



Federal Direct PLUS Loan for Parents 2009-2010

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Information and Instructions

After completing steps 1-3 below, you should receive notification of your eligibility for the PLUS Loan in four to six weeks. Information and all forms listed below are online at www.finaid.umich.edu/types_of_financial_aid/loans/federal_loans/plusmpn.asp

If you are a graduate student interested in the Graduate PLUS program, see www.finaid.umich.edu/types_of_financial_aid/loans/federal_loans/gradplus.asp.

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Review the reverse side for:

- Information on determining how much to borrow
- An overview of the terms and conditions of the PLUS Loan



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Complete and submit the following items:

a. Supplemental Application for Parents and Undergraduate Students

All borrowers must submit this form to the Office of Financial Aid (OFA) each time they borrow through the PLUS program.

This form is available from the website listed above. It may be faxed (be sure to fax both sides), mailed, or dropped off in person. See page 2 of these instructions for information on how to determine how much to borrow (for question 16 of the Supplemental Application for Parents and Undergraduate Students).

b. Federal Direct PLUS Loan Application and Master Promissory Note (MPN):

Only complete this online form if you are borrowing through the PLUS program for the FIRST TIME for your student or if a financial endorser was required when you applied previously.

- Complete the MPN online at <https://dlenote.ed.gov/empn/index.jsp> (*this is the quickest and easiest way to complete the MPN*) **OR** mail (do not fax) to OFA ONE copy of a paper MPN* (available from OFA). If completing the MPN online, be sure to select "Complete New MPN for Parent PLUS Loans" from the left menu bar.

*If completing the paper MPN, complete all items in Sections A and C. Do NOT complete Section B.

Errors that frequently cause processing delays include:

- Incomplete or inaccurate reference information.
- Missing signatures on the MPN *and* the Supplemental Application for Parents and Undergraduate Students. You must have only ONE parent sign (this must be the same parent that signed the MPN; there can only be one parent borrower).
- Borrower's employer information incomplete or left blank.

c. A copy of your U.S. Citizenship and Immigration Services document verifying your current status (submit **copies** to OFA only if the borrower and/or the student are eligible non-U.S. citizens). Copy both the front and the back of your documents. Copies may be faxed to our office, if you wish. Please write the student's name and UMID on the copies.

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Be sure our office has the information we need to verify your PLUS Loan eligibility and process your PLUS application:

OFA must determine your student's eligibility for other financial aid (grants, loans, scholarships, and Work-Study) before determining your maximum borrowing eligibility for the PLUS Loan.

a. Is your student reducing or declining any financial aid received?

Your student must inform OFA using Wolverine Access (<https://wolverineaccess.umich.edu>) > Student Business > Financial Aid > Awards > Accept/Decline Financial Aid.

b. Is your student receiving additional sources of aid?

Your student must report to OFA the source and amount of any additional assistance (scholarships, MET, etc.) he/she is receiving.

- List this additional aid in question 9 of the Supplemental Application for Parents and Undergraduate Students.

c. If your student is NOT applying for other financial aid (other than a PLUS Loan):

You must indicate this on the Supplemental Application for Parents and Undergraduate Students (see question 10).

NOTE: Students are NOT required to complete a Free Application for Federal Student Aid (FAFSA) if they are only applying for a PLUS Loan.

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Parent borrower: See www.finaid.umich.edu/guides/parents.asp to find out how your student can authorize a U-M Friend Account for you. A Friend Account allows you to view/print your student's award notice (showing your PLUS Loan award) on Wolverine Access (<https://wolverineaccess.umich.edu>).

Determining How Much PLUS Loan to Borrow:

Use the worksheet and budget/cost of attendance figures below or information from your student's financial aid award notice to help you determine the amount of PLUS Loan you may borrow in order to complete question 16 on the Supplemental Application for Parents and Undergraduate Students.

You may also use the Wolverine Access Financial Planning Calculators (<https://wolverineaccess.umich.edu>) to determine your PLUS Loan eligibility.

Alternatively, in question 16, you can check the box for **"Maximum amount I can borrow for my student"** and OFA will determine this amount for you. Please note:

- If OFA determines your maximum loan amount **before** the Fall/Winter 2009-2010 actual tuition rates are set in June 2009, your loan amount will be **automatically** adjusted after the rates are set. You must check the box in question 16 for this automatic adjustment to occur.
- OFA will **not** automatically adjust your loan amount for any other budget adjustments. If you do not check the box, but you wish to have your loan amount adjusted after actual tuition rates are set, you must contact OFA.

PLUS Eligibility Worksheet

The amount of PLUS Loan you may borrow is limited to your **student's cost of attendance minus other financial aid** that he/she receives:

Cost of Attendance (see figures below or use the amount on student's award notice)	\$ _____
Total of Other Financial Aid You Are Accepting (grants, loans, scholarships, Work-Study)	- \$ _____
You May Borrow up to	= \$ _____

2009-2010 Fall/Winter University of Michigan Estimated Budgets/Costs of Attendance

	Tuition & Fees	Books & Supplies	Room & Board	Personal/Misc.	Total Cost of Attendance
Michigan Residents (In-State)					
Fr/So	\$11,037	\$1,048	\$8,590	\$2,090	\$22,765
Jr/Sr	\$12,439	\$1,048	\$8,590	\$2,090	\$24,167
Nonresidents (Out-of-State)					
Fr/So	\$33,069	\$1,048	\$8,590	\$2,090	\$44,797
Jr/Sr	\$35,391	\$1,048	\$8,590	\$2,090	\$47,119

*Note: If you would like to borrow from the PLUS Loan program for Spring/Summer 2010 (May-August), you must **reapply** for it. Contact OFA in March 2010 for forms. To determine the amount to borrow for Spring/Summer, see the information on costs on the OFA website (www.finaid.umich.edu/financial_aid_basics/cost.asp). Generally, the cost of attending **both** the Spring and Summer half-terms is half the cost of attendance for Fall/Winter.*

PLUS Loan Program Overview:

Program Description

The Federal Direct PLUS Loan program is a non-need-based federal loan program administered by the University of Michigan. For a more detailed explanation from the Department of Education, refer to the brochure *Direct Loan Basics for Parents*, which is available online at: www.ed.gov/offices/OSFAP/DirectLoan/pubs/parentbasics.pdf.

Borrower

Parent. To view your student's financial aid awards on Wolverine Access (<https://wolverineaccess.umich.edu>), your student must authorize a Friend Account for you. See www.finaid.umich.edu/guides/parents.asp.

Eligibility Criteria

Parent and Student must be:

- U.S. citizens or eligible non-U.S. citizens
- Not in default on prior educational loans

Parent must:

- Borrow on behalf of dependent student
- Meet federally defined creditworthiness standards

Student must be:

- Enrolled at least half-time in a degree program
- Making satisfactory academic progress

Creditworthiness

An applicant cannot be:

- 90 days or more delinquent on the repayment of any debt
- The subject of a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a Title IV debt during the last five years

Eligibility Calculation

Cost of attendance minus other aid (see column at left for information on cost of attendance estimates)

Annual Loan Limits

Cost of attendance minus other aid

Fees

2.5% origination fee (4.0% with a 1.5% rebate if first 12 monthly payments are made on time)

Interest Rate

The fixed rate is 7.9%. See www.ed.gov/offices/OSFAP/DirectLoan/calc.html for rate information.

Interest Subsidy

No federal interest subsidy. At the 7.9% rate, interest will be \$79.00 annually for each \$1,000 borrowed.

Repayment Terms

Repayment begins within 60 days of disbursement, and there is a 25 year maximum repayment period.

How to Apply

See reverse side or www.finaid.umich.edu/types_of_financial_aid/loans/federal_loans/plusmpn.asp.

Loan Consolidation

Existing Federal PLUS loans can be consolidated, which may lower your monthly payments. After disbursement of the loan, see www.dlsonline.com or call (800) 557-7392. For more information, see www.finaid.umich.edu/types_of_financial_aid/loans/consolidate.asp.