



EWC Federal Direct PLUS Loan Information

For Academic Year July 1, 2015 through June 30, 2016

The Federal Direct PLUS loan is a federal loan that can be used by parents of dependent students to help fund their child(ren)'s education. Only biological or adoptive parents can take out PLUS loans for a student. The loan funds are borrowed directly from the federal government. Parents may apply for PLUS loan at any time during the academic year and must reapply each year the child is a dependent undergraduate student. A Free Application for Federal Student Aid (FAFSA) must also be completed each year in order to be eligible to apply for a PLUS loan.

Students are encouraged to apply for Federal Direct Stafford Loans in their own name first, *before* parents consider a PLUS, because interest rates on the Stafford loans are lower and the borrower benefits are better. Parents are then encouraged to budget their student's remaining costs for the entire academic year to determine the amount of PLUS loan needed, and submit a PLUS application to cover those costs. PLUS loans are applied electronically to the student's EWC account and are applied to a student's remaining charges. If a refund is expected once the student's balance with the school is covered, the parent can choose to have the refund check sent to him/herself OR disbursed to the student directly.

2015-2016 PLUS Loan Facts:

- **Interest Rate:** 6.84% fixed (2015-2016 rates; rates change annually based on the Treasury Bill)
- **Loan Fees:** 4.290% (through September 30, 2015; changes to 4.272% October 1, 2015 because of sequestration)
- **Credit Check Required:** Yes (cannot have adverse credit)
- **Annual Loan Maximum:** Total cost of attendance minus all aid resources and loans received
- **Lifetime Loan Maximum:** None
- **Repayment Begins:** Payments of principal and interest begin 60 days after the loan is fully disbursed. Requests to defer payments while the student is enrolled may be made during the application process. If the PLUS loan has already been processed, a deferment request may be made to the loan servicer.
- **Repayment Terms:** 10 years (other repayment plans available based on special circumstances)
- **Eligible for Federal Loan Deferments, Forbearances, or Loan Forgiveness:** Yes; work with loan servicer
- **Eligible for Federal Consolidation:** Yes

Steps to complete a PLUS loan:

1. The student (and parent) should complete the 2015-2016 Free Application for Federal Student Aid (FAFSA) online at fafsa.gov if he/she hasn't already done so and submit any additional documentation his/her school requires.
2. Sign in to StudentLoans.gov with the PARENT'S information to apply for the loan (only one parent needs to apply). The parent will need the PIN used to sign the student's FAFSA or will need to apply for a PIN before signing in.
3. Click on "Request a PLUS Loan" and choose "Parent PLUS". Follow the instructions and complete ALL fields. Remember, the *parent* is the borrower; the application will request the student's information later in the app.
 - *The PLUS Request is the loan application, where the parent indicates the amount he or she wishes to borrow.*
 - *Completion of the PLUS Request does not obligate the parent to repay the loan. The Master Promissory Note (MPN) is your promise to repay loan funds you receive.*
 - *Once the PLUS Request has been submitted, a credit check will be conducted by the Federal Direct Loan Servicer.*
 - *Credit checks are valid for 180 days.*
4. Complete the Master Promissory Note (MPN) at StudentLoans.gov. Please be sure that the same parent who requested the PLUS loan is the same one to complete the MPN.
 - *The MPN may be valid for 10 years (schools' policies may differ); however, a new credit report will be initiated by the Department of Education each time a PLUS Request is completed.*
 - *The parent will need to provide a driver's license number and the names and contact information of two personal references who reside at different addresses.*

Please note: If the parent is denied a PLUS loan because of adverse credit history, the parent may request reconsideration or obtain an endorser for the loan. If the PLUS is then approved, the parent must complete Direct PLUS Loan Counseling. If the PLUS is still denied, the student may be eligible for additional unsubsidized Stafford loans in his/her own name. Only one parent needs to apply for and be denied a PLUS loan. However, if one parent is denied a PLUS loan and the other is approved for a PLUS loan, the student is not eligible for increased Stafford loan limits.