

Auburn University Summer 2017 Parent PLUS Loan Information and Guide



PLEASE CAREFULLY REVIEW THIS INFORMATION BEFORE YOU APPLY

PAY CLOSE ATTENTION TO RED SECTIONS

What is a Direct Parent PLUS Loan? The Direct Parent PLUS Loan is an unsubsidized loan for the parents of dependent students. PLUS loans help pay for education expenses up to the cost of attendance minus all other financial assistance. The interest rate for 2016-2017 loans is 6.31%. An origination fee of 4.276% is charged by the US Department of Education on each loan disbursement. A gross loan disbursement of \$5000 will net at \$4787.

Parent eligibility requirements for a Direct PLUS:

- <https://studentaid.ed.gov/sa/sites/default/files/direct-loan-basics-parents.pdf>
- Your student must have a 2016-2017 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 2016-2017 FAFSA). Either biological or adoptive parent may apply, regardless of whether their information is listed on the FAFSA. 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 under 24, 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, 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 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.ed.gov/sa/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.

PLEASE SEE PAGE 3 OF THIS DOCUMENT FOR DENIAL OPTIONS.

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Application Steps:

- 1) Review the parent eligibility requirements from the first page of this guide. If all requirements are met, move on to step 2.
- 2) You (the parent borrower) will need your Federal Student Aid ID. www.studentaid.gov/fsaid
- 3) Go to www.studentloans.gov and log in using your 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 in, you will select "Apply for a Direct PLUS Loan", then "Direct PLUS Loan Application for **Parents**".
 - b. Select Award Year 2016-2017
 - c. 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.
 - d. 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.**
 - e. 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 incorrect, you may adjust your amount in the following ways: for a reduction, you may email your request to finaid7@auburn.edu; for an increase, you will follow this application process again at www.studentloans.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.
 - f. The loan period for Summer is May 2017-August 2017.
 - g. Review your request and then continue to the credit check and submission. If your application is declined for credit, please refer to the eligibility requirement on page 3 of this guide for options.

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- 4) 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 that under the parent borrower's login at www.studentloans.gov. The PLUS MPN can be completed under "Complete Master Promissory Note" for the "Parent PLUS".
- 5) Once your application has been submitted, please allow 48 business hours for Auburn University to receive and process your request.

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. Please review the information below for further clarification of the options that will be offered 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**. If your student already received the additional Unsubsidized funds for denied PLUS during the Fall/Spring terms, then it is likely that they have no remaining eligibility in this program.
- **APPEAL:** If you choose to appeal the credit decision, you will do so through the www.studentloans.gov site under "Document Extenuating Circumstances". 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 loan 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) and use that to log into www.studentloans.gov with their information. Once logged in, they will select the option "Endorse a Direct PLUS Loan". They will use the provided "PLUS Loan Endorser Code" where requested.
 - If your loan is approved with an endorser, you (the parent borrower) will be required to complete PLUS loan counseling prior to your loan being fully approved for disbursement.
 - A new PLUS 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.