Dear Parent,

You will need to follow the steps on this page if you are interested in applying for a Direct PLUS loan (Parent Loan for Undergraduate Students.) Parents may borrow a Direct PLUS loan to help defray the costs of a college education. Please be aware that, as with all loans, this is a debt that must be repaid, with interest.

Direct PLUS loans are regulated by the U.S. Department of Education, much like student loans are. The maximum amount you may borrow is the Cost of Education minus all other student aid your child is receiving. Please refer to your son or daughter’s financial aid award letter from Fullerton College (available on My Gateway) to obtain both the Cost of Education and other financial aid received.

You will need to begin making payments on your Direct PLUS loan after the second disbursement of the loan, unless you qualify for an in school deferment. Refer to the Direct Loan website for more information. Currently, the interest rate on Direct PLUS loans is a fixed rate of 7.9%.

Direct PLUS loans are subject to a credit check, and you may be denied based on your credit rating. In the event you are denied, your child may be eligible to borrow a portion of the loan as an Unsubsidized Stafford Loan (not to exceed $6,000.)

If you have any questions about Direct PLUS loans, feel free to email us at financialaid@fullcoll.edu, or stop by the office during business hours. After you apply on line for the loan, you will track the status of your loan on the web. You may want to keep a copy of this letter, so that you have a record of what you are applying for, as well as contact information.

Sincerely,

Greg Ryan
Director, Financial Aid and Veterans Services

Who is eligible?
Any student who is enrolled at least half-time (6 units) at Fullerton College and is classified as a dependent student on their FAFSA application, may have their parent apply for a Direct PLUS Loan (Parent Loan for Undergraduate Students)

Who is taking this loan?
One parent may apply for the loan. The loan is based on the parent applicant’s credit history. The parent is the borrower, who must repay the debt.

How much may I apply for?
The amount you may apply for is determined by taking the Cost of Education at Fullerton College, and subtracting all other aid that the student has been awarded. Refer to your son or daughters Financial Aid Award for this information (available on the student’s My Gateway account), as it varies per student.

How are the loan proceeds used?
Providing the student does not owe a debt to the college, all funds are released to you. You determine how to spend the proceeds.

What is the interest rate?
Currently, the rate is a fixed 7.9%, effective July 1st, 2010 through June 30th, 2011. Interest rates are adjusted annually by the United States Department of Education.

Steps to Obtain a Direct PLUS Loan at Fullerton College
2. Follow the Federal Direct PLUS Loan Steps on line to create a borrower account for yourself, and complete your Master Promissory Note (MPN.)
3. The Financial Aid Office at Fullerton College will certify your loan once you submit a complete MPN and provided your dependent student is enrolled in at least 6 active units at Fullerton College (active: units must have already started.) Please note that we will only certify for the amount you are eligible for (COA less other aid awarded), even if you requested a higher amount.
4. Complete the MPN by clicking the Step Two link on our Direct Loan web site.
5. Your loan will be scheduled for disbursement. You will receive a disclosure notice in the mail indicating when your funds will be disbursed. Direct PLUS Loans will be disbursed by paper check at Fullerton College no sooner than 30 days after the beginning of the academic period. Any loans requested after the 30 day period will be disbursed approximately one month after all Steps are-completed. If you have any questions, you may contact the Direct Loan processing center directly at 1-800-848-0979, or log back in to the Direct Loan web site where you completed your MPN, to track the status of your loan.
6. You will receive your loan funds via paper check. Note: your dependent student must be enrolled in at least 6 active units at Fullerton College at the time of disbursement, in order to receive your loan funds. Any outstanding debts owed to the college may be recouped from your disbursement, and the balance (if any) reimbursed to you.

How is money disbursed?
You will receive at least two disbursements. Once enrollment is verified, the loan proceeds will be mailed to you.