



2011-2012 Direct Parent Plus Loan Instructions

Parents of dependent NYU-Poly students may apply for a federal Direct PLUS Loan to help pay their child's education expenses as long as certain eligibility requirements are met.

Who is eligible for a Direct Parent PLUS Loan?

-The parent borrower must be the student's biological or adoptive parent. In some cases, the student's stepparent may be eligible. A FAFSA application must be completed and on file with your respective university.

-The student must be a dependent student who is enrolled at least half-time at a school that participates in the Direct Loan Program. Generally, a student is considered dependent if he or she is under 24 years of age, has no dependents, and is not married, a veteran, a graduate or professional degree student, or a ward of the court.

-The parent borrower must not have an adverse credit history, if the parent does not pass the credit check, the parent may still receive a loan if someone (such as a relative or friend who is able to pass the credit check) agrees to endorse the loan. The endorser promises to repay the loan if the parent fails to do so. The parent may also still receive a loan if he or she can demonstrate extenuating circumstances.

-The student and parent must be U.S. citizens or eligible noncitizens, must not be in default on any federal education loans or owe an overpayment on a federal education grant, and must meet other general eligibility requirements for the federal student aid programs.

How does a parent apply for a Direct PLUS loan?

For a Direct PLUS Loan, the parent must complete a Direct PLUS Loan Application and Master Promissory Note (MPN). The MPN is a legal document in which the borrower promises to repay the loan and any accrued interest and fees to the Department. It also explains the terms and conditions of the loan. In most cases, one MPN can be used for loans that a parent receives over multiple academic years although a separate Loan Request must be filed for each school year. Parents can complete the Direct PLUS application and MPN online at www.studentloans.gov.

Step 1- Parent Borrower navigates to www.studentloans.gov and signs into the secure website with federal pin number. Parent can obtain federal pin number at www.pin.ed.gov .

Step 2- Once the parent is logged in with their unique federal pin number; select the link **REQUEST PLUS LOAN** under the PLUS LOAN PROCESS navigation bar on the left side of the webpage.

Step 3- Under the **SELECT THE LOAN TYPE** header, double click **PARENT PLUS**.

Step 4- Enter Parent Borrower information on the **PERSONAL INFORMATION** tab. Click **CONTINUE** at bottom of webpage to proceed.

Step 5- Enter **Award Year** & complete the **STUDENT AND LOAN INFO** tab. Click **CONTINUE** at bottom of webpage to proceed. Be sure to enter loan data and select **New York/ POLYTECHNIC UNIVERSITY**.

Step 6- Thoroughly review your application for completion and accuracy. Edit where applicable. Click **CONTINUE** at bottom of webpage to proceed.

Step 7- Click form field box to agree to authorize a credit check and to submit the PLUS loan application. Click **CONTINUE**.

Step 8- You will receive instant notification on whether your application is approved or denied. If your application is approved you must complete the Direct Parent Plus Master Promissory Note immediately at www.studentloans.gov.

If you are not approved for the loan, you can try to add an endorser to your loan application at www.studentloans.gov or by calling the federal Direct Lending Service Center at 1-800-557-7394.

Dependent students whose parents are not credit approved for the PLUS loan may be eligible for an additional unsubsidized Direct Loan. Contact the Office of Student Financial Services at 718-260-3300 for further information.

Parent Plus Loan FAQ's

How does a parent apply for the loan?

For a Direct PLUS Loan, the parent must complete a Direct PLUS Loan Application and Master Promissory Note (MPN). The MPN is a legal document in which the borrower promises to repay the loan and any accrued interest and fees to the Department. It also explains the terms and conditions of the loan. In most cases, one MPN can be used for loans that a parent receives over multiple academic years although a separate Loan Request must be filed for each school year. If the parent previously signed an MPN to receive an FFEL PLUS loan, he or she will need to sign a new MPN for a Direct PLUS Loan.

How much can a parent borrow?

The annual limit on a PLUS Loan is equal to the student's cost of attendance minus any other financial aid the student receives. For example, if the cost of attendance is \$6,000 and the student receives \$4,000 in other financial aid, the student's parent can request up to \$2,000.

How does the parent get the loan money?

ED will send the loan funds to the student's school. In most cases, the loan will be disbursed in at least two installments, and no installment will be more than half the loan amount. The school will use the loan money first to pay the student's tuition, fees, room and board, and other school charges. If any loan funds remain, the parent will receive the amount as a check or other means, unless he or she authorizes the amount to be released to the student or transferred into the student's account at the school. Any remaining loan funds must be used for the student's education expenses.

What's the interest rate?

The interest rate is fixed at 7.9%. Interest is charged from the date of the first disbursement until the loan is paid in full.

Other than interest, is there a charge to get a PLUS Loan?

The parent will pay a fee of 4% of the loan amount, deducted proportionately each time a loan disbursement is made.

When does the parent begin repaying the loan?

The repayment period for a Direct PLUS Loan begins when the loan is fully disbursed, and the first payment is due 60 days after the final disbursement. However, for Direct PLUS Loans with a first disbursement date on or after July 1, 2008, the parent may defer repayment: while the student on whose behalf the parent borrowed the loan is enrolled on at least a half-time basis, and for an additional six months after the student ceases to be enrolled at least half-time.

How does the parent pay back the loan?

The parent will repay the servicer listed on the disclosure statement provided when he or she received the loan. The loan servicer will provide regular updates on the status of the PLUS Loan, and any additional PLUS Loans that a parent receives. The loan servicer also will be listed in the parent's account at www.nslids.ed.gov. The Direct PLUS Loan Program for parents offers three repayment plans-standard, extended, and graduated-that are designed to meet the different needs of individual borrowers. The terms differ between the repayment programs, but generally borrowers will have 10 to 25 years to repay a loan.

What if a parent has trouble repaying the loan?

Under certain circumstances, a borrower can receive a deferment or forbearance to temporarily stop or lower the payments on a loan. For more information, go to the following website;
<http://studentaid.ed.gov/PORTALSWebApp/students/english/repaying.jsp>.

Can the parent's PLUS Loan be transferred to the student so that it becomes the student's responsibility to repay?

No. A PLUS Loan made to the parent cannot be transferred to the student. The parent is responsible for repaying the PLUS Loan.