
Federal Direct Parent Loans for Undergraduate Students (PLUS)

The Federal Direct Parent Loan for Undergraduate Students (PLUS) is available to parents of dependent students to provide the expected parent contribution for their student's educational expenses, and/or make up the difference between the cost of attendance and the financial aid awarded the student. Natural, or adoptive, or stepparents are eligible to borrow loans through the Federal Direct PLUS Loan program on behalf of their student. This loan is not based on financial need and is borrowed from the U.S. Department of Education.

Eligibility

To borrow a PLUS loan for a student, the parent must be the student's biological or adoptive mother or father. Both parents may get a PLUS loan as long as the total aid package does not exceed the student's cost of attendance. A stepparent is also eligible to borrow a PLUS loan if his/her income and assets were reported on the FAFSA. A legal guardian is not considered a parent for financial aid purposes.

The parent borrower and their student must also meet the following criteria to receive a Federal Direct PLUS Loan.

The student and parent borrower must:

- Be U.S. citizens or other eligible status (permanent resident).
- Not owe a defaulted student loan or a federal grant repayment.
- Meet other eligibility requirements as applicable.

The student must:

- Be in compliance with the SIUC Satisfactory Academic Progress Policy.
- Be enrolled at least half-time. (Audited courses are not eligible to determine enrollment status.)

The parent borrower must:

- Not have an adverse credit history.

Loan Amounts

Parents may borrow a Federal Direct PLUS Loan for an amount up to the student's educational expenses minus other financial aid. However, we recommend using the Cost Calculator available on line at <http://www.siu.edu/~fao/costs/costcalc.htm> to determine the loan amount that you may need to borrow.

Loan Fees, Interest, Repayment and Deferments

An origination fee of 4% of the loan amount is deducted by the federal government from the Federal Direct PLUS Loan proceeds. Parents are notified of this fee at the time of loan approval and loan disbursement amounts reflect the deduction of this loan fee. The interest rate is 7.9%. Interest begins upon disbursement and repayment begins either 60 days after the loan is fully disbursed, or six months after the dependent student on whose behalf the loan was obtained ceases to be enrolled on at least a half-time basis. Some deferments and various repayment options are available, and in some cases interest may be capitalized. The U.S. Department of Education contracts with a servicer to handle the collection of loans. Parents should contact the servicer or the Financial Aid Office for more information on interest, repayment and deferments. Federal Direct PLUS Loan information is also available at <http://studentaid.ed.gov>

PLUS Loan Procedures

- An SIUC Application for a Federal Direct PLUS Loan must be completed by both the student and the parent, and submitted to the Financial Aid Office. The SIUC PLUS Loan application is available on line at <http://www.siu.edu/~fao/forms/index.htm>.
- An Electronic Master Promissory Note for a Federal Direct PLUS Loan is required. The Electronic Master Promissory Note can be completed on-line at <https://lo-online.ed.gov/empn/>
- The Financial Aid Office determines eligibility and forwards information to the U.S. Department of Education's Direct Loan Servicing Center and to the parent. The U.S. Department of Education checks the credit history of the parent borrower and accepts or rejects the application.
- SIUC disburses an approved PLUS loan in semester installments. Federal Direct PLUS Loans are credited to the student's University account to pay all charges first. If the credit exceeds charges, a refund check is processed and mailed to either the student or the parent as indicated on the SIUC Application for a Federal Direct PLUS Loan.
- Parents have the right to cancel all or a portion of their PLUS loans by contacting the Financial Aid Office within 90 days after disbursement.

Adverse Credit History

If your PLUS Loan application is rejected by the U.S. Department of Education's Direct Loan Servicing Center due to an adverse credit history, your student may become eligible to borrow under the Federal Direct Unsubsidized Loan program. If your student would like to borrow under the Unsubsidized Loan program in the event an adverse credit history, the student will need to mark yes to question #6.



SIUC APPLICATION FOR A FEDERAL DIRECT PARENT LOAN FOR UNDERGRADUATE STUDENTS (PLUS)

2009-10

After completing and submitting the electronic Federal Direct PLUS Loan Master Promissory Note on the Direct Loan Servicing web site, (https://dlenote.ed.gov/empn/completenew_plus.jsp), complete and return this form to **SIUC Financial Aid Office, 900 S Normal Avenue, Woody Hall - B Wing -Third Floor, Southern Illinois University, Carbondale, IL 62901-4702**. A Federal Direct PLUS Loan will not be disbursed until **both** the electronic Federal Direct PLUS Loan Master Promissory Note and this form are completed, submitted and approved.

Section A - Student Information

1. STUDENT'S NAME: _____
2. STUDENT SOCIAL SECURITY NO. _____
3. STUDENT'S EXPECTED DATE OF GRADUATION: _____
4. LOAN REQUESTED FOR: [] Fall Only [] Fall & Spring Semesters
(Check only one) [] Spring Only [] Summer Only

STATEMENT OF EDUCATIONAL PURPOSE/CERTIFICATION STATEMENTS

I understand that I may not receive any Federal Title IV, HEA funds if I owe an overpayment on any Title IV educational grant or am in default on a Title IV educational loan unless I have made satisfactory arrangements to repay or otherwise resolve the overpayment or default. I also understand that I must notify my school if I do owe an overpayment or am in default. Additionally, I certify that I will use any Federal Title IV, HEA funds I receive during the award year covered by this application solely for expenses related to my attendance at Southern Illinois University Carbondale.

5. STATEMENT OF SELECTIVE SERVICE REGISTRATION STATUS

- ____ I certify that I am registered with Selective Service
- ____ I certify that I am not required to be registered with Selective Service, because:
- ____ A. I am a female
- ____ B. I am in the armed services on active duty (Note: Does not apply to members of the Reserves and National Guard who are not on active duty)
- ____ C. I have not reached my 18th birthday
- ____ D. I was born before 1960
- ____ E. I am a citizen of the Federal States of Micronesia, or the Marshall Islands, or a permanent resident of the Trust Territory of the Pacific Islands (Palau)
6. If my parent is ineligible to borrow under the PLUS loan program because of adverse credit, I would like to be considered for an Unsubsidized Stafford/Ford Loan.
[] Yes, please process an Unsubsidized Loan up to a maximum of \$ _____
[] No, please do not process an Unsubsidized loan.

7. _____
Student Signature **Date**

Section B - Borrower (Parent) Information

8. BORROWER'S NAME: _____
9. BORROWER'S SOCIAL SECURITY NO. _____
10. BORROWER'S ADDRESS: _____
11. BORROWER'S BIRTH DATE: _____
12. BORROWER'S TELEPHONE NUMBER _____
13. RELATIONSHIP TO STUDENT: _____
14. LOAN AMOUNT REQUESTED: \$ _____

15. Because Federal Direct PLUS Loan proceeds are to be used for the student's educational expenses and refunds to students can be made in a timelier manner, you are encouraged to authorize any refunds of loan proceeds in excess of University charges to be issued to your student. **Indicate your choice by checking "Yes" or "No" below. If this question is left blank, SIUC will issue excess loan proceeds to the student.**

- ____ Yes, I authorize any excess loan proceeds to be issued to my student.
- ____ No, I do not authorize any excess loan proceeds to be issued to my student. Please issue any refunds to me. I realize this process requires more processing time.
SIUC will deduct from a Federal Direct PLUS loan any of the student's currently owed University charges and debts.
- If you have concerns regarding this policy or circumstances that warrant an exception to this policy, contact the Financial Aid Office for instructions.

16. The U.S. Department of Education's Direct Loan Origination Center conducts a credit check to determine if the borrower has adverse credit. You will be notified if the Federal Direct PLUS Loan is not approved due to an adverse credit rating.

17. _____
Borrower Signature **Date**

Section C – School

- ____ SIUC approved your Federal Direct PLUS Loan for \$ _____
- ____ SIUC did not approve your Federal Direct PLUS Loan because _____