



## **Federal Direct PLUS Loan**

The Federal Direct PLUS Loan is an optional federal loan program for parent(s) who wish to access additional resources beyond what a student is eligible to receive. This credit-based Direct PLUS Loan option may cover up to the total Cost of Attendance (COA) as defined by Chapman University, minus other student aid. The interest rate for Direct PLUS Loan is fixed at 6.41% for all PLUS loans disbursed between July 1, 2013 and June 30, 2014. Since the Direct PLUS Loan is a federal loan, be aware there are more benefits in a Direct PLUS Loan versus student benefits if they borrow through an alternative (private) loan.

### **Fees**

There is an origination fee of 4.204% of the principal amount charged for each Direct PLUS Loan that you borrow. Be sure to take into consideration the 4.204% origination fee is deducted from the loan. Thus, a loan request of \$10,000 would yield a net disbursement of \$9,580. The loan is disbursed in two equal installments at the beginning of each semester of the academic year.

### **Deferment**

An in-school deferment will delay payments on the Direct PLUS Loan until six months after the student on whose behalf the parent borrowed ceases to be enrolled at least half-time. Repayment on the Direct PLUS Loan begins 60 days after the loan is fully disbursed for an academic year. You may request deferment while your student is in school during the PLUS Request process. Deferment needs to be requested on an annual basis. **Interest will continue to accrue on this loan during the deferment period.** Therefore, we recommend that you make your interest payments during this deferment period, if at all possible.

### **Request Process**

To borrow a Direct PLUS Loan for the first time, you must complete a PLUS Request **and** Master Promissory Note (MPN). The MPN is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the U.S. Department of Education. It also explains the terms and conditions of your loan(s). The MPN will be provided by the U.S. Department of Education.

Chapman University offers the option of completing the MPN electronically. You can do so online at the Direct Loans e-MPN website ([www.studentloans.gov](http://www.studentloans.gov)). If you are borrowing Direct PLUS Loans for more than one student, you'll need to complete a separate MPN for each one. To complete an MPN online, you will be required to use your U.S. Department of Education-issued PIN (not your student's). If you do not have a PIN, you may request one from the official PIN site ([www.pin.ed.gov](http://www.pin.ed.gov)).

In most cases, once you've submitted the MPN and it's been accepted, you won't have to fill out a new MPN for future loans you receive to pay for the educational expenses of the same student. Chapman University will allow more than one loan to be made under the same MPN. Therefore, you can borrow additional Direct PLUS Loans on a single MPN for up to 10 years.

You'll receive a disclosure statement that gives you specific information about any loan that Chapman University plans to disburse under your MPN, including the loan amount and loan fees, and the expected loan disbursement dates and amounts.

### **PLUS Program Participation**

Please note that Chapman University elects to begin participation in the PLUS Program for the 2013-2014 academic year beginning April 15, 2013. You may complete the PLUS Request process after this date. This allows for parents of new students to know whether they are approved prior to the deposit deadline while simultaneously ensuring no PLUS Requests expire before the initial origination of all loans, which occurs in summer.

**PLUS Request Process for Parents**

1. Go to [www.studentloans.gov](http://www.studentloans.gov)
2. Click on “Sign In” (You will need your U.S. Department of Education-issued PIN).
3. You must now complete a PLUS Request.
  - a. On the left-hand column, under the “PLUS Loan Process” heading, click on “Request PLUS Loan.”
4. You are now on the “Request Direct PLUS Loan” page. Click on “Parent PLUS.”
5. You are now on the “(Step 1) – Student and Loan Information” page.
  - a. Select the Award Year for 2013-2014.
  - b. Enter the information for your student in all required fields.
  - c. Indicate if you would like to request for deferment while your student is in school.
    - i. If you choose “Yes”, then indicate if you would like to request a 6-month post-enrollment deferment.
  - d. Indicate if you would like to authorize the school to use your Direct PLUS loan funds to satisfy other institutional charges (i.e. library fines, campus parking tickets, lab fees, and charges for minor damage to school property). *NOTE: This authorization is optional.*
  - e. Indicate to whom you would like the credit balance (if any) paid.
  - f. For “School State” select “CALIFORNIA.” For “School Name” select “CHAPMAN UNIVERSITY.” The school code (G01164) and school address will populate.
  - g. Indicate if you would like to borrow the maximum amount as determined by the school or if you would like to request a specific loan amount and how much you would like to borrow. *Note: if you choose to borrow the maximum amount, Chapman University will still originate your Direct PLUS loan at the amount awarded on your student’s award letter. If you would like to increase your Direct PLUS loan amount, please contact the Financial Aid Office.*
  - h. Specify which loan period you would like for your Direct PLUS loan.
  - i. Click on “Continue.”
6. You are now on the “(Step 2) – Information” page.
  - a. Indicate your citizenship status.
  - b. Certify that you are not in default on any loan received under the Direct Loan Program, the Federal Family Education Loan Program or the Federal Perkins Loan Program.
  - c. Enter your personal address, mailing address (if different) and contact information.
  - d. Enter your employer information or indicate if you are not employed.
  - e. Click on “Continue.”

7. You are now on the “(Step 3) – Review Request” page.
  - a. Review all information provided and verify that it is correct prior to submitting the loan application.
    - i. If the information is incorrect, click on “Edit” for the desired section.
  - b. Once all information is correct, click on “Continue.”
8. You are now on the “(Step 4) – Credit Check and Submit” page.
  - a. You must review the IMPORTANT NOTICES before you can continue. Click on “Click here to review.”
  - b. Certify that the information you provided is correct and that you understood the Direct PLUS Loan Request.
  - c. Authorize the U.S. Department of Education to check your credit history for adverse credit history. As indicated, your Direct PLUS Request cannot be submitted without a credit check.
  - d. Click on “Continue.”
9. You will be immediately approved or denied for your Direct PLUS Loan based on your credit history.
  - a. If you are denied, you will be given four options:
    - i. Apply with an eligible endorser – An endorser is someone who agrees to repay the Direct PLUS Loan if you do not repay the loan. The endorser may not be the student on whose behalf you are obtaining a Direct PLUS Loan. *Note: If you apply with an eligible endorser, your MPN will only be good for this PLUS Loan.*
    - ii. Appeal the credit decision - In some cases, you may also be able to obtain a Direct PLUS Loan if you document that there are extenuating circumstances related to your adverse credit history.
    - iii. Pursue Additional Unsubsidized Loan – If you reject the Direct PLUS Loan, Chapman University can award additional Direct Unsubsidized Loan eligibility to your student. Freshmen and Sophomore-year students are eligible for up to an additional \$4,000 per year. Junior and Senior-year students, as well as Credential students, are eligible for up to an additional \$5,000 per year.
    - iv. Undecided – Chapman University will be notified of your PLUS Loan denial.
  - b. If you are approved, you are done with the PLUS Request process. Chapman University will be notified and will process your loan for the amount you indicated in step 5-g. **If you are a first-time Direct PLUS Loan borrower –OR– you applied with an endorser last year, you MUST also complete the Master Promissory Note.**

### **Master Promissory Note Process**

1. You must now complete a Master Promissory Note (MPN). On the left-hand column, under the “Master Promissory Note” heading, click on “Complete MPN.”
2. You are now on the “Master Promissory Note (MPN)” page.

- a. Click on “Parent PLUS.”
3. You are now on the “Information” page.
  - a. Enter your information in the Borrower Information section.
  - b. Enter your student’s information in the Student Information section.
  - c. For “School State” select “CALIFORNIA.”
  - d. For “School Name” select “CHAPMAN UNIVERSITY.” The school code (G01164) and school address will populate.
  - e. Click on “Continue.”
4. You are now on the “References” page.
  - a. Enter the information for your two references in all fields. *NOTE: your references must have different addresses and telephone numbers from each other and they must have addresses within the U.S.*
  - b. Click on “Continue.”
5. You are now on the “Terms and Conditions” page.
  - a. You must review section C, D, E, G, and MPN Addendum. **Please read this information carefully and completely.**
  - b. Once you have done so and agree to the terms, indicate you have reviewed the terms and conditions.
  - c. After you have selected the box, click on “Continue.”
6. You are now on the “Review & Sign” page.
  - a. Review all the information.
    - i. If the information is incorrect, click on “Edit” for the desired section.
  - b. Once all information is correct, sign your MPN by entering your name in the appropriate fields.
  - c. Click on “Sign.” Once your signature has been authenticated, you must view your MPN before submitting.
  - d. When you are ready to submit your MPN, click on “Continue.”
7. You have now submitted your MPN for the Direct PLUS Loan.
  - a. You may view or download the PDF version of your completed MPN to retain a copy for your person financial aid records.
  - b. You are now finished with your MPN. You may log out.