



DePaul University Office of Financial Aid

Parent Loan (PLUS): Frequently Asked Questions

What is a PLUS loan?

PLUS is a federal loan program for parents of dependent undergraduate students. Generally, parents are eligible if they do not have an adverse credit history, are not in default on a federal student loan, and meet the other general eligibility requirements listed below. Parents may borrow up to the amount of the cost of education minus other financial aid received, including any other educational loans. The interest rate is fixed at 7.9%. In addition, there is an origination fee of 4% of the amount of the total loan. This amount is deducted from the loan before the student receives the funds.

For more detailed information, see General Program Information below.

Are there eligibility requirements?

Yes, both you and your parent must meet the general federal student aid eligibility requirements:

- You and your parent must be a U.S. citizen or eligible non-citizen.
- You (the student) must be accepted and currently active in an eligible degree or certificate program or graduate preparatory program.
- You (the student) must enroll in your eligible program at least halftime – that is, at least a minimum of six credit hours per quarter for undergraduate students. Your classes must be taken for credit; audited classes are not eligible for aid.
- You must be in good academic standing and making academic progress in your course of study.
- You and your parent must not be in default on any federal loan or owe a repayment on any federal grant.
- You (the student) must comply with all federal regulations governing selective service registration and use of funds for educational purposes.
- Your parent must be your biological or adoptive parent (or, in some cases, the step-parent).
- Your parent must not have an adverse credit history.

How do I start the process at DePaul?

To begin the PLUS application process, you and your parent must complete and submit the PLUS supplement form to the Office of Financial Aid. This form is available in the forms section of the financial aid web site at <http://www.depaul.edu/admission/FinancialAid/index.asp>. Your parent(s) also must complete an Electronic Master Promissory Note (EMPN) at http://dlenote.ed.gov/empn/completenew_plus.jsp before you can receive funds. Generally, the PLUS EMPN needs to be completed only once, provided the parent borrower remains the same from year to year.

Do I need to reapply for this loan each year, or will it automatically renew?

At this time, PLUS are approved on an annual basis and cannot be automatically renewed. You and your parent must complete a PLUS supplement every year. The PLUS supplement form is usually available on our web site around May 1 for the academic year beginning the following September.

How do I know how much to borrow?

You may borrow **up to** your total cost of attendance minus your financial aid. There is no pre-set annual amount. Rather, the amount your parent borrows is a decision that you and your family need to make, depending on your individual budget and financing choices. Some families elect to borrow the entire cost of attendance (tuition and fees, room and board, books and personal) minus any financial aid. Other families choose to borrow only a portion of their family contribution or cost of attendance. If you have questions, our financial aid counselors are available to answer any questions about your cost of attendance or to help you determine the best amount to borrow.

Here is a cost of attendance formula to determine your **maximum** eligibility. You may wish to borrow the maximum allowable, but many families borrow less, according to their financing and budget needs:

Estimated Cost of Attendance:		\$ _____
Minus all financial aid received (include any grant, scholarship and/or loan you may receive from any outside source)	-	\$(_____)
You may borrow up to:	=	\$ _____

Is a credit check part of the Direct Loan approval process?

Yes. For more information, see Program Information for Parents in Section Two.

If I need extra funds for an additional expense, such as foreign study or off-campus housing, may I apply for additional PLUS funds?

Yes. Contact the Office of Financial Aid if you need to request additional funds.

How will I receive my funds?

Once your PLUS is approved and the PLUS EMPN has been signed and accepted by the Direct Loan Servicer, your loan disbursements will be scheduled to post directly to your tuition account approximately ten days before the start of each term. In general, your loan disbursements will be scheduled so that you receive an equal amount during each term for which the loan was approved. The scheduled disbursement dates and amounts will be listed on the disclosure statement mailed to you by the Direct Loan Servicing Center.

What if my parents are not approved for the PLUS?

If your parent is not approved to borrow the PLUS based on the Department of Education credit check, your parents have the option to reapply with an endorser.

If your parents decide not to reapply with an endorser, you (the student) may borrow additional loan funds under the Federal Direct Unsubsidized Loan program (see our Types of Aid section on our web site at <http://www.depaul.edu/admission/FinancialAid/index.asp> for more information about federal loan programs). However, the additional amounts that you borrow under this program are limited: Freshmen and sophomores may borrow up to an additional \$4,000 and juniors and seniors may borrow up to an additional \$5,000.

Section Two: For Parents

The following information is provided by the Direct Loan Servicing Center, from the publication Direct Loan Basics for Parents. Copies of this publication are available in our office, or in the Forms section of our web site at <http://www.depaul.edu/admission/FinancialAid/index.asp>.

How can federal Direct Loans help pay for college or career school expenses?

Direct Loans are low-interest loans for students and parents to help pay for the cost of a student's education after high school. The lender is the U.S. Department of Education (the Department) rather than a bank or other financial institution.

Direct Loans are:

- Simple—You borrow directly from the federal government and have a single contact—the Direct Loan Servicing Center—for everything related to the repayment of your loans, even if you receive Direct Loans at different schools.
- Convenient—You'll have online access to your Direct Loan account information 24 hours a day, 7 days a week.

■ Flexible—You can choose from several repayment plans that are designed to meet the needs of almost any borrower, and you can switch repayment plans if your needs change.

What are the eligibility requirements for a parent to get a federal Direct PLUS?

- You must be the biological or adoptive parent (or, in some cases, the step-parent) of the student for whom you are borrowing.
- Your child must be a dependent student who is enrolled at least half-time at a school that participates in the Direct Loan Program. Generally, your child 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.
- You cannot have an adverse credit history (a credit check will be done).
- In addition, you and your child must be U.S. citizens or eligible non-citizens, 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

What is the interest rate?

The interest rate for Direct PLUS is a fixed rate of 7.9%. Interest is charged on Direct PLUS during all periods, beginning on the date of your loan's first disbursement.

Is there a charge for this loan?

Yes. In addition to interest, you pay a loan fee of 4% of the principal amount of each Direct PLUS that you receive. This fee helps reduce the cost of making these low-interest loans. We deduct the fee before you receive any loan money, so the loan amount you actually receive will be less than the amount you have to repay.

When do I have to begin repaying my loan?

Repayment of the PLUS begins within 60 days after the final loan disbursement is made, however, parents can choose to defer payments until six months after the date the student ceases to be enrolled at least half time. If parents choose to defer payments, accruing interest could either be paid by the parent borrower monthly or quarterly, or be capitalized quarterly. Payment is made to the Direct Loan Servicing Center, rather than DePaul University. The Direct Loan Servicing Center offers borrowers three repayment options. Depending on the option chosen, the borrower is given between ten and thirty years to repay the loan.

How much time will I have to repay my loan, and how much will I have to pay each month?

Generally, you'll have from 10 to 25 years to repay your loan, depending on the repayment plan that you choose. Your monthly payment amount will be based on how much you borrowed and how long you take to repay.

You may choose one of three repayment plans:

- Standard Repayment Plan—Fixed monthly payments for up to 10 years.
- Extended Repayment Plan—Fixed monthly payments over a period of time, not to exceed 25 years. This repayment plan is available to borrowers who had no outstanding balance on a Direct Loan as of October 7, 1998. If you received a Direct Loan on or after this date, your Direct Loan outstanding balance must be more than \$30,000.
- Graduated Repayment Plan—Payments that start off lower at first, and then gradually increase, usually every 2 years.

You can change plans at any time. There's no penalty if you make payments before they are due, or pay more than the amount due each month. You can find more information about these plans by contacting the Direct Loan Servicing Center. (see the Direct Loan contact information at the end of this FAQ) or visiting Direct Loan Servicing Online at www.dl.ed.gov.

You may qualify for a deferment if:

- You return to school at least halftime. (Parent borrowers, this means you and not your child.)
- You are unemployed or meet our rules for economic hardship.
- You are serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency. This deferment is available only for Direct Loans first disbursed on or after July 1, 2001.

If you don't qualify for a deferment but are temporarily unable to make loan payments for reasons such as illness or financial hardship, Direct Loans may grant you forbearance. They charge interest on Direct PLUS during all periods of deferment and forbearance.

Can my loan ever be canceled or discharged?

You must repay your loan even if your child doesn't complete school or can't find a job related to his or her program of study, or if you or your child are unhappy with the education you paid for with your loan.

However, Direct Loans will cancel your loan if you have your loan discharged in bankruptcy, if you die or if the child for whom you borrowed dies or if you become totally and permanently disabled (additional conditions apply).

Direct Loans may discharge some or all of your loan if:

- The school closed before your child completed the program.
- The school forged your signature on your promissory note or falsely certified that you were eligible to get the loan.
- Your loan was falsely certified because of identity theft.
- Your child withdrew from school but the school didn't pay a refund that it owed under its written policy or our regulations. Check with the school to see how refund policies apply to federal aid at the school.

Can I transfer a Direct PLUS to my child so that it becomes my child's responsibility to repay?

No. A Direct PLUS is a loan made to a parent, not to a student. You are responsible for repaying your Direct PLUS.

Who is my repayment contact?

Your single contact for everything related to repayment of your Direct Loan:

Borrower Services at the Direct Loan Servicing Center 1-800-848-0979 (TTY 1-800-848-0983)

Direct Loan Servicing Online: www.dl.ed.gov.