

## FEDERAL DIRECT PLUS LOAN FACT SHEET

**ELIGIBILITY:** You are eligible for a Federal Direct PLUS if you:

- are borrowing to pay the educational costs of a dependent undergraduate student taking at least six credits each term.
- are a U.S. citizen or eligible non-citizen (i.e. permanent resident).
- do not have an adverse credit history.
- have an adverse credit history, but either obtained an endorser with no adverse credit history, or you document to the U.S. Department of Education's satisfaction that extenuating circumstances exist.
- are not in default on a Federal Stafford Loan, Federal PLUS Loan or Federal Direct Student Loan, or if you are in default on one of those loans, you have made satisfactory repayment arrangements.

### LOAN AMOUNT AND INTEREST RATES:

- The maximum amount you may borrow is the total cost of attendance less all financial aid the student receives.
- A fee of 4.276% of the loan principal is deducted from each disbursement for loans where the first disbursement is made on or after October 1, 2016 and before October 1, 2017. Example: a parent requests a PLUS loan of \$10,000; \$9,573 is applied to the student account -  $\$10,000 \times 4.276\% = \$427$  (origination fee);  $\$10,000 - \$427 = \$9,573$ .
- For loans disbursed after July 1, 2017 and prior to July 1, 2018, the fixed interest rate is fixed at 7.00%.
- A .25% reduction in the interest rate may be given when payments are made through an electronic debit account (EDA).

**DISBURSEMENTS:** The PLUS Loan is disbursed in two equal payments. It is applied directly to the student's Barnard account.

### TERMS OF REPAYMENT:

- Interest begins to accumulate on the date of the first disbursement.
- Your first payment will be due within 60 days after the final disbursement.
- You will pay the principal and accumulated interest.
- During period of deferment and forbearance, you do not pay any principal, but interest will accumulate. This means your loan principal will increase unless you choose to pay the interest monthly during your deferment or forbearance.

You may repay a PLUS Loan under one of three repayment options. The options are:

1. Standard Repayment Plan – fixed monthly payments of at least \$50 a month for not more than 10 years.
2. Extended Repayment Plan – fixed monthly payments of at least \$50 a month; number of years of repayment varies depending on the total loan amount due but may not exceed 30 years.
3. 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 on total loan due but may not exceed 30 years.

**DEFERMENT/FORBEARANCE/CANCELLATION:** You may receive a deferment (postponement of repayment) if you qualify. You must contact the Federal Student Aid Information Center at <https://studentaid.ed.gov/> or call 800-433-3243 to request a deferment. Principal will be deferred but interest will continue to accumulate unless you pay it monthly.

To qualify for a deferment, a PLUS borrower (parent) must be:

- at least a half-time student; or
- in an approved graduate fellowship or approved rehabilitation training program; or
- seeking but unable to find full-time employment; or
- experiencing an economic hardship.

The U.S. Department of Education may allow you to temporarily reduce or delay making payments if you are willing but unable to meet your repayment schedule, and you (parent) are not eligible for a deferment (for example, if you are in poor health). This period of suspension or reduction of payments is called "forbearance". If you choose not to pay your interest during the forbearance period, the interest will be added to the outstanding balance of the loan.

You, the parent borrower, may also qualify for a forbearance if you are in one of the following categories and you request forbearance:

- you are a medical or dental intern or resident; or
- you have a large student loan debt; or
- you are experiencing financial hardship; or
- you are receiving a national service education award under the National and Community Service Trust Act of 1993.

A Direct PLUS loan may be canceled under the following circumstances:

- you (or the student for whom you borrowed) die or become totally and permanently disabled; or
- in rare cases, if you file for bankruptcy.

**PLUS CREDIT CHECK AND COUNSELING CHANGES EFFECTIVE MARCH 29, 2015:** Changes to the parent Direct PLUS Loan credit check criteria and process, as well as new PLUS counseling requirements, went into effect on March 29, 2015.

New credit criteria applies to all Direct PLUS Loan credit checks performed on or after March 29, 2015. As of that date, a parent PLUS applicant has an adverse credit history if, in addition to other conditions (e.g., bankruptcy, foreclosure, tax lien, or a default determination), the applicant has:

- one or more debts that are 90 or more days delinquent or that are in collection or have been charged off during the two years preceding the date of the applicant's credit report; and
- a total combined outstanding balance of those debts is greater than \$2,085.

A new PLUS counseling requirement became effective for PLUS credit checks performed on or after March 29, 2015. This counseling applies to those borrowers who initially are denied due to an adverse credit history, but who are subsequently approved using one of the following methods:

- an appeal process and satisfactorily meeting the "extenuating circumstances" provisions; or
- obtaining a credit worthy endorser.

The PLUS counseling is on the Department of Education's StudentLoans.gov website.

- Click on Parent Borrowers
- Click on "Complete PLUS Credit Counseling" (PLUS Counseling is required when the U.S. Department of Education has informed you that you must complete PLUS Counseling.)
- You will need your Federal Student Aid ID and 15-20 minutes to complete the counseling.

**OPTIONS IF DENIED:** The applicant has three options if denied a PLUS loan:

- Work with the Department of Education to request a review of the credit check. There may be inaccurate information on the applicant's credit report. The parent may appeal the denial with the Direct Loan Student Loan Support Center at 800-557-7394.
- Obtain an endorser signature. The endorser must also pass a credit check. This form will be sent from the Department of Education's Servicing Center. Or, log in to <http://www.studentloans.gov> and click on "Parent Borrowers" and click on "Endorsers can Complete Endorser Addendum".
- If a parent is denied, the student is then eligible for an additional Federal Direct Unsubsidized Loan, up to \$4,000 for first-year and sophomores and \$5,000 for juniors and seniors. The student completes the Federal Direct Stafford Request Form, which is located on Barnard's financial aid website. A completed FAFSA must also be on file at Barnard in order to receive the Federal Direct Unsubsidized Loan. Students need to request these funds in writing after receiving notification of the PLUS denial. PLUS loan denials do not carry over to the following year; the PLUS loan must be applied for each year.

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