

# Parent PLUS Loan Instructions

**At Montana State University, we encourage students and families to make informed decisions about financial aid. We highly recommend that you borrow only the amount of loans you need to successfully complete your education.**

Federal Direct Parent PLUS Loans are loans parents may apply for on behalf of their student. PLUS loans are funded by the Department of Education and is offered automatically in the student aid package after having completed the Free Application for Federal Student Aid (FAFSA). Loans can be made to degree seeking students attending at least half-time (six credits).

Applications for the Federal Direct Parent PLUS loan requires **TWO (2)** important steps. Please go to <https://studentaid.gov/plus-app/parent/landing> and sign in using **your** FSA ID and password (NOT your student's).

**PLUS LOAN APPLICATION IS AVAILABLE MAY 1ST FOR THE UPCOMING ACADEMIC YEAR**

*After you have signed in please select:*

1. **APPLY FOR A DIRECT PLUS LOAN**. Be aware that loan amounts are a yearly amount and will be split equally between the fall and spring semesters unless otherwise requested. Disbursements will be applied to your student's university account, and any funds that are in excess of the balance due will be refunded to either you or your student, according to what you indicate on the application. This step must be done every year.
2. **COMPLETE MASTER PROMISSORY NOTE (MPN)**. You will automatically be directed to complete this step after applying for the PLUS loan. If you need assistance completing the MPN, call the Direct Loan Origination Center at 1-800-557-7394.

*What's Next?*

- I want to reduce or cancel my loan.
  - Contact the Financial Aid Office in writing. All or a portion of your loan may be canceled up to 14 days after the loan is disbursed. Canceling or reducing the PLUS loan does not make the student eligible for additional Unsubsidized loan. These funds are returned directly to the Department of Education. Because loan fees have been assessed, the exchange is not dollar for dollar and it is possible that a charge for the returned funds appear on the student account. If a refund was generated prior to the loan reduction, the refund may need to be returned.
- What happens if additional financial aid is received by MSU-Northern.
  - Often additional financial aid comes into the office after loans have been processed. When this occurs, the Financial Aid Office may reduce loans to make room for the additional funds. PLUS loans are reduced before student loans. These funds are returned directly to the Department of Education. Because loan fees have been assessed, the exchange is not dollar for dollar and it is possible that a charge for the returned funds appear on the student account. If a refund was generated prior to the loan reduction, the refund may need to be returned.
- What if more PLUS loan funds are needed?
  - If you have not borrowed the fully offered amount previously, you can submit a written request to Financial Aid Office indicating how much more of the initial offered amount you would like.
  - If you have previously borrowed the full offered amount, contact the Office of Financial Aid Office and discuss your options.

### *What else do you need to know?*

- To be eligible to apply for the Parent PLUS loan, you must be the student's natural or adoptive parent. A stepparent is eligible to borrow the PLUS loan, if his/her income & assets are reported on the FAFSA.
- Loans are made to credit worthy borrowers; no adverse credit history.
  - Loans denied based on adverse history can still be made by appeal or securing an endorser.
  - For additional information about the process of using an endorser, the parent should contact the Direct Loan Servicer at 1-800-557-7394.
  - More information can be found at <https://studentaid.gov/understand-aid/types/loans/plus/parent>.
- The Department of Education will notify you automatically about approval or denial of your loan.
- Students can receive an additional amount of unsubsidized loan when the PLUS loan is denied due to the adverse credit history. Freshman and Sophomores can received up to additional \$4,000 while juniors and seniors can get up to additional \$5,000.
- Interest accrues on the loan while the student is in school. Begins on the date the loan first disburses and until it is paid in full.
- Repayment begins 60 days after the PLUS loan is fully disbursed. The repayment term will be 10-25 years depending upon the type of repayment plan selected. There is no grace period for this loan.
  - Parents have the option to defer payments for PLUS Loans, provided the designated student is enrolled at least half-time (six credits) each semester. The parent should check the deferment box on their electronic loan application when submitting their application through <https://studentaid.gov/> to be eligible for the deferment.

### *Interest Rate and Fees*

The Parent PLUS loan interest rates are subject to change from year to year. Please visit <https://studentaid.gov/understand-aid/types/loans/plus/parent> for current rates and loan fees.