



The Parent PLUS Loan is a federal loan in the parent's name. It's offered by the college via the FAFSA, but the parent must do a separate credit check application to secure the loan. The credit check application is available annually after June 1<sup>st</sup>. You will need to re-apply each year. You must be credit-approved before the loan will show as a credit on the student's invoice, so you'll want to apply as early as possible after June 1<sup>st</sup>.

**HOW TO APPLY-** Parent borrowers must login with their federal pin & SSN at [www.studentloans.gov](http://www.studentloans.gov). Then click **'REQUEST A DIRECT PLUS LOAN'** and select the Parent PLUS loan. You will be notified immediately during the credit check application if you are approved or denied. If approved, new borrowers will be asked to complete a master promissory note online.

The Applicant Services Department is available to help you if you have any questions about credit decisions or the application process: (800)557-7394.

- **What are the costs to borrow?** The interest rate for 14/15 is fixed at 7.21%. There is also a loan fee of 4.288% of the principal. This origination fee will be applied before the loan money disburses to the school.  
Example- if you borrow \$1000, then \$958 will disburse to the school.
- **How much should I borrow??** Unless you specify otherwise, the PLUS will be ONE loan with TWO disbursements (fall & spring). View your fall invoice to see how much is needed to cover the student's charges, then double that amount and add a little (if you'd like to provide a cushion & cover the fee.)  
Example- if you need \$5000 for fall, then you can apply for roughly \$10,500. After origination fees you will get about \$5000 for fall & \$5000 for spring.
- **When will my loan pay out?** Loans disburse starting the second week of classes & any excess funds will get mailed home to the parent in the form of an exchange check (Sept. for fall & Jan. for spring). You can use that refund to pay for miscellaneous school-related expenses.

### **WANT TO DEFER YOUR RE-PAYMENT?**

You can now request deferment during the PLUS Request Process on studentloans.gov ! When applying just check the box that you want to defer the payments until after your student graduates.

An in-school deferment will delay payments on the PLUS loan until 6 months after student ceases to be enrolled at least half-time. Otherwise, repayment on the PLUS loan begins 60 days after the loan is fully disbursed for the academic year. Remember, interest accrues on PLUS during the deferment period. Therefore, we recommend that you make your interest payments during this deferment period if at all possible.



### **What are the benefits of borrowing Parent PLUS Loans?**

- ❖ Modest fixed interest rate with in-school payment deferment option.
- ❖ No pre-payment penalty.
- ❖ Interest can be deducted on your tax return; lower overall cost than most alternative private loans.
- ❖ Should parent borrower become deceased the balance of the loan will be cancelled.

**Visit our website for checklists and other helpful info: [www.newpaltz.edu/financialaid](http://www.newpaltz.edu/financialaid)**

# PLUS APPLICATION STEPS

1. To be eligible for Parent PLUS, the family must first file the FAFSA, then the student should accept the PLUS loan as part of their aid package on my.newpaltz.
  2. The parent must visit <http://www.studentloans.gov> and click "SIGN IN" using the parental FAFSA pin number (not the student's pin number)
    - ✓ Click "Request a Direct PLUS Loan" and select 'Parent PLUS'
    - ✓ Select the academic year and then fill out all sections:
      - section 1 (School & Loan Info) select STATE UNIVERSITY COLLEGE- NEW PALTZ
      - section 2 (Borrower Info)
      - section 3 (Review Request)
      - section 4 (Credit Check & Submit)
  3. If credit is approved continue to step 5.
  4. If credit is denied, you have two options:
    - a) The student qualifies for additional unsubsidized student loan consideration. (\$4,000 for freshmen and sophomores or \$5,000 for juniors and seniors) Submit or fax (845-257-3568) denial of credit to our office along with the student's request for the additional unsubsidized loan. OR...
    - b) If your credit is denied but you still want to pursue a PLUS loan you can login later to add a credit-worthy endorser. (A PLUS applicant with an adverse credit history may still receive a Direct PLUS Loan if he/she obtains an endorser who does not have an adverse credit history. The endorser is responsible for repaying the Direct PLUS loan if the primary borrower does not.) You can contact Applicant Services at (800)557-7394 if you need help with the endorsement process.
  5. If you receive a message stating "Congratulations your application for a Direct Plus has been approved" you will then need to click the link to Complete a Master Promissory Note (MPN). If you are a continuing borrower who already completed an MPN last year, you are not required to sign a new note (but if you do then that's fine too). Complete all sections of the note and click SUBMIT at the end:
    - section 1 (Parent Borrower Information)
    - section 2 (Requires 2 Personal References)
    - section 3 (Terms & Conditions- make sure you read and accept all statements)
    - section 4 (Review & Sign- type in your name as it's registered w/ your pin)
- ❖ **QUESTIONS ABOUT CREDIT DECISIONS?** Applicant Services is available to help at (800)557-7394.
- ❖ **HOW DO I KNOW I'M DONE?** It is recommended that you log out and then log back in to review 'My Loan Documents' on the left toolbar to ensure that BOTH your PLUS Loan App and MPN are complete.
- ❖ **WHEN WILL THE LOAN DISBURSE?** Loans start disbursing during the 2<sup>nd</sup> week of each semester.
- ❖ **WHAT ABOUT REPAYMENT?** Your loan will be assigned to a servicer who will contact you shortly via mail. Don't know who your servicer is? Call (800)-433-3243 or login to [www.nslsds.ed.gov](http://www.nslsds.ed.gov).

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