



PLEASE CAREFULLY REVIEW THIS INFORMATION

## What is a Federal Parent PLUS Loan?

The Federal Parent PLUS Loan is an unsubsidized loan for the parents of dependent undergraduate students. PLUS loans help pay for education expenses up to the cost of attendance minus all other financial assistance. The parent is the borrower and the student has no liability for repayment on this type of loan. Liability cannot be transferred into the student's name at any time, per federal regulations.

## What costs are associated with the Federal PLUS Loan?

- ❖ **Interest:** The interest rates for the upcoming academic year have not yet been set by the U.S. Dept of Education. For reference, the interest rate for 2020-2021 PLUS loans was 5.30%.
- ❖ **Origination Fee:** An origination fee of 4.228% is charged by the US Department of Education on each loan disbursement. Therefore, a gross loan disbursement of \$5000 will net at \$4789.

## When and where do I apply?

Applications will be available late April 2021 at [www.studentaid.gov](http://www.studentaid.gov). The application period will remain open until the day before the last class day of the term. After the last class day, the school cannot originate a PLUS loan for you. Therefore, you should apply well before the end of term to make sure everything is in order prior to the last class day of the term.

## What are the eligibility requirements for a Federal Parent PLUS Loan?

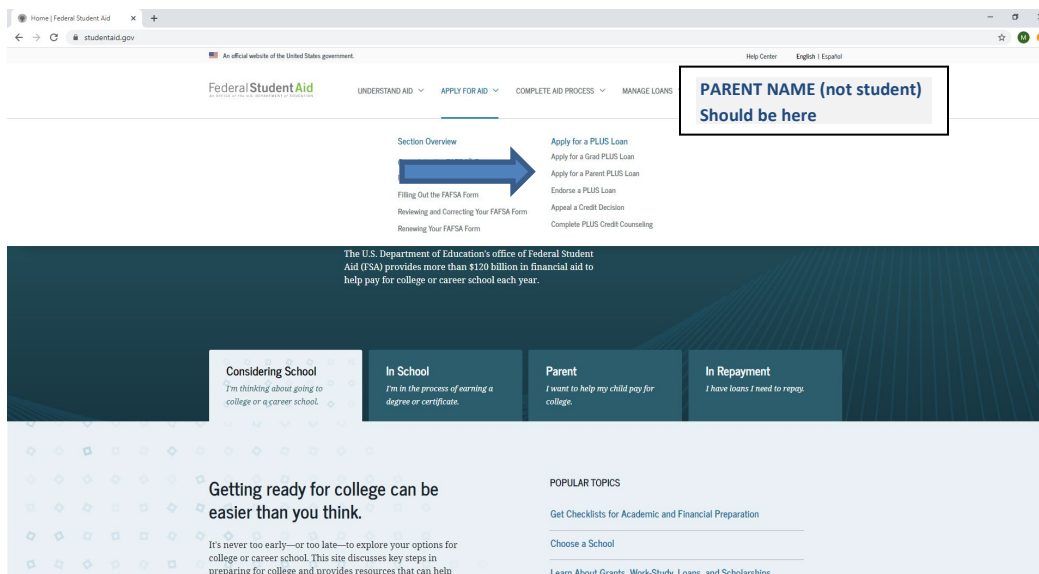
- ❖ <https://studentaid.ed.gov/sa/sites/default/files/direct-loan-basics-parents.pdf>
- ❖ Your student must have a 2021-2022 FAFSA on file with Auburn University, and any additional required documentation must be satisfied.
- ❖ You must be the student's biological or adoptive parent or the student's stepparent (if the stepparent's income information is listed on the 2021-2022 FAFSA). Either biological or adoptive parent may apply, regardless of which parent is considered custodial for FAFSA filing. Documentation may be requested to prove the relationship between the student and borrower.
- ❖ Your student must be a dependent student. For financial aid purposes, a student is generally considered "dependent" if he or she is born before 01/01/1998, unmarried, and has no legal dependents at the time the FAFSA is submitted. (Exceptions are made for veterans, wards of court, and other special circumstances.) If a student is considered dependent for federal aid purposes, the income and assets of the parent(s) must be reported on the FAFSA.
- ❖ Your student must be enrolled at least half time, which is a minimum of 6 credit hours.
- ❖ Parents and their dependent student 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.
- ❖ Your student must be maintaining Satisfactory Academic Progress (SAP). Please refer to [www.auburn.edu/finaid](http://www.auburn.edu/finaid) in the "Additional Information" section to review the requirements for SAP.
- ❖ Parent PLUS Loan borrowers cannot have an adverse credit history (a credit check will be performed during the application process). Please review the credit criteria at <https://studentaid.gov/sites/default/files/plus-adverse-credit.pdf>. A PLUS loan approval does not ensure future PLUS loan approvals, as that will be based on the information in your credit file at the time of application. If your PLUS loan is declined, based on your credit history, you will be provided some options within the application. These options include: Seeking approval of the loan with a credit-worthy endorser/cosigner, seeking approval of the loan through a dispute process with the U.S. Department of Education Direct Loan division, or not seeking approval of the loan, making your student potentially eligible for an additional Unsubsidized Direct Loan. The maximum amounts for the additional Unsubsidized loans are \$4000 per academic year (Freshmen and Sophomores) or \$5000 per year (Juniors and Seniors). Grade-level statuses are determined by credit hours earned.

**IF DENIED, PLEASE SEE PAGE 3 OF THESE INSTRUCTIONS FOR IMPORTANT INFORMATION.**

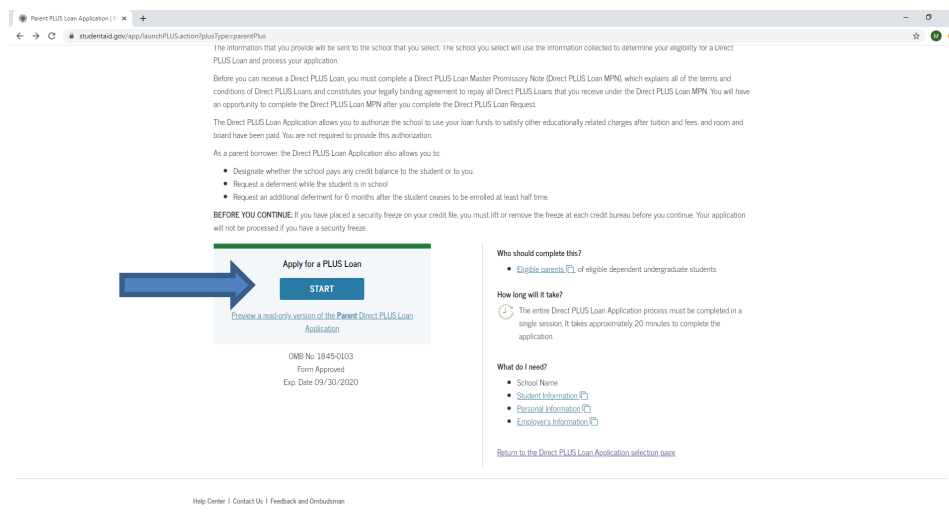


## Application Steps:

- 1) You (the parent borrower) will need your Federal Student Aid ID. If you do not already have one or you have forgotten yours, please visit [www.fsaaid.ed.gov](http://www.fsaaid.ed.gov)
- 2) Go to [www.studentaid.gov](http://www.studentaid.gov) and log in using your (**PARENT BORROWER'S**) FSA ID. You will **NOT** log in using the student's information or ID. Logging in as the student will pull the student's credit, rather than the parent's credit. That loan request will reject once the record is transferred to Auburn University.
  - a. Once you are successfully logged into [www.studentaid.gov](http://www.studentaid.gov), you will select the dropdown under "APPLY FOR AID" and then "Apply for a PLUS Loan"



- b. And then **START**



- c. Select Award Year **2021-2022**



### Application steps continued:

- d. Complete the “Student Information” section, being careful that the first and last names are entered into the correct fields and that the SSN and DOB are entered correctly.
- e. Carefully review “Request for Deferment While Student is in School”, “Authorization for School to use Loan Funds to Satisfy Other Charges” and “**Credit Balance Option**”. **Credit Balance Option always causes confusion and refund issues. Please be careful to review the below points, as this will affect how and when the refund is received by your student for purchase of books, off campus rent, etc.**
- i. If you request the credit balance to go to “Me”, Auburn University will mail a check to the parent borrower IF the overpayment is a direct result of the Parent PLUS loan. Many parents will set their personal bank account up with AU Student Financial Services for refunds and think that they should select “Me” here. However, AU cannot verify the owner of the bank account, and will have to mail a check to be compliant with federal regulations. A check will take longer than a direct deposit.**
  - ii. If you request the credit balance to go to “the student”, the overpayment will be direct deposited into the bank account on file with AU Student Financial Services.**
- f. Choose Auburn University as your intended school, then choose a loan amount (**maximum** will be the Cost of Attendance minus any other aid received by the student). After your application has been processed, if you see that your requested amount is not what you expected, you may adjust your amount in the following ways: for a reduction, you may email your request to [finaid7@auburn.edu](mailto:finaid7@auburn.edu); for an increase, you will follow this application process again at [www.studenaid.gov](http://www.studenaid.gov). If you select “I do not know the amount. I will contact the school.”, the loan process will be delayed until **you** send an email with your requested loan amount to [finaid7@auburn.edu](mailto:finaid7@auburn.edu).
- g. The loan period for Fall 2021-Spring 2022 is August 2021-May 2022.
- h. Review your request and then continue to the credit check and submission. If your application is declined for credit, please refer to page 3 of this guide for options.

- 3) If your application is approved for credit, and you do not have a PLUS Master Promissory Note (MPN) on file with Direct Loans, you will need to complete one under the parent borrower’s login at [www.studentaid.gov](http://www.studentaid.gov). “

The screenshot shows the studentaid.gov website with the following content:

- Header:** "You Are America's Smartest Investment" with a sub-headline: "The U.S. Department of Education's office of Federal Student Aid provides more than \$120 billion in financial aid to help pay for college each year."
- Navigation Links:**
  - Corinthian/Marquez Court Case
  - Complete the FAFSA® Form
  - Explore Ways to Lower Payments
  - Learn About Loan Forgiveness
  - Find Out How to Make a Payment
- Parent Status Options:**
  - Considering School:** I'm thinking about going to college or a career school.
  - In School:** I'm in the process of earning a degree or certificate.
  - Parent:** I want to help my child pay for college.
  - In Repayment:** I have loans I need to repay.
- Message:** "We'll share useful info and walk you through the PLUS loan process." with a blue arrow pointing right.
- POPULAR TOPICS:**
  - Apply for a Parent PLUS Loan
  - Complete a Master Promissory Note for a Parent PLUS Loan
  - Complete PLUS Credit Counseling
  - Appeal a Credit Decision
  - Use the Repayment Estimator

- 4) Once your application has been submitted, please allow **48 business hours** for Auburn University to receive and process your request. Transfer of information from the U.S. Dept of Ed and Auburn University is not immediate.



## PLUS Loan Denial Options:

In the event that your loan application is denied, due to adverse credit, you will be given some options within the loan application at [www.studentloans.gov](http://www.studentloans.gov). Please review the information below for further clarification of the options that will be presented to you.

- ❖ **WILL NOT PURSUE APPROVAL:** If you choose “will not pursue approval of the PLUS loan”, we will award your student the additional Unsubsidized Stafford loan as a result of denied PLUS, **if they are eligible**. The maximum amounts for the additional Unsubsidized loans are \$4000 per academic year (Freshmen and Sophomores) or \$5000 per year (Juniors and Seniors). Grade-level statuses are determined by credit hours earned.
- ❖ **APEAL or DOCUMENT EXTENUATING CIRCUMSTANCES:** If you choose to appeal the credit decision, you will do so through the [www.studentaid.gov](http://www.studentaid.gov) site under “Parent Borrowers”, “Appeal a Credit Decision”. If the appeal is successful, you will be notified by Direct Loans and the school will be notified approximately one business day later.
  - If your loan is approved through appeal, you will be required to complete PLUS Credit Counseling prior to your loan being fully approved for disbursement.
- ❖ **ENDORSER:** If you choose to apply with a credit-worthy endorser, you will receive an email from Direct Loans with a “PLUS Loan Endorser Code” shortly after submitting your application online. You will need to have your endorser apply for a Federal Student Aid ID ([www.studentaid.gov/fsaid](http://www.studentaid.gov/fsaid)) and use that to log into [www.studentaid.gov](http://www.studentaid.gov) with their information. Once logged in, they will select the dropdown “APPLY FOR AID” and then the option “Endorse a PLUS Loan”. They will use the provided “Endorser Code” where requested.
  - If your loan is approved with an endorser, you (the parent borrower) will be required to complete PLUS Credit Counseling prior to your loan being fully approved for disbursement.
  - A new PLUS Loan Agreement/MPN (Master Promissory Note) is required for each endorser-approved PLUS Loan.
- ❖ **UNDECIDED:** If you choose “undecided”, **NOTHING** will happen with your PLUS request, until our office hears from you. Please avoid selecting this option, if possible.

### PLUS Credit Counseling:

Required if you are originally denied, but subsequently approved with an endorser or through appeal.

