



## IMPORTANT INFORMATION ABOUT THE PARENT LOAN PROCESS

The Federal Direct Parent Loan for Undergraduate Students (PLUS) is offered by The U.S. Department of Education. A Master Promissory Note (MPN) will be used for most PLUS loans. This means that you will be able to request future loans and, if approved, not have to sign a new note. This process is in place for the Federal Direct Student Loan Program. If the parent is denied the PLUS Loan after the credit check and the loan is subsequently approved with a cosigner (endorser), the PLUS MPN will only be valid through that loan. You would have to sign a new PLUS MPN for additional loans.

When this request for a PLUS Loan and Consent to Obtain a Credit Report is received by the Financial Aid Office, the application will be checked for completeness and accuracy and the data entered into our system. Parent and student information is sent to the U.S. Department of Education's Common Origination and Disbursement Center (COD) where a match of all parent information and a credit check are performed to determine if the loan is approved.

Your parent must then complete a Master Promissory Note online at [www.dlenote.ed.gov](http://www.dlenote.ed.gov). He/she will need his/her federal PIN number.

If the credit is not approved you may choose to seek a cosigner or to cancel the loan and request a Federal Direct Unsubsidized Stafford Loan for the student. The maximum amount of the Unsubsidized Stafford loan is based on the number of credits the student has completed: 0- 64 credits (freshman/sophomore) \$4000, 65+ credits, (junior/senior) \$5000.

If a credit balance is generated as the result of a parent loan, the refund is sent to the parent. If the parent prefers that the refund go to the student, he/she must elect that option on the front of this form.

### **GENERAL ELIGIBILITY FOR A PLUS LOAN**

- The student must be matriculated, enrolled in at least 6 credits (half-time) and making academic progress for federal aid
- The loan may be in the name of either parent or a stepparent. The parent borrowing the loan must be a U.S. Citizen or eligible non-citizen
- The parent or stepparent may seek an endorser (cosigner) if their credit is denied.
- The student must be a dependent undergraduate and a U.S. Citizen or Eligible Non-Citizen

You may borrow any amount up to the cost of your child's education, minus any other financial aid he or she may receive. A 2.5% (or \$50) loan origination fee is deducted from the amount requested. Example: The parent requests \$2,000, \$1950 will be credited to the student's account.

The interest rate is fixed. It will never be higher than 9%. The rate since February 2008 is 7.9%.

### **WHEN TO APPLY**

You apply for a Direct PLUS loan each academic year. Allow plenty of time for your application to be reviewed and processed by Pace University and the U.S. Department of Education. Processing time varies. We recommend that you begin the application process 2 – 3 weeks prior to any payment date. You can apply for a PLUS loan after school begins, but requests must be initiated 30 days prior to the close of semester(s) for which the loan is requested.

### **DISBURSEMENTS**

U. S. Department of Education regulations state that federal aid may be disbursed no earlier than 10 days before the start of the semester for which the aid is awarded. In addition, Fall/ Spring PLUS loans must be disbursed in at least two disbursements. The second disbursement of a two-semester loan may not be earlier than 10 days before the start of the second semester.

### **REPAYMENT**

You will begin repaying your PLUS loan 60 days after the full amount you have borrowed for a school year has been disbursed. Since July 1, 2008, repayment on new Parent Loans can be deferred until 6 months after the dependent student (for whom the loan is borrowed) graduates or falls below half-time enrollment. To receive this deferment, parents should contact Borrower Services at 1-800-848-0979.

### **ADDITIONAL INFORMATION**

Extensive information about the PLUS loan program is available on the Direct Loan web site. [www.ed.gov/directloan](http://www.ed.gov/directloan).

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(877) 672-1830 Fax (212) 346-1750

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