

How to Apply for a Federal PLUS Loan

The PLUS Loan application process is online. All borrowers must apply and qualify for the PLUS loan annually.

If you are a Parent of an Undergraduate Student:

Step 1. Your student must complete the Free Application for Federal Student Aid (FAFSA) -www.fafsa.ed.gov -listing Williams College (federal code 002229) as a recipient. The FAFSA is the Department of Education's online application which is required for anyone requesting federal financial aid. Once the student has completed this form the information will be sent to the financial aid office.

Step 2. Determine the amount of loan debt you can afford. Use the Parent Loan Repayment Calculator - <http://apps.collegeboard.com/fincalc/parpay.jsp> - to determine how much your loans will cost and what your monthly repayment amount will be.

Step 3. Complete the Federal Direct PLUS Loan Application/ Master Promissory Note on the Department of Education's web site – studentloans.gov. When you complete the Loan Application/Master Promissory Note, you will authorize the Department to conduct a credit check. If you are denied the PLUS loan because of an adverse credit history, you may still be eligible to borrow a PLUS loan with a co-signer. If you can't find a co-signer, then your dependent student becomes eligible for additional unsubsidized Stafford loan funds.

Step 4. You will receive an email confirmation from the Office of Financial Aid. You must reply and confirm acceptance of your loan before your loan funds will be certified by the Office of Financial Aid.

Note: Credit checks and loan approval are only valid for 90 days. Please do not apply for a PLUS loan sooner than 75 days before the start of classes. If your loan approval expires, you loan funds will not disburse.

For more information, visit the Department of Education's website - <http://studentaid.ed.gov/types/loans/plus> - where you can find more details about applying for a Parent PLUS loan.

**Note: The Federal Direct PLUS Loan will not disburse to the student's account until 10 days prior to the start of classes each semester. For loans processed during the academic year please allow at least 10 business days for disbursement (provided all steps have been completed).*

General information about the Federal PLUS loan

ELIGIBILITY

You are eligible for a Federal Direct PLUS if you -

- are the PARENT borrowing to pay the educational costs of a dependent undergraduate student.
- are a US Citizen or eligible non-citizen (i.e., permanent resident).
- do not have an adverse credit history.
- have an adverse credit history, but either obtained an endorser with no adverse credit history, or you document to the US Department of Education's satisfaction that extenuating circumstances exist.
- are not in default on a Federal Stafford Loan, Federal PLUS Loan or Federal Direct Student Loan, or if you are in default on one of those loans, you have made satisfactory repayment arrangements.

LOAN AMOUNT AND INTEREST RATES

- The maximum amount you may borrow is the total cost of attendance less all financial aid the student receives.
- A fee of 4.288% of the loan principal is deducted from each disbursement (i.e., for a PLUS loan of \$10,000, \$9,600 is applied to the student account - $\$10,000 \times 4.288\% = \428 ; $\$10,000 - \$428 = \$9,572$).
*** This fee is subject to change with the federal sequestration and is expected to change in October 2014.*
- For loans disbursed after July 1, 2014, the interest rate is fixed for the life of the loan but the rate is adjusted each year (and can be reduced by .25% with enrollment in the electronic payment option). For 2014-2015 the rate is 7.21%.

DISBURSEMENTS

The PLUS Loan is disbursed in two equal payments. It is applied directly to the student's account at Williams College.

TERMS OF REPAYMENT

- Interest begins to accumulate on the date of the first disbursement.
- Your first payment will be due within 60 days after the final disbursement (unless you have requested a deferment).
- You will pay the principal and accumulated interest.
- During periods of deferment and forbearance, you do not pay any principal, but interest will accumulate. This means your loan principal will increase unless you choose to pay the interest monthly during your deferment or forbearance.
You must request deferment directly from the loan servicer. You will receive correspondence from the loan servicer shortly after the loan is disbursed to the student's account.

You may repay a PLUS Loan under one of three repayment options. The options are:

- 1- Standard Repayment Plan - fixed monthly payments of at least \$50 a month for not more than 10 years.
- 2- Extended Repayment Plan - fixed monthly payments of at least \$50 a month;
number of years of repayment varies depending on the total loan amount due but may not exceed 30 years.
- 3- Graduated Repayment Plan - monthly payments that graduate to a higher level at least twice over the years of repayment;
number of years of repayment varies depending on total loan due but may not exceed 30 years.

DEFERMENT / FORBEARANCE / CANCELLATION

You may receive a deferment (postponement of repayment) if you qualify. **You must contact the Direct Loan Servicer to request a deferment.**

As mentioned earlier, principal will be deferred but interest will continue to accumulate unless you pay it monthly.

To qualify for a deferment, a PLUS borrower (**parent**) must be -

- at least a half-time student; or
- in an approved graduate fellowship or approved rehabilitation training program; or seeking but unable to find full-time employment; or
- experiencing an economic hardship; or
- for loans disbursed after July 1, 2008, the **student** for whom the loan was borrowed must be at least a half-time student.

The US Department of Education may allow you to temporarily reduce or delay making payments if you are willing but unable to meet your repayment schedule, and you (parent) are not eligible for a deferment (for example, if you are in poor health). This period of suspension or reduction of payments is called "forbearance". Again, as is true for deferments, if you choose not to pay your interest during the forbearance period, the interest will be added to the outstanding balance of the loan.

You, the parent borrower, may also qualify for a forbearance if you are in one of the following categories and you request forbearance:

- You are a medical or dental intern or resident.
- You have a large student loan debt.
- You are experiencing financial hardship.
- You are receiving a national service education award under the National and Community Service Trust Act of 1993.

A Direct PLUS loan may be canceled under the following circumstances:

- You (or the student for whom you borrowed) die or become totally and permanently disabled.
- In rare cases, if you file for bankruptcy.