

FEDERAL DIRECT PLUS LOANS

The Federal Direct PLUS Loan program is a financing option for parents of Dependent undergraduate students. The Federal Direct PLUS Loan is an affordable, low-interest loan borrowed in the parent/step-parent's name.

ELIGIBILITY

A creditworthy parent/step-parent who is a U.S. citizen or eligible non-citizen and is not in default on any education loan may borrow up to the difference between the cost of education and any other financial aid the student may be receiving (scholarships, grants, student Federal Direct Stafford Loans). Dependent undergraduates must be enrolled at least half-time and make satisfactory academic progress and must not be in default on an education loan.

CREDIT QUALIFICATION

Parent borrowers must meet minimum credit requirements in order to borrow the Federal Direct PLUS Loan. A credit check will be conducted when the loan application process is begun. If credit requirements are not met, the application process will not continue. Students whose parents do not qualify for Federal Direct PLUS Loans can borrow additional Federal Direct Unsubsidized Stafford Loan funds.

INTEREST RATE/FEES

Federal Direct PLUS Loans disbursed on or after July 1, 2010 carry a fixed interest rate of 7.9% and are subject to a 4% origination fee (less a 1.5% up-front interest rebate contingent upon first 12 on-time monthly payments).

REPAYMENT

For loans disbursed after July 1, 2010, parents can choose to defer payments until 6 months after the date the student ceases to be enrolled at least half-time. Parent borrowers who choose not to defer payments will begin monthly repayment within 60 days after full disbursement. The repayment period is ten years from the time the borrower enters active repayment. There are no repayment penalties.

APPLICATION PROCESS

A credit check will be performed to determine parent eligibility for the Federal Direct PLUS Loan upon applicant request. If the Federal Direct PLUS Loan is denied, the application process ends (unless the parent would like to obtain a credit-worthy endorser for the loan or has been denied due to delinquent mortgage payments and would like the situation re-evaluated). Please contact the office of Student Financial Planning to inquire about additional Federal Direct Unsubsidized Stafford Loan money the student may be eligible for based upon a denial of a Federal Direct PLUS Loan.

If your credit is approved, the Federal Direct PLUS Master Promissory Note (MPN) can be completed on-line. An option for submitting the Federal Direct PLUS MPN is selected (for speed and convenience, it is recommended that the parent's Department of Education PIN number be used, which is the same parent PIN used to e-sign the FAFSA, to electronically sign and submit the MPN).

The loan will be disbursed to the University by electronic funds transfer (EFT) no earlier than 10 days prior to the start of classes for each semester. Upon receipt of disbursement of the Federal Direct PLUS Loan money to the University, the student will receive notification indicating receipt of funds. The parent then has 30 days to contact the office of Student Financial Planning with any reduction or cancellation requests.

Student Financial Planning financialaid@alvernia.edu
400 St. Bernardine Street Reading PA 19607
Phone: 610.796.8356 Fax: 610.796.8336

Hours: Monday -Thursday 8 am – 7 pm & Friday 8 am - 4:30 pm
