser. The parent will also be required to complete PLUS Credit Counseling if the Endorser is approved before any funds can be disbursed.
- **Request additional Unsubsidized Loan (Parent PLUS only).** Parent borrowers may request this option by sending an email to **[financialaid@concordia.edu](mailto:financialaid@concordia.edu)** stating that they will not Appeal or secure an Endorser and that they want the additional Unsubsidized Federal Direct Loan added to their student's award. The email must be submitted by the parent who applied for the PLUS and received the denial and include the students name and Banner ID. The maximum amount for an additional unsubsidized loan will vary based on the dependent undergraduate students classification and eligibility.