

PLUS Loans A To Z

U.S. Department of Education | Federal Student Aid

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PLUS Loans A To Z

AGENDA

- Federal Direct PLUS Loan Basics
 - ✓ Eligibility
 - School
 - Borrower
- Master Promissory Note (MPN)
- Credit Check
- Counseling
- Processing Federal Direct PLUS Loan data
 - ✓ Originating
 - ✓ Disbursing
- Repayment

The Basics

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PLUS Loan - Basics

- Two categories of borrowers...Parents of a dependent student and graduate/professional students
- Can be used to cover expected family contribution (EFC)
- PLUS loans are limited in amount to the Cost of Attendance (COA) less any estimated financial assistance (EFA)
- PLUS borrowers must undergo a credit check

Eligibility

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PLUS Loan - Eligibility

- School eligibility - General
 - ✓ Same as Direct Subsidized/Unsubsidized Loan Program
 - ✓ *Reflected as separate program PPA/eCAR*
 - ✓ Option to participate or not
 - Non-participation is NOT grounds for offering or awarding additional unsubsidized funds to a dependent student
 - You must first inform a graduate/professional student of his or her eligibility for a Direct Unsubsidized Loan before offering and awarding a Direct PLUS Loan

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PLUS Loan - Eligibility

- Borrower eligibility - General
 - ✓A borrower (and student for whom parent is borrowing) must meet Title IV eligibility requirements found in 34 CFR 668 Subpart C
 - ✓School determines borrower eligibility and loan amount
 - ✓A borrower cannot have an adverse credit history as defined in CFR 685.200

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PLUS Loan - Eligibility

- Parent borrower must be the student's biological or adoptive Mother or Father
 - ✓ A step-parent is considered a parent if married to a biological or adoptive parent and if the student counts in their household size.
 - ✓ A legal guardian is not an eligible borrower
 - ✓ Not eligible if delinquent on a debt to the Federal Government, or incarcerated

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PLUS Loan - Eligibility

- A parent can borrow for multiple dependent students
 - ✓ Unique parent/dependent student “pair” for each PLUS loan
 - ✓ Unique PLUS Request via StudentLoans.gov website
 - ✓ Unique Master Promissory Note (MPN) for each parent/student “pair”
 - ✓ StudentLoans.gov will retain parent/student “pair” data for subsequent PLUS loans

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PLUS Loan - Eligibility

- Graduate or professional student
 - ✓ Eligible award year 2005-2006 and forward
 - ✓ School MUST determine eligibility for, and offer, Direct Unsubsidized Loan first
 - Graduate/Professional students no longer eligible for subsidized loans
 - ✓ Must meet Title IV eligibility requirements
 - ✓ Must be enrolled at least half-time in an eligible program at an eligible school

Master Promissory Note (MPN)

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PLUS Loan – MPN

- Unique MPN – NOT a subsidized/unsubsidized loan
MPN
 - ✓XXXXXXXXXXN16GXXXXX001
- Contains borrower and/or student data
- PLUS MPN used for ALL PLUS loans
 - ✓No financial data on the MPN
- Links on the SSN, DOB, and first two characters of the first name of both borrower and student
 - ✓Unique MPN for each parent/student “pair” if multiple dependent students
- **Expires** 10 years from date of receipt at COD
 - ✓12 months if there’s no disbursement on a linked loan

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PLUS Loan – MPN

- Single-Loan MPN
 - ✓When an endorser is linked to the PLUS Loan MPN
 - ✓Linked MPN reflects a status of “Inactive-Endorser”
 - ✓Any future loan will need a new MPN

Credit

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In the words of that Great
American Philosopher, Bob Dylan...

“The Times They Are a Changin’”

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PLUS Loan - Credit

- Effective March 29, 2015...
 - ✓ Credit checks will remain valid for 180 days
 - ✓ Updated adverse credit history criteria
 - On credit checks performed on or after March 29, 2015
 - ✓ PLUS Counseling Requirement
 - ✓ “Credit Requirements Met” tag
 - ✓ System-generated Credit Status Response (Doc Type CS)
 - ✓ Credit Status Report
 - ✓ Updated COD and StudentLoans.gov Website screens
 - ✓ Updated COD/StudentLoans.gov communications explaining the PLUS Counseling Requirement

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PLUS Loan - Credit

- A credit check will “stand” as valid on the COD database for 180 days
 - ✓ The expiration date of credit checks on the COD database will be extended from 90 days to 180 days
 - On credit checks performed within the previous 180 days
 - ✓ COD will generate and send to schools a spreadsheet identifying credit checks that were extended from 90 days to 180 days and their new expiration date
 - The file is accessed via the “File Share/Messages” link under the COD School Information screen on the COD Website

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PLUS Loan - Credit

- COD will consider an applicant to have an adverse credit history if, as of the date of the credit report, the applicant...
 - ✓ Has a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a Title IV debt during the preceding five (5) years
- OR
- ✓ Has one or more debts with a combined outstanding balance exceeding \$2,085, and that are 90 or more days delinquent or charged off/in collection within the preceding two (2) years

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PLUS Loan - Credit

- Updated adverse credit history criteria will apply to ALL Direct PLUS Loan credit checks performed on or after March 29, 2015
 - ✓NOT award year specific
 - A credit check performed on or after March 29, 2015 will be linked to a Direct PLUS Loan for award year 2015-2016
 - AND/OR
 - A late Spring 2015 or Summer 2015 Direct PLUS Loan for award year 2014-2015
 - ✓NO IMPACT on the eligibility of a borrower who had previously been approved to receive a Direct PLUS Loan for all or part of the 2014-2015 academic year including Spring and/or Summer terms

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PLUS Loan - Credit

- A borrower whose credit check is performed on or after March 29, 2015, and whose credit check result is “Denied”
 - ✓ Can secure an approved endorser
 - ✓ Can successfully appeal the “Denied” credit result
- ***In both cases the applicant will be REQUIRED to complete PLUS Counseling***
 - ✓ PLUS Counseling MUST be completed before disbursement of PLUS Loan funds
 - ✓ A completed PLUS Counseling session remains valid for the duration of the linked credit check

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PLUS Loan – PLUS Counseling

- PLUS Counseling is a distinct and unique counseling module
- PLUS Counseling is NOT Entrance Counseling and does not satisfy the Entrance Counseling requirement for a first-time Graduate or Professional student
 - ✓ Some first-time Graduate and/or Professional students will be required to complete both modules
- Plus Counseling is provided ONLY via the StudentLoans.gov Website
 - ✓ A school is NOT responsible for providing PLUS Counseling

“Credit Requirements Met”

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PLUS Loan – “Credit Requirements Met”

- COD will send a new <CreditRequirementsMet> tag that confirms all CREDIT RELATED* requirements have been met
 - ✓An original credit decision of “Accepted”
OR
 - ✓An approved endorser
OR
 - ✓An approved appeal of the “Denied” credit result
AND
 - ✓A completed PLUS Counseling session

*Does not mean ALL eligibility requirements have been made, i.e., a linked MPN, enrollment status, citizenship, SAP, etc.

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PLUS Loan – “Credit Requirements Met”

- COD will begin sending a new system-generated Credit Status Response (Doc Type CS) that includes the Credit Requirements Met flag
 - ✓ Keeps you “in the loop” on a borrower’s attempt to resolve a “Denied” credit decision
 - Sent on the approval or denial of an endorser or credit decision appeal
 - Sent when PLUS Counseling is completed
 - ✓ Contains additional credit related information
 - Original Credit Decision
 - PLUS Counseling completed date
- The Credit Override Response (Doc Type CO) will be retired

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PLUS Loan – “Credit Requirements Met”

- **Credit Requirements Met should be your focus!**
 - ✓ You can't disburse until all credit requirements are met
 - New COD Reject Edit #217
- If the <CreditRequirementsMet> tag remains FALSE for any length of time you need to look at the other information included on the CS Response
 - ✓ Is the credit decision Pended? Identifier information has to be resolved
 - ✓ Has he or she submitted an appeal? What is the status of the appeal?
 - ✓ Has he or she secured an endorser? Has the endorser been approved or denied?
 - ✓ Has he or she completed PLUS Counseling?

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PLUS Loan – Other COD Changes

- COD will post a new Credit Status Report
 - ✓ Identifies borrowers whose most recent original credit decision is “Denied” and is not expired
 - ✓ Will indicate “Credit Requirements Met”
- Borrowers will drop off the report 30 days after...
 - ✓ Credit Requirements Met flagged TRUE
 - ✓ The associated Direct PLUS Loan award is reduced to \$0
 - ✓ The credit decision expiration date has lapsed
- Other COD screens and Responses to accommodate the new credit associated data

PLUS Loans A To Z

Award Detail Information screen on a post implementation award*

Return to: [Direct Loan Awards](#)
 Award Detail Information ? HELP

Student Information	
SSN	
Name	
Date of Birth	
Endorser Information	
SSN	
Name	
Date of Birth	
Award Information	
Award ID	
Credit Requirements Met	Y

Award Information	
Award ID	
Credit Requirements Met	Y
PLUS Loan Reconsideration Flag	N
Endorser Amount	\$1,000.00
Award Amount Requested	\$0.00
Award Amount Approved	\$1,000.00
Award Amount Disbursed	\$0.00

<small>Less than full-time flag</small>	
Loan Default / Grant Overpay	N
Ability to Benefit	College Credits
School Use Only	

UPDATE AWARD

*XML Schema 4.0b

Credit - continued

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PLUS Loan - Credit

- ALL Direct PLUS Loan Borrowers undergo a credit check
- Initiated by the school or the borrower
 - ✓The school via the loan origination record (LOR)
 - ✓The school online via the COD website
 - ✓The borrower via a Direct PLUS Request on the StudentLoans.gov website
- If done online by the school or the PLUS borrower you should originate the PLUS loan if borrower is otherwise eligible

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PLUS Loan - Credit

- MUST have borrower authorization to perform a credit check
 - ✓ Authorization is in the text on a Direct PLUS Loan MPN
 - ✓ Form downloadable off of the COD Website
 - ✓ Hand written/faxed & signed authorization
- The SSN is the key identifier for a credit check and if changed will trigger a new credit history

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Federal Direct PLUS Loan - Credit

- Denial of one parent is sufficient to offer additional unsubsidized loan funds to that dependent student
 - ✓ Other parent does NOT have to undergo PLUS loan process
 - ✓ A credit result of Declined is not school specific and can be used across schools on loans with the same academic year

PLUS Loans A To Z

Federal Direct PLUS Loan - Credit

- School can offer additional unsubsidized loan funds to a dependent student after determination of the inability of the Parent to borrow due to ***exceptional circumstances***
 - ✓ Forego the PLUS Request process altogether
 - Even if the parent's credit was already approved
 - ✓ 34 CFR 685.203(c)(1)(ii)
 - ✓ DCL ID: GEN-11-07
 - ✓ Case-by-case
 - ✓ DOCUMENT reason for determination of ineligibility

PLUS Loans A To Z

Federal Direct PLUS Loan - Credit

- PLUS loan with credit declination can be accepted and displayed on COD but with an unacceptable credit decision
 - ✓ Can't disburse unless and until credit denial is resolved by a successful appeal via COD or by borrower securing an endorser
 - ✓ Initial declined credit status remains on the COD website and is NOT changed after a successful appeal or securing an endorser

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Federal Direct PLUS Loan - Credit Appeal

- Appeal on extenuating circumstances...
 - ✓ Documents to the satisfaction of the Secretary the existence of extenuating circumstances related to the adverse credit history
 - ✓ Appeal based on errant data from the Credit Bureau
 - ✓ Appeal by submitting via fax the specific documents requested by COD
 - ✓ Can start appeal process on StudentLoans.gov

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Federal Direct PLUS Loan - Credit Appeal

- Credit Check Reconsideration
 - ✓ Initiated by COD Customer Service
 - ✓ Contact with declined borrower via email
 - ✓ COD CSR explains the process and their option to pursue or decline
 - ✓ If accepted the approval will impact any already awarded/disbursed unsubsidized funds
 - Virtually all “Reconsideration Appeal” applicants are immediately approved
- The Reconsideration Report will be discontinued

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Federal Direct PLUS Loan - Endorser

- CANNOT be the student for whom the loan is intended
 - ✓ Endorser undergoes a credit check
 - Endorsed loan reported to credit bureau as any other financial obligation
 - ✓ Endorser promises to pay outstanding principal balance, accrued interest, any penalties, AND any collection costs
 - ✓ Endorser completes an Endorser Addendum, NOT another MPN
 - ✓ Paper or electronic via StudentLoans.gov

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Federal Direct PLUS Loan - Endorser

- You CANNOT disburse more than the endorsed amount
 - ✓ Endorsed amount and endorser data is displayed on the COD Loan information screen
 - ✓ Endorser approved tag on the CS Response
 - If endorsed for a lesser amount a warning edit #184 and the endorsed amount tag filled on the CS Response
- You CANNOT increase an endorsed PLUS Loan
 - ✓ You must originate a subsequent PLUS Loan for the requested increase
 - ✓ A new credit history will be run on the borrower if more than 180 days have lapsed since the initial credit history

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Federal Direct PLUS Loan - Entrance Counseling

- First-time graduate & professional student PLUS borrower **MUST** complete PLUS entrance counseling prior to disbursement
 - ✓NOT the same as the new PLUS Counseling requirement
 - ✓NOT the same as undergraduate entrance counseling
 - Some first-time Graduate/Professional Students who are determined to have an adverse credit history may be required to complete both Grad Entrance and PLUS Counseling
 - ✓Offered at StudentLoans.gov
 - Results sent to COD in Doc Type “EC” from StudentLoans.gov
 - Schools are NOT required to use FSA online counseling

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Federal Direct PLUS Loan - Processing

- School is responsible for determining eligibility for, and amount of, the PLUS award
 - ✓ Anticipated and/or actual disbursements = loan amount
 - ✓ Up to 20 actual disbursements
 - ✓ Report ACTUAL date of disbursements
 - ✓ Origination fee assessed on each actual disbursement
 - 4.292% on loans with an EDD on or after October 1, 2014 and before October 1, 2015

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Federal Direct PLUS Loan - Origination

- Via “batch” by submission of a Common Record (CR)
 - ✓CR response returned reflecting status of award, credit, actual disbursement (if applicable) and MPN
- Individually online at COD website
 - ✓Immediate editing of submitted data
 - ✓Manually create an award from the “Person Information” screen and “submit”
 - ✓Automatically create a “skeleton” award from the “SP” acknowledgement from StudentLoans.gov

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Federal Direct PLUS Loan - Processing

- CAVEAT - a school can decline to originate, or originate a lesser loan amount than requested, on a case-by-case basis
 - ✓ You MUST document the reason
 - ✓ You cannot do so on an across-the-board basis
 - ✓ 34 CFR 685.301(a)(8)

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Federal Direct PLUS Loan - Disbursement

- Assure eligibility of the dependent student
- Unless otherwise directed, any credit balance is given to the parent
- Generate and deliver the required school notifications
- Disburse via batch or online via the Award Disbursements Information screen
 - ✓ Also disburse from the Action Queue

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Federal Direct PLUS Loan - Disbursement

- The disbursement data **MUST** be accepted by COD within 15 days of the actual date of disbursement
- You must report the ***ACTUAL DISBURSEMENT DATE***
 - ✓The date award funds are credited to the student's account or otherwise made available to the student/borrower
 - ✓Can be reported 7 days prior to the actual disbursement date
 - ✓If the anticipated disbursement date is not the actual date of disbursement, **CHANGE IT!**

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Federal Direct PLUS Loan - Disbursement

- You may increase a PLUS loan already established on the COD database
 - ✓ Change record if software allows
 - ✓ New PLUS loan for the difference requested
- But you **cannot** increase an established PLUS loan if in receipt of a subsequent adverse credit decision
 - ✓ If the established PLUS loan is NOT fully disbursed you can fully disburse it
 - ✓ Alternatively, reduce remaining disbursements to \$0 and offer student unsubsidized funds up to their eligibility for grade level and need

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Federal Direct PLUS Loan - Disbursement

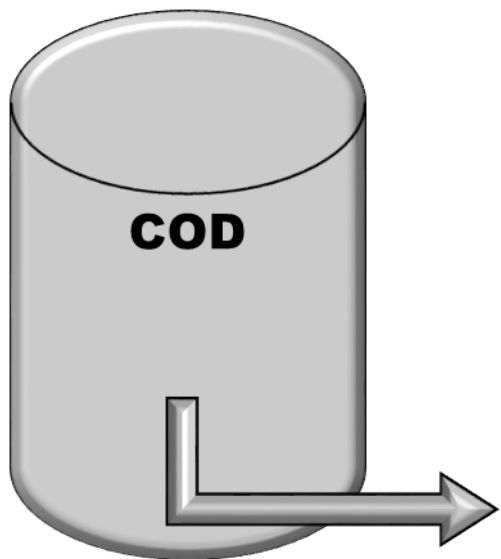
- If the established PLUS loan has been fully disbursed...
 - ✓ Offer the dependent student an additional unsubsidized loan up to their eligibility appropriate to their grade level and remaining need

PLUS Loans A To Z

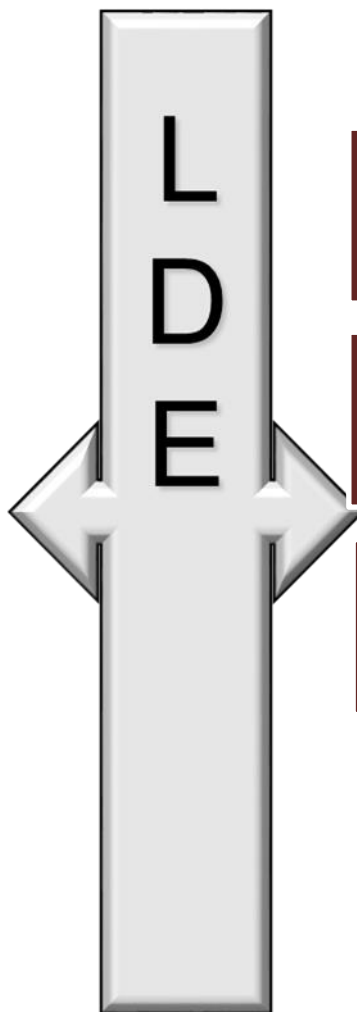
Federal Direct PLUS Loan - Booking

- Once COD has received an accepted LOR, a linked MPN, and an actual disbursement the PLUS loan is “booked”
 - ✓Liability for funds transfer from the school to FSA
 - ✓Generally, disbursement #1, sequence #1 books the loan
 - ✓Each subsequent disbursement books as well
 - ✓When the loan is booked it is assigned to a Servicer
 - ✓Liability for any drawn funds migrates from the school to FSA

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LDE : The Loan Distribution Engine is the interface that assigns a booked loan to a federal loan servicer



Servicers



PLUS Loans A To Z

Federal Direct PLUS Loan - Repayment

- Deferment and Forbearance options available
 - ✓ Parent can request to defer repayment while dependent student, or parent, is enrolled at an eligible school more than half-time
 - Student does not need to request in-school deferment
 - ✓ Parent can request to defer repayment for an additional six months from the date the dependent student ceases to be enrolled on at least a half-time basis

PLUS Loans A To Z

Federal Direct PLUS Loan - Repayment

- Repayment options much like subsidized/unsubsidized loan borrowers
 - ✓ Standard
 - ✓ Graduated
 - ✓ Extended
 - Must have outstanding loan balance > \$30,000
 - ✓ Income ***dependent*** repayment plans are NOT available for parent PLUS loan
 - Income-contingent repayment plan available for Direct Consolidation Loan that includes an underlying Parent PLUS Loan

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Electronic Announcements

- EA dated January 27, 2013
- EA dated February 3, 2015
- Upcoming EAs
 - ✓ More to be posted over the next several weeks
- We're planning on delivering a COD Release for Award Year 2015 – 2016 webinar in March
 - ✓ Watch for registration announcement coming to IFAP in a few weeks
- COD Technical Reference for Award Year 2015 – 2016
 - ✓ Volume II, Section I, "Implementation Guide"

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Resources...

- Code of Federal Regulations
 - ✓34 CFR 685
 - ✓34 CFR 668 (General Student Assistance Provisions)
- COD School Relations Center
 - ✓800.848.0978
 - ✓CODSupport@ed.gov
- Your Federal Loan School Support Team Point of Contact
 - ✓Dlops@ed.gov

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