

## Federal PLUS Loans

A PLUS loan (Parent Loan for Undergraduate Students) has been offered to you as one option you may use to pay for the remainder of the cost of tuition, room and board through financing. As an alternative to the PLUS loan, families may also opt to pay the remaining amount owed directly to Southwestern via cash, check or credit card.

Please indicate whether you would like to accept or decline the PLUS loan offer by sending a direct e-mail to the [Office of Financial Aid](#). Include in the body of the e-mail the first and last name of the parent who will be signing the loan application.

*If you do not send an e-mail of the loan's acceptance to the Office of Financial Aid, no further action will be taken to place PLUS loans on your account.*

**IF THIS IS YOUR FIRST YEAR AT SOUTHWESTERN**, the parent signing the loan application must complete some additional steps to set up the PLUS loan for the first time.

### Instructions for Setting Up A FFEL PLUS Loan

[STEP 1](#)  
[Choose](#)  
[Your Lender](#)

[STEP 2](#)  
[Receive](#)  
[Credit Approval](#)

[STEP 3](#)  
[Complete Master](#)  
[Promissory Note](#)

[STEP 4](#)  
[Receive](#)  
[Your Funds](#)

#### **STEP 1: Choose Your Lender**

Your parents are welcome to choose any lender that participates in the Federal PLUS loan program. They may also choose from Southwestern College's [Preferred Lender List](#).

When your parents have made their choice, e-mail it to the [Office of Financial Aid](#) with "PLUS Lender Choice" in the subject line. *This step is very important to the processing of the PLUS loan.* No action will be taken to set up the PLUS loan or release the funds to your account until a lender has been chosen.

#### **STEP 2: Receive Credit Approval**

Federal PLUS loans are not guaranteed by the Federal government. Consequently, before a parent can be approved for a PLUS loan, they must pass a credit approval. To verify your parent's credit history, the lender involved will perform a credit history check for the parent listed on the application. Please remember that frequent credit history checks adversely effect credit scores. It is therefore recommended that parents apply for a PLUS loan at only one lending institution.

Occasionally, there are instances where parent's are not approved for a Federal PLUS loan. When parents are denied a parent loan, they have

one of three options. First, they may appeal the denial decision by contacting the lender. Second, they may be given the opportunity to apply with an endorser (co-signer). And third, Southwestern can open up limited additional Stafford loan eligibility for the student to replace some or all of the parent loan.

### **STEP 3: Complete Master Promissory Note (MPN)**

Once your parents have chosen a lender and e-mailed their choice to the Office of Financial Aid, Southwestern College will send their biographical information to the lending institution for the credit approval. Once credit approval is obtained, the lender will set up the loan and promissory note.

When the loan is ready to sign, SallieMae will direct your parents to a website where they can complete their Master Promissory Note (MPN). The Internet link will be sent to you via e-mail from SallieMae regardless of the lender that you choose.

If you have not received this e-mail within 5 business days after you have chosen your lender, please contact the [Office of Financial Aid](#).

### **STEP 4: Receive Your Funds**

After the paperwork is in place, the lending agency your parents have chosen will prepare their funds to be released to Southwestern College via electronic funds transfer. Depending on the time of semester, you should expect to see the funds applied to your account within one week of their release.

Please note that during peak periods (the beginning of each semester), please allow two to three weeks for the funds to be applied.

Prior to delivering the funds to Southwestern, the banks will remove a 3% loan fee from the loan principle. For example, if your loan is for \$3,000, Southwestern will actually receive \$2,910.

Repayment on these loans begins approximately 30 days after the second disbursement of the loan (typically late February or early March of the academic year).