What is a Direct PLUS Loan?

A direct PLUS loan is a federal loan that is offered to parents of dependent undergraduates or to graduate or professional degree students.

Am I eligible for a Direct PLUS Loan?

You must be a parent (biological, adoptive, or in some cases, stepparent) of a dependent undergraduate student enrolled at least half-time.

<or>

You must be a graduate or professional degree student enrolled at least half-time.

How to Obtain a Federal PLUS Loan?

Complete a Federal Direct PLUS Loan Application Form and return it to the Office of Student Financial Aid. (The application is listed under the Forms and Documents Tab).

What are the approval qualifications?

Eligibility of a PLUS loan depends on a modest credit check that determines whether the parent has an adverse credit history.

Do you have to submit a FAFSA if you only want to borrow a PLUS Loan?

Yes. A FAFSA must be on file for the student before a Parent PLUS loan can be processed.

What is the interest on a Federal PLUS Loan?

Currently, the interest rate is fixed at 7.9% for the PLUS loan.

Are there any fees to use a Federal PLUS Loan?

Yes, there is a 4% origination fee associated with all disbursements. For example if you borrow $1,000 and your loan origination fee is 4%, the net disbursement will be $960.
**How much can a parent borrow?**

Parents may borrow up to the cost of their student’s education, as determined each year by the Office of Student Financial Aid, less any other aid the student may receive, including grants, loans and scholarships.

**When will repayment begin?**

Repayment will begin 60 days after disbursement of the full amount for an academic year. Interest accrues as soon as the first disbursement is made. There is no grace period for this loan; the parent borrower repays both the principal and interest while their student is in school. The repayment term will be 10 to 25 years depending upon the repayment plan selected. Parents have the option to defer payments for the PLUS loan provided the student is enrolled at least half-time (six or more credits per semester). Parents must contact the Direct Loan Servicer after the loan has been fully disbursed to request the deferment. However, if you are a graduate or professional student, your loan will be placed into **deferment** while you are enrolled at least half-time and for an additional six months after you cease to be enrolled at least half-time.

**What if the Parent PLUS loan is denied?**

You may contact the Direct Loan Servicer at **1-800-557-7394** for ‘reconsideration’.

You may also choose to document extenuating circumstances relating to the reason you were declined by calling **1-800-557-7394**. After you submit your request to document extenuating circumstances, Applicant Services will contact you. Once all documentation has been received, a determination will be made and provided to you within 7-10 business days.

You may have a third party endorser co-sign the PLUS loan application with you by calling **1-800-557-7394**.

You may choose not to pursue any of the options listed above and instead your student may be able to borrow additional funds for the current academic year through the Unsubsidized Federal Direct Stafford Loan Program. When a parent’s PLUS loan application is denied, the student become eligible to borrow up to $4,000 (freshman and sophomores) or $5,000 (juniors and seniors) in additional Unsubsidized Direct Loan. This additional Direct loan amount cannot exceed the student’s Projected Cost of Education minus all other aid (including other loans). Unsubsidized Direct Loans are not interest free while the student is in school. If a
PLUS application is denied and the student would like to borrow additional Unsubsidized Direct Loan, please contact our office.

**Can the parent’s PLUS loan be transferred to the student so that it becomes the student’s responsibility to repay?**

No. A PLUS Loan made to the parent cannot be transferred to the student. The parent is responsible for repaying the PLUS loan.

**What if I am having trouble repaying the loan?**

If you are unable to make your scheduled loan payments, contact your loan servicer immediately. Your servicer can help you understand your options for keeping your loan in good standing. For example, you may wish to change your repayment plan or request a deferment or **forbearance** that allows you to temporarily stop or lower the payments on your loan.

**Can my loan ever be canceled or forgiven?**

Yes. Before your loan money is disbursed, you may cancel all or part of your loan by notifying your school. After your loan is disbursed, you may cancel all or part of your loan within certain time frames. Your promissory note and additional information you receive will explain the procedures and time frames for canceling your loan.

You also may qualify for forgiveness of some or all of your loans if you meet certain conditions. (Click the link below to find out more information)

http://studentaid.ed.gov/repay-loans/forgiveness-cancellation

**How do I change my loan amount?**

Virginia State University will award the PLUS loan to the maximum of your eligibility or to the amount you requested. If you choose to decline your loan or wish to request a lower amount, you must indicate this choice on the award letter or via the Banner website.

If you wish to increase the PLUS loan and it has been 90 days since the borrower’s last credit check, another credit check will be performed. Please speak with any loan representative in the Financial Aid Office.
How will the PLUS loan be issued?

If the student plans to enroll for both semesters, (fall & spring) the PLUS loan will be issued in two equal disbursements. If the student plans to enroll for only one semester, (fall or spring) the PLUS loan will be issued in one disbursement. The amount will be determined by eligibility.

When can I expect my overage and who gets it?

If your charges are paid and there is an overage that results from the PLUS loan, then it will be mailed to either the student or the parent borrower at the address provided on the application. You may select on the application if you would like the overage to be refunded to the student or parent.

Are PLUS loans available for the Summer Semester?

Yes, PLUS loans are available for the summer semester. Please complete a Federal Direct PLUS Loan Application Form and return it to the Office of Student Financial Aid. (The application is listed under the Forms and Documents Tab). A credit check will be performed to determine eligibility.

What is a Master Promissory Note (MPN)?

A promissory note is a binding legal document that lists the conditions of your loan and the terms of repayment. Instead of completing a promissory note every year, a Master Promissory Note (MPN) is a multi-year promissory note that only has to be completed once while your student is attending Virginia State University.

How do I sign a MPN?

You will need a federal Personal Identification Number (Pin) to complete the MPN; this may be obtained online at www.pin.ed.gov. If you electronically signed the FAFSA you should already have a pin. If you have forgotten your PIN, it can be retrieved at www.pin.ed.gov and select ‘duplicate pin’.

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