

2006 - 2007 UMBC Federal PLUS Loan Online Application Process

What is a Federal PLUS Loan?

1. Federal Parent Loans for Undergraduate Students (PLUS) are the Department of Education's major form of self-help aid for parents of undergraduate dependent students and are made through the Federal Family Education Loan (FFEL) Program. The Office of Financial Aid and Scholarships strongly encourages students to file a 2006-2007 Free Application for Federal Student Aid (FAFSA) with the U.S. Department of Education at www.fafsa.ed.gov/ to take full advantage of opportunities for financial aid; however, it is not a necessary component for the Federal Plus loan.
2. Please be aware that in order to be eligible for a PLUS Loan, students must register for at least 6 credits each semester by the add/drop deadline as well as maintain satisfactory academic progress.
3. A Financial Aid Award Notification from the Office of Financial Aid and Scholarships provides an average eligibility award for the PLUS Loan. If the parent of the student wishes to borrow more than the awarded PLUS amount, please check with our office prior to applying for the PLUS Loan online.

How do I apply for a Federal PLUS Loan on behalf of my dependent student?

1. Parents apply for a Federal PLUS Loan using one of UMBC's preferred lenders listed on UMBC's web site at www.umbc.edu/financialaid/question5.html. An eligible parent loan borrower is defined as a dependent student's natural or adoptive father or mother or the spouse of a parent who has remarried.
2. Parents complete and electronically sign a Master Promissory Note (MPN) online which allows parent loan borrowers to receive multiple Federal PLUS Loan disbursements on behalf of the student over a maximum ten-year period. A new promissory note is not required each time the borrower is awarded a PLUS Loan at UMBC.
3. The lender will require a requested loan amount as well as the academic year for which the loan will be used. Additionally, credit pre-approval from the lender is required every year.
4. Additional documentation such as non-citizen status, change of name or other requests may be required by the lender. Please respond to the requests promptly to avoid delays in the processing of your loan.

As a parent of a student transferring to UMBC, what steps do I need to take?

1. Follow the instructions listed above under "As a parent, how do I apply for a Federal PLUS Loan?"
2. Students must **cancel** all loan(s) and other aid at the prior institution that cover the period of enrollment at UMBC.
3. Notify the lender(s) or loan servicer(s) of the student's decision to transfer to UMBC.

What happens next?

1. If the credit evaluation is favorable, the lender sends it electronically to UMBC.
2. UMBC receives the request and certifies the loan. If the parent requests more than the average packaged award, this may delay the processing of the loan. Eligibility may also decrease if adjustments need to be made due to enrollment and budget adjustments, or receipt of additional resources.
3. Loan funds are sent electronically via a process called "Electronic Funds Transfer" (EFT) to the Bursar's Office (Student Billing) and are posted to the student's account. Funds are subject to a combined origination fee and guarantee fee up to 3%. The gross certified loan amount is reduced by the amount of the loan fees resulting in a lower net disbursement amount. Fall/Spring loans will be sent in two (2) equal disbursements, one for each semester. Loans that cannot be credited are returned to the lender. If the loan disbursement amount exceeds the UMBC charges for the loan period, the balance from the Federal PLUS Loan is

refunded to the parent. The Bursar's Office (Student Billing) processes refunds through the State Treasury Office and these refund checks are mailed to the parent.

What if I am denied for a Federal PLUS Loan?

If the lender denies the parent for the PLUS Loan, the student may be eligible to request additional Federal Unsubsidized Stafford Loan funds up to \$4000 or \$5000 depending upon the student's grade level and cost of attendance. Visit www.umbc.edu/financialaid/question2.html for more information. To apply for the additional Federal Unsubsidized Stafford Loan due to a PLUS Loan denial, please complete the 2006/2007 Loan Exception Form available in the Office of Financial Aid and Scholarships and attach the PLUS denial letter from the lender.

What would hold up delivery of my PLUS Loan funds for my dependent student?

1. The valid PLUS Promissory Note required by your selected lender has not been completed by the parent.
2. Dependent student enrollment status reduced/withdrawn or below half time when loan funds are disbursed (half time is 6 credits for undergraduate degree seeking students).
3. Overlapping/conflicting loan period due to incomplete transfer process for transfer students.
4. Federal loan default (for parent) after the loan is processed.
5. Failure of dependent student to maintain satisfactory academic progress as outlined in the UMBC Catalog.

What if I use a non-preferred lender?

UMBC highly recommends selecting one of our preferred lenders for a smooth and seamless process. Parents who do not select a UMBC preferred lender may need to complete additional lender paperwork, may not have the benefit of electronic (EFT) loan funds disbursement, and will experience additional processing time and potential disbursement delays. If a parent borrowed previously for a dependent student at another school and that lender is not listed on UMBC's online preferred lender list at www.umbc.edu/financialaid/question5.html, contact that non preferred lender and advise the lender to contact Electronic Loan Management (ELM), at 1-888-633-3356 or via email at helpdesk@elmresources.com for UMBC processing instructions.

What else do I need to know about Federal PLUS Loans?

Federal PLUS loans first disbursed on or after July 1, 2006 have a fixed interest rate with a 8.5% cap. Standard repayment of Federal PLUS loans begins 60 days after the loan is fully disbursed. The standard maximum repayment period is 10 years, and the minimum monthly payment on principal and interest is \$50. Federal PLUS Loans can be prepaid in part or in full at any time without prepayment penalty. **Lender credit approvals expire 180 days from the date of application** and include the length of time it takes the lender to receive a valid PLUS MPN from the borrower. Some PLUS borrowers require an endorser for loan approval. The lender will notify the borrower if this is the case.

How do I check on the status of my loans?

1. To check the status of your loans and expected disbursement dates, visit www.elmresources.com.
2. To check the status of your disbursed funds, direct your dependent student to visit his/her [myUMBC](#) account.
3. To check the status of a refund, visit www.umbc.edu/bursar/ and click on "refunds" or call the Bursar's Office (Student Billing) at 410-455-2288.

Office of Financial Aid and Scholarships

Phone: 410-455-2387 Voice/TTY: 410-455-3233 Email: finaid@umbc.edu Web: www.umbc.edu/financialaid