

# UNIVERSITY OF NORTH CAROLINA SCHOOL OF THE ARTS

## INFORMATION ABOUT FEDERAL DIRECT PLUS LOANS/Parent

The William D. Ford Federal Direct PLUS Loan Program allows parents to borrow Federal funds on behalf of a dependent child who is an undergraduate. This loan must be used for educational purposes, and parents should only borrow the amount necessary to satisfy the student's costs of attending school. The PLUS Loan amount cannot exceed the Financial Aid Budget minus the student's financial aid award. Parents should remember that these funds are a loan from the U.S. Department of Education, and **the loan must be repaid.**

### Eligibility Requirements

To be eligible to receive a PLUS Loan, the parent borrower must:

- Complete a valid electronic Master Promissory Note (eMPN), (available at <https://www.studentloans.gov>.) Since the eMPN is a multi-year note, the parent will need to complete an eMPN only the first year they borrow under the Direct Loan Program at UNCSA.
- A credit check will be performed during the application process. (By requesting a PLUS Loan, you authorize a credit check to be performed by the U.S. Department of Education and/or UNCSA, on behalf of the Department.)
  - If you have an adverse credit history, you may still receive a Direct PLUS Loan by obtaining an *endorser* who does not have an adverse credit history or documenting to the U.S. Department of Education's satisfaction extenuating circumstances relating to your adverse credit history.
  - Once approved for a Direct PLUS Loan you may be required to complete on-line PLUS Loan counseling with the Department of Education at [www.studentloans.gov](http://www.studentloans.gov).

The student for whom the parent is borrowing must:

- Be accepted for enrollment in a degree or diploma program and be registered at least half time.

### Interest Rate

- The interest rate is fixed at 7.08% (for loans first disbursed between July 1, 2019 and June 30, 2020).
- Interest accrues from the first day of the first disbursement.

### Loan Fees

- A loan fee of 4.248% of the loan amount is deducted before the loan is disbursed.
- The net loan amount is disbursed to the student's UNCSA account in equal disbursements, according to the terms they enroll.

### Repayment

- The parent borrower is obligated to repay the full amount of the loan, including fees and accrued interest.
- The repayment period begins on the date the loan is fully disbursed for the loan period. The first payment is due within sixty days from that date.
- The U.S. Department of Education will provide the borrower with an opportunity to select a repayment plan. If the borrower does not select a plan, the Department will select the Standard Repayment Plan.
- The Department will issue a repayment schedule that provides payment amounts and due dates.
- The borrower may prepay all or any part of the unpaid balance on the loans at any time without penalty.

### The Direct Loan Servicing Center

- The U.S. Department of Education has a Direct Loan Servicing Center to manage and collect Federal Direct Loans. The Servicing Center will contact the parent borrower within 30 days after the first Direct Loan disbursement.

**For more information regarding Federal PLUS loans, please visit:**

**<http://studentaid.ed.gov/types/loans/plus>**