



AMHERST COLLEGE

Office of Financial Aid

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MEMORANDUM

TO: Parents of Amherst Students
FROM: Office of Financial Aid
RE: Federal Direct PLUS (Parent) Loans

The Federal Direct PLUS (Parent Loans for Undergraduate Students) program allows parents to borrow as much as the cost of attendance at the College minus the amount of any student financial aid or other student and parent loans. All Federal PLUS Loans are handled directly by the College acting on behalf of the U.S. Department of Education.

There is no need test for PLUS Loans, but a review of credit worthiness is required. The interest rate for the 2019-2020 academic is 7.08 percent. There is a 4.248 percent federal origination fee on loans disbursed before October 1, 2019. The origination fee is subtracted from the gross proceeds of the loan.

The parent borrower has the option of having repayment begin no later than 60 days after the final disbursement or wait until six months after the dependent student ceases to be enrolled at least half-time at an educational institution. The repayment period for a Federal Direct PLUS Loan can vary between a minimum of 10 years to a maximum of 25 years, although a monthly minimum payment of \$50 is required. There is no prepayment penalty.

The PLUS Loan application process requires that the Free Application for Student Financial Aid (FAFSA) be completed by the student and the student's parents. If the student's parents are separated or divorced, the custodial parent's information must be submitted. If that parent has remarried, the stepparent's information must also be included. The FAFSA may be completed on-line at <https://fafsa.ed.gov>.

To apply for a Federal Direct PLUS Loan through the U.S. Department of Education, please go to <http://studentloans.gov>. The parent will be required to sign in using the parent's FSA ID and Password. Once your application has been completed you will be notified instantly of the credit decision. If your application is approved and you are a first-time borrower for the student named in the application, you will be prompted to complete the electronic Master Promissory Note (eMPN) immediately following your loan application. Credit approvals are currently valid for 180 days. Please complete required documents within this timeframe to avoid credit expiration.

Federal Direct PLUS Loans are disbursed in equal semester installments by crediting the student account. We must receive an approval notice from the U.S. Department of Education before credit for a pending PLUS Loan can be used for registration purposes.

Please contact us if you have any questions about the Federal Direct PLUS Loan program.