

2023-2024 FEDERAL PARENT PLUS LOAN



FAQs and INSTRUCTIONS

AUBURN

WHAT IS A FEDERAL PARENT PLUS LOAN?

The Federal Parent PLUS Loan is an unsubsidized loan for the parents of dependent students. PLUS loans help pay for education expenses up to the cost of attendance minus all other financial assistance. The parent is the borrower and the student has no liability for repayment on this type of loan.

WHAT COSTS ARE ASSOCIATED WITH THE FEDERAL PLUS LOAN?

INTEREST: The interest rate for 2023-2024 PLUS loans is 8.05%.

ORIGINATION FEE: An origination fee of 4.228% is charged by the US Department of Education on each loan disbursement. Therefore, a gross loan disbursement of \$5000 will net at \$4789.

WHEN AND WHERE DO I APPLY?

Applications will be available in April 2023 at www.studentaid.gov. The application period will remain open until the day before the last class day of the term. After the last class day, the school cannot originate a PLUS loan for you. Therefore, you should apply well before the end of term to make sure everything is in order prior to the last class day of the term.

WHAT ARE THE ELIGIBILITY REQUIREMENTS?

- <https://studentaid.gov/understand-aid/types/loans/plus/parent>
- Your student must have a 2023-2024 FAFSA on file with Auburn University, and any additional required documentation must be satisfied.
- You must be the student's biological or adoptive parent or the student's stepparent (if the stepparent's income information is listed on the 2023-2024 FAFSA). Either biological or adoptive parent may apply, regardless of which parent is considered custodial for FAFSA filing. Documentation may be requested to prove the relationship between the student and borrower.
- Your student must be a dependent student. For financial aid purposes, a student is generally considered "dependent" if he or she is born before 01/01/2000, unmarried, and has no legal dependents at the time the FAFSA is submitted. (Exceptions are made for veterans, wards of court, and other special circumstances.) If a student is considered dependent for federal aid purposes, the income and assets of the parent(s) must be reported on the FAFSA.
- Your student must be enrolled at least half time, which is a minimum of 6 credit hours.
- Parents and their dependent student must be U.S. citizens or eligible noncitizens, must not be in default on any federal education loans or owe an overpayment on a federal education grant.
- Your student must be maintaining Satisfactory Academic Progress (SAP). Please refer to www.auburn.edu/finaid in the "Additional Information" section to review the requirements for SAP.
- Parent PLUS Loan borrowers cannot have an adverse credit history (a credit check will be performed during the application process). Please review the credit criteria at <https://studentaid.gov/sites/default/files/plus-adverse-credit.pdf>. A PLUS loan approval does not ensure future PLUS loan approvals, as that will be based on the information in your credit file at the time of application.

If denied, please see page 4 of this guide for options and important information.

APPLICATION STEPS:

- 1) You (the parent borrower) will need your Federal Student Aid ID. If you do not already have one or you have forgotten yours, please visit <https://studentaid.gov/fsa-id/sign-in/landing>.
- 2) Go to www.studentaid.gov and log in using your (parent borrower's) FSA ID. **You will NOT log in using the student's information or ID. Logging in as the student will pull the student's credit, rather than the parent's credit. That loan request will reject once the record is transferred to Auburn University.**
- 3) Once you are successfully logged into www.studentaid.gov, you will select the dropdown under "Loans and Grants" and then "PLUS Loans: Grad PLUS and Parent PLUS."

The screenshot shows the Federal Student Aid website interface. At the top, there is a navigation bar with the text "An official website of the United States government." and links for "Help Center", "Submit a Complaint", and "English | Español". Below this, the "Federal Student Aid" logo is displayed, along with "AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION". The main navigation menu includes "FAFSA® Form", "Loans and Grants" (highlighted with an orange box), "Loan Repayment", and "Loan Forgiveness". A search icon and "AUBIE" user profile are also visible. The "Loans and Grants" dropdown menu is open, showing several options: "Get a Loan", "Undergraduate and Graduate Loans", "PLUS Loans: Grad PLUS and Parent PLUS" (highlighted with an orange box), "Master Promissory Note (MPN)", "Loan Entrance Counseling", "Annual Student Loan Acknowledgment", "PLUS Credit Counseling", "Endorse a PLUS Loan", and "Appeal a Credit Decision". Other options in the dropdown include "Get a Grant", "Pell Grants", "TEACH Grants", "Tools and Calculators", "Federal Student Aid Estimator", "Loan Simulator", and "Learn About Loans and Grants" with sub-links for "How Financial Aid Works", "Financial Aid Eligibility", and "Loans, Grants, and Work-Study".

- 4) On the next page, in the box titled "I am a Parent of a Student," click "Learn More"

The screenshot shows a section titled "I am a Parent of a Student" with the subtitle "Direct PLUS Loan Application for Parents". Below the subtitle, it states "The PLUS Loan Application allows you (the parent) to:" followed by a list of bullet points: "request a Direct PLUS Loan;", "change the amount of a Direct PLUS Loan you previously requested;", "authorize how the school may use your Direct PLUS Loan funds to pay for educational expenses;", "designate who the school pays any credit balance to; and", and "request deferment of repayment while the student is in school and for up to 6 months after." To the right of the text is a blue button labeled "Learn More" (highlighted with an orange box). There is also a small icon of two people to the left of the bullet points.

- 5) On the next page, select "Start" and review the important information located on the next page regarding who is logged in and the credit check. Click "Continue"
- 6) Select Award Year **2023-2024**
- 7) Complete the "Student's Information" section, being careful that the first and last names are entered into the correct fields and that the SSN and DOB are entered correctly.
- 8) Choose Auburn University as your intended school, then click "Continue"

APPLICATION STEPS (continued):

- 9) Choose a loan amount
 - a. Maximum will be the Cost of Attendance minus any other aid received by the student.
 - b. If you select "I don't know the amount I want to borrow," the loan process will be delayed until you send an email with your requested loan amount to finaid7@auburn.edu.

After your application has been processed, if you see that your requested amount is not what you expected, you may adjust your amount in the following ways: for a reduction, you may email your request to finaid7@auburn.edu; for an increase, you will follow this application process again at www.studentaid.gov.

- 10) The loan period for Fall 2023-Spring 2024 is August 2023-May 2024.
- 11) Carefully review "Request for Deferment" and "Authorization for School to Use Loan Funds to Satisfy Other Charges."

- 12) **Credit Balance Option: Your selection will affect how and when the refund is received by your student for purchase of books, off campus rent, etc.**

- a. **If you request the credit balance to go to "Me, the Parent," Auburn University will mail a check to the parent borrower IF the overpayment is a direct result of the Parent PLUS loan.** Many parents will set their personal bank account up with AU Student Financial Services for refunds and think that they should select "Me" here. However, AU cannot verify the owner of the bank account, and will have to mail a check to be compliant with federal regulations. A check will take longer than a direct deposit.
- b. **If you request the credit balance to go to "The Student", the overpayment will be direct deposited into the bank account on file with AU Student Financial Services.**


- 13) Parent's possible student loan default will be reviewed and then "relationship to student" must be verified.
- 14) Review and update any parent borrower contact information. The mailing address is where the credit balance will be mailed IF you selected for the credit balance to come back to "Me, the Parent."
- 15) Review the important notices on the following page.
- 16) Review your request and then continue to the credit check and submission. If your application is declined for credit, please refer to page 4 of this guide for options.

IMPORTANT
INFO!

COMPLETING THE MASTER PROMISSORY NOTE (MPN):

If your application is approved for credit, and you do not have a PLUS Master Promissory Note (MPN) on file with Direct Loans, you will need to complete one under the parent borrower's login at www.studentaid.gov.

- 1) From studentaid.gov's homepage, select the dropdown under "Loans and Grants" and then "Master Promissory Note (MPN)"
- 2) Navigate to the section titled "I'm a Parent of an Undergraduate Student" and click "Start"

	<p>I'm a Parent of an Undergraduate Student</p> <p>PLUS MPN for Parents of Dependent Undergraduate Students</p> <p>Use this MPN for Direct PLUS Loans available to eligible parents of eligible dependent undergraduate students. Learn More</p>	<p>Start</p> <p><small>OMB No. 1845-0007 • Form Approved</small></p>
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Once your application has been submitted, **please allow 48 business hours for Auburn University to receive and process your request.** Transfer of information from the U.S. Dept. of ED and Auburn University is not immediate.

PARENT PLUS DENIAL OPTIONS:

In the event that your loan application is denied, due to adverse credit, you will be given some options within the loan application at www.studentaid.gov. Please review the information below for further clarification of the options that will be presented to you.

WILL NOT PURSUE APPROVAL: If you choose “will not pursue approval of the PLUS loan”, we will award your student the additional Unsubsidized Stafford loan as a result of denied PLUS, if they are eligible. The maximum amounts for the additional Unsubsidized loans are \$4000 per academic year (Freshmen and Sophomores) or \$5000 per year (Juniors and Seniors). Grade-level statuses are determined by credit hours earned.

APPEAL or DOCUMENT EXTENUATING CIRCUMSTANCES: If you choose to appeal the credit decision, you will do so through www.studentaid.gov, select the dropdown under “Loans and Grants” and then “Appeal a Credit Decision.” If the appeal is successful, you will be notified by Direct Loans and the school will be notified approximately one business day later.

- If your loan is approved through appeal, you will be required to complete PLUS Credit Counseling prior to your loan being fully approved for disbursement. Instructions are below.

ENDORSER: If you choose to apply with a credit-worthy endorser, you will receive an email from Direct Loans with a “PLUS Loan Endorser Code” shortly after submitting your application online. You will need to have your endorser apply for a Federal Student Aid ID (<https://studentaid.gov/fsa-id/sign-in/landing>) and use that to log into www.studentaid.gov with their information. Once logged in, they will select the dropdown “Loans and Grants” and then the option “Endorse a PLUS Loan”. They will use the provided “Endorser Code” where requested.

- If your loan is approved with an endorser, you (the parent borrower) will be required to complete PLUS Credit Counseling prior to your loan being fully approved for disbursement. Instructions are below.
- A new PLUS Loan Agreement/Master Promissory Note (MPN) is required for each endorser-approved PLUS Loan.

UNDECIDED: If you choose “undecided”, NOTHING will happen with your PLUS request, until our office hears from you. Please avoid selecting this option, if possible.

PLUS CREDIT COUNSELING:

This is required if you are originally denied, but subsequently approved with an endorser or through appeal. Select the dropdown “Loans and Grants” and then the option “PLUS Credit Counseling.”

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