



## Office of Student Financial Aid

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## 2007-2008 Parent Loan for Undergraduate Students (PLUS) FAQ

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### **What is a Federal Direct PLUS loan?**

A PLUS loan is a Parent Loan for Undergraduate Students. A parent may apply for this low-interest loan to help pay for the cost of their student's education. The interest rate is 7.9%.

### **Who can apply for a PLUS loan?**

Parent(s) of students who are considered dependent for financial aid purposes may apply for a PLUS loan. Your child is considered dependent for financial aid purposes if parental data is required on the Free Application for Federal Student Aid (FAFSA). Refer to the Student Dependency Status section of the FAFSA to determine dependency status.

### **How do I apply for a PLUS loan?**

Once your student's financial aid file is complete, you may apply for a PLUS loan by completing the PLUS Loan Request. You may obtain an application online at [www.financialaid.ku.edu](http://www.financialaid.ku.edu).

### **How is my eligibility for a PLUS loan determined?**

The Direct Loan Servicing Center conducts a credit check on each PLUS application, which usually takes 7-10 days to be completed. Generally, the parent borrower will be approved for a PLUS loan as long as s/he does not have an adverse credit history and s/he is not in default on a federal student loan.

### **Do I need to complete a Master Promissory Note (MPN)?**

Yes, if you are borrowing a PLUS loan for the first time, you must complete an MPN. You may complete an electronic MPN at <https://dlenote.ed.gov> > select New MPN for Parent Loans. Once you complete an MPN and a loan has been disbursed, you will not need to complete another promissory note for future Federal Direct PLUS loans. If you are borrowing a PLUS loan for more than one student, you must complete a PLUS MPN for each student. If you would prefer to complete a paper MPN, please contact the OSFA.

### **How much can I request to borrow?**

You may request to borrow up to the amount of your student's Cost of Attendance (as determined by KU OSFA) minus any other aid your student has received. Contact the OSFA to discuss your specific financial needs.

### **How will the loan be disbursed?**

Approved loan funds will be applied directly to your student's university account once the credit approval and electronic MPN acknowledgement are received. If the loan creates a credit balance and you have signed up for Direct Deposit, funds will be deposited into your bank account. Otherwise, a refund check will be mailed to you. You may submit a written request to the OSFA to request PLUS loan refunds be released to your student.

**Who is the lender for Federal Direct PLUS loans?**

The lender for the PLUS loan is the Direct Loan Servicing Center (DLSC), a division of the U. S. Department of Education. The DLSC has several locations throughout the country. Refer to correspondence from the DLSC for the address and phone number of the location administering your PLUS loan.

**When do I begin repaying the loan?**

Repayment of each PLUS loan begins within 60 days after the final disbursement. For example, if you take out a PLUS loan for the academic year, your student will receive the first disbursement in August and the second disbursement in January. You would begin repayment sometime in March.

**What types of repayment plans are available?**

There are three repayment options offered through the Direct Loan Program:

The *Standard Repayment Plan* requires monthly payments of at least \$50 (payment amount varies depending on the amount borrowed) over a fixed period of time (maximum of 10 years). The Standard Repayment plan generally results in lower total interest paid since it has a shorter repayment period and a higher monthly payment requirement.

The *Extended Repayment Plan* requires monthly payments of at least \$50 over a period of 12-30 years, depending on the amount borrowed.

The *Graduated Repayment Plan* enables a borrower to start out with low payments. An increase in monthly payments is required every two years.

To estimate your payment, you may access a repayment calculator at [www.finaid.org/calculators](http://www.finaid.org/calculators).

**The PLUS funds have not applied to my student's account, who should be contacted?**

Please contact the OSFA at (785) 864-4700, [financialaid@ku.edu](mailto:financialaid@ku.edu) or have your student check the items on their 'To Do List' at <https://sa.ku.edu> > *Enroll & Pay* > *Student Center* > *To Do List*.

**I have questions about loan repayment, who should I contact?**

Please contact the Direct Loan Servicing Center at (800) 557-7394. You will also receive correspondence from the DLSC regarding interest accrual and repayment.

*The OSFA is providing the above information as a courtesy. Outside of maintaining the OSFA Web site, the OSFA does not promote, validate, or maintain the Web sites listed. URL addresses and Web site contents frequently change. The URL addresses listed were accessible as of February 2007. A Web site appearing here does not necessarily imply that the University of Kansas or the OSFA agree with the material contained on or linked to the Web sites.*