



## IMPORTANT INFORMATION ABOUT THE PLUS LOAN PROCESS

The Federal Direct Parent Loan for Undergraduate Student (PLUS) is a loan for the natural parent or adoptive parent. A stepparent may be eligible to borrow if income and assets were reported on the Free Application for Federal Student Aid (FAFSA). The first step in applying is to complete the Free Application for Federal Student Aid (FAFSA) for the appropriate year. A parent can borrow the total estimated cost of attendance less the student's total financial aid (see student's award letter). If more than one parent wants to borrow a parent loan for the same student, each parent must complete a separate PLUS Loan Pre-Application and electronic Master Promissory Note (MPN).

### **2009-2010 PLUS Loan Pre-Application and Master Promissory Note (MPN)**

There are three steps involved in applying for the PLUS Loan.

1. Complete the enclosed 2009-2010 REQUEST FOR FEDERAL DIRECT PLUS LOAN AND CONSENT TO OBTAIN CREDIT, even if you have already completed the MPN
2. Apply for a [Department of Education pin number](http://pin.ed.gov/): <http://pin.ed.gov/> (if you have to complete a new MPN and do not already have a pin number).

3. If you have not already done so complete a [new MPN for the PLUS Loan on the Direct Loan website](http://dlenote.ed.gov/): <http://dlenote.ed.gov/>  
In order to prevent delays in processing your application please make sure to complete your Pre-Application carefully. Frequent causes of delays in processing include; missing information (citizenship, address information, no amount requested), incorrect information (wrong social security number, or incorrect citizenship information), and not signing the Pre-Application.

The information we receive on your Pre-Application will be used to create your parent loan. The promissory note you complete is a master promissory note and will serve as your promissory note for the 2009-2010 school year as well as the promissory note for future loans. Direct Loans will notify us when you have completed the MPN. To increase the PLUS loan the borrower can send a signed, dated letter with the student's name, ID, and specific dollar amount of the increase to our office. No letter can be accepted without the specific dollar amount of the increase.

### **Credit Checks**

In order to borrow a PLUS Loan, the parent has to pass a credit check. Once we have received the Pre-Application and the MPN, the Direct Loan Servicing Center will perform the credit check and notify you and us as to the results. If you have questions about the outcome of the credit check, contact Direct Loan Applicant Services at 1-800-557-7394.

### **Denied Credit Checks**

If you do not pass the credit check, there are three options available to you.

You can work with Applicant Services at 1-800-557-7394 if you believe there was an error made on your credit check.

You can obtain a creditworthy endorser. The endorser would need to pass the credit check, agree to endorse the promissory note, and agree to repay the loan if you would fail to do so.

You can decline the PLUS Loan and allow the student to borrow an unsubsidized loan in the student's own name. Freshmen and sophomores (0 to 89 hours) can borrow up to \$4,000 and juniors and seniors (90 or more hours) can borrow up to \$5,000 for the school year.

When we are informed by the Federal Direct Loan Servicing Center that the PLUS Loan has been denied, we automatically send the parent borrower a PLUS Credit Check letter. This letter instructs you to tell us what option you are pursuing.

### **DISBURSMENTS**

U. S. Department of Education regulations state that federal aid may be disbursed no earlier than 10 days before the start of the semester for which the aid is awarded. In addition, Fall/Spring PLUS loans must be disbursed in at least two disbursements and no installment will be greater than the loan amount. The second disbursement of a two-semester loan may not be earlier than 10 days before the start of the second semester.

### **REPAYMENT**

You will begin repaying your PLUS loan 60 days after the full amount you have borrowed for a school year has been disbursed. While you are enrolled in school on at least a half-time basis, you are eligible for an in-school deferment that allows you to postpone payments on your Direct Plus Loan until you graduate or drop below half-time status. You must contact Borrower Services at 1-800 848 0979 for information.

### **Additional Information**

Extensive information is available on the Direct Loan web site. [www.ed.gov/directloan](http://www.ed.gov/directloan). {On the web site choose "Financial Aid for Students". At the drop down list, select "Publication and Guides for Students" and then scroll to "Brochures". Select "Direct Plus Loan Guide". All of your questions will be answered there}.

**Please return this completed form to the Lincoln College Financial Aid Office at:**

**Lincoln College  
300 Keokuk Street  
Lincoln, Illinois 62656  
PH: 217.732.3155**