

Student Financial Services (SFS)

Federal Direct Parent (PLUS) Loan Application Instructions

Parents- the process for applying for a PLUS Loan has just gotten easier! [Log onto one site to apply for the PLUS loan and complete the Master Promissory Note in one location!](#)

Mercyhurst University participates in the Federal Direct PLUS (Parent Loan for Undergraduate Students) Loan Program. The PLUS Loan Program is offered by the US Department of Education and it provides parents with a simple, inexpensive way to borrow money to pay for your child's college expenses.

The Federal Direct Parent PLUS Loan is a credit-based educational loan available to parents or legal guardians of dependent undergraduate students enrolled at least half time in a degree seeking program. It is a non-need based loan with the benefit of having a fixed interest rate. PLUS Loans are available regardless of income or assets, and no collateral is required. While the parent borrower does not have to prove financial need, a credit check is required.

Application Instructions:

1. Log on to the U.S. Department of Education's Direct Loan website: www.studentloans.gov to complete the Direct PLUS Loan Request (including credit check.) You will need your federal PIN to log in. It is the same PIN used to sign the FAFSA.
2. The Direct PLUS Loan Request record will automatically be sent to Mercyhurst University.
3. Complete the Master Promissory Note (PLUS MPN) on the same site. This only has to be done the first time around.
4. You (the parent borrower) will receive the results of the credit check immediately. Depending on the results of the credit check, you will be provided information about the next steps you need to take.
 - o If credit is approved, you will be asked to complete a Direct PLUS Loan MPN (unless one is already on file).
 - o If credit is not approved, you will be given options on how to proceed, such as not pursuing a Direct PLUS Loan, obtaining an endorser to complete the online Endorser Addendum, or appealing the credit decision. (Regardless of the borrower's choice, a paper Endorser package will always be sent to the borrower.)

The Direct PLUS Loan cannot be awarded until all the steps have been completed.

Eligibility:

- Parents are the borrowers of the Federal Parent PLUS loan—not the student
- Eligibility is not based on financial need; however, creditworthiness is used for eligibility
- An additional unsubsidized Stafford loan is available for students if a Federal Parent PLUS loan is denied by a lender because of adverse credit history
- A cosigner with good credit history can be used by a parent with adverse credit history to secure a Parent PLUS loan
- New regulations allow lenders to consider parents eligible for PLUS loans even if, during the period January 1, 2007, through December 31, 2009, the parents were: no more than 180 days delinquent on a mortgage payment on their primary residence, no more than 180 days delinquent on any medical bill payments, no more than 89 days delinquent on the repayment of any other debt.

Terms & Conditions:

- Fixed interest rate of 7.9% for loans
- Interest accrues on the unpaid balance from the date of disbursement
- Loan Fees - The PLUS loan has a 4% origination fee with an up-front rebate of 1.5%, for a net origination fee of 2.5% which is deducted from the loan proceeds. Once you enter repayment, if you make your first 12 monthly payments on time, the rebate becomes permanent. If you fail to make 12 on time monthly payments however, a charge of the initial rebate will be added to the outstanding balance of the loan.
 - Disbursements are made electronically to the student's SMU Tuition Account at the beginning of each term/semester if student is enrolled at least half-time
 - Credit balances created by excess Parent PLUS loans are refunded to the parent
 - Repayment of principal and interest begins 60 days after the loan is fully disbursed during the academic period with up to 10 years to repay
 - Parent PLUS loans first disbursed after July 1, 2008 may choose to defer payments until six months after the date the student ceases to be enrolled at least half time. Borrower is encouraged to pay accruing interest monthly or quarterly, but is can be capitalized quarterly.

Borrowing Limits:

The maximum that can be borrowed on behalf of each dependent student is the cost of attendance less any other financial aid for a given academic period. The cost of attendance is determined by Mercyhurst and includes tuition, fees, and estimated room, board, travel, books, and personal expenses. The student's SFS Advisor can provide the cost of attendance figure used as the basis for awarding your student.