

CALTECH

Financial Aid Office

Federal Direct PLUS Loan: Information and Instructions 2007-2008

Mail Code 110-87 • Pasadena, California 91125 • (626) 395-6280

August 2007

Caltech participates in the William D. Ford Federal Direct Loan Program (FDLP), generally referred to as Direct Loans. The program includes the Federal Direct PLUS Loan. The chart below provides details on the terms and conditions of the Federal Direct PLUS Loan program. To apply, please review the new federally-mandated Direct Loan Master Promissory Note (MPN) procedures and follow the instructions below.

Application Instructions

- As a parent Federal Direct PLUS borrower, you will be required to complete the PLUS promissory note.
- Complete and return the Excess Direct PLUS Loan Funds Disposition Form and the Federal Direct PLUS Loan Request to the Caltech Financial Aid Office no later than April 30, 2008
- Notification of your eligibility is on a rolling basis and usually takes about four to six weeks.

Additional Application Documents

Copies of INS Documents

If you indicated that you are a "permanent resident or other eligible non-citizen" in item #7 on the Federal Direct PLUS Loan Application and Promissory Note, please provide photocopies of the Immigration and Naturalization Service documents that verify the parent's current status to the Financial Aid Office.

Certification of Selective Service Registration Compliance

Students who have not applied for other federal aid through the Caltech Financial Aid Office must complete this certification to ensure that all federal financial aid recipients have complied with Selective Service regulations. This form is available from the Financial Aid Office.

Additional Financial Assistance

If the student will be receiving additional financial assistance (such as outside scholarships) not already reported to the Financial Aid Office, please attach a separate sheet to the Federal Direct PLUS Loan application detailing the source and amount of the additional assistance.

Application Approval/Denial After you complete the MPN and return your completed Federal Direct PLUS Loan application to the Financial Aid Office, your application will be submitted to the Federal Direct PLUS Loan Servicer. The Servicer notifies the Caltech Bursar's Office as to your loan's approval or denial. The Servicer will also directly notify you of your loan's approval status. If your loan is approved by the Servicer, the Financial Aid Office will authorize the Caltech Bursar's Office to apply your Federal Direct PLUS Loan credit, in the amount approved, directly to your student's Caltech account (see Disbursement section below).

If your Federal Direct PLUS Loan application is denied by the Servicer based on your credit check, the Servicer will offer you the option of resolving any incorrect information on your credit report and/or the option of resubmitting your Federal Direct PLUS Loan application along with the endorsement of a credit worthy cosigner. Should you choose one of these options, Caltech will allow you 30 days to resolve discrepant information or to resubmit your updated application information to the Servicer prior to canceling your initial Federal Direct PLUS Loan application record.

Loan Fees

In order to offset the federal government's cost of this program, all Federal Direct PLUS Loans are subject to the assessment of a 4% loan fee less a 1.5% federal interest rebate. A borrower retains the

rebate by making the first 12 monthly payments on time. As a result, any Federal Direct PLUS Loan credits applied to your student's account will reflect a reduction in the principal amount of your loan. Although this fee is withheld from your loan disbursement, you will bear full responsibility for repaying the gross amount of your Federal Direct PLUS Loan along with accrued interest.

Disbursement of Your Loan

Your Federal Direct PLUS Loan funds will be delivered directly to Caltech. All Federal Direct PLUS Loans are subject to the requirement of multiple disbursements. For example, if a parent borrows \$6,000 for the full academic year (September through June), one third of the net loan proceeds (\$1,950) will be applied to the student's first term charges, while the second disbursement of the net loan proceeds (\$1,950) will be applied to the student's second term charges, and the final disbursement (\$1,950) will be applied to the student's third term charges. Should a parent borrower apply for only a one term Federal Direct PLUS Loan, one half of the loan proceeds (minus the fee) will be applied to the student's account at the start of the term, while the remaining half of the loan proceeds (minus the fee) will be applied at the midpoint of the term.

If the disbursement of the Federal Direct PLUS Loan creates a credit balance, you will have the option of choosing how the excess funds will be handled. We encourage you to maintain the credit balance on the student's account to apply against future charges. Please complete and return the enclosed Excess Federal Direct PLUS Loan Funds Disposition form to the Caltech Financial Aid Office, MC 110-87, Pasadena, CA 91125 no later than April 30, 2008.

If you have questions about the Federal Direct PLUS Loan Program, we encourage you to contact the Caltech Financial Aid Office at: (626) 395-6280 Monday – Friday 8:00 A.M. – 5 P.M.

Caltech Federal Direct PLUS Loan Program		2007-2008
Program	Federal Direct PLUS* *(Parent Loan for Undergraduate Students)	
Description	A non-need-based federal loan program administered by Caltech on behalf of the U. S. Department of Education.	
Borrower	Parent	
Eligibility Criteria	Parent and student are: <ul style="list-style-type: none"> • U.S. Citizens or eligible non-citizens. • Not in default on prior educational loans. Parent: <ul style="list-style-type: none"> • Has a dependent student for which he/she wishes to borrow. • Meets federally defined credit worthiness standards (see below). Student is: <ul style="list-style-type: none"> • Enrolled at least half-time in a degree program. • Making satisfactory academic progress. 	
Credit Worthiness Standards	To meet the minimum credit worthiness requirements, an applicant cannot be: <ul style="list-style-type: none"> • 90 days or more delinquent on the repayment of any debt; or, • The subject of a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment or write-off of a Title IV debt during the last five years. 	
Eligibility Calculation	Annual Caltech Cost of Attendance less other aid	
Annual Loan Limits	Annual Caltech Cost of Attendance less other aid	
Fees	4.0% origination fee of the gross amount borrowed less a 1.5% interest rebate from the federal government is deducted automatically from the amount borrowed. A borrower retains the rebate by making the first 12 monthly payments on time.	
Interest Rate	Fixed rate of 7.9% (effective July 1, 2006)	
Interest Subsidy	No federal interest subsidy; full interest must be paid by the borrower.	
Repayment terms	Repayment begins within 60 days of the last disbursement. 30 year maximum repayment period/10 year standard repayment period. For a complete list of repayment options, see the "Parent Borrower's Rights and Responsibilities" form and the "Direct PLUS Loan Basics" brochure.	
How to Apply	Complete and submit the Federal Direct PLUS Loan Application and Promissory Note**, Caltech Federal Direct PLUS Loan Request, and Excess Funds Disposition form available from the Caltech Financial Aid Office.	
Loan Consolidation	Existing Federal Direct PLUS loans can be consolidated into the Federal Direct PLUS Loan Program once all disbursements of the loan have been made. To request loan consolidation applications, contact the U.S. Department of Education, Consolidation Department, Loan Origination Center, phone 1-800-557-7392 or www.loanconsolidation.ed.gov .	

Caltech Financial Aid Office

Mail Code 110-87
Pasadena, CA 91125
Telephone: (626) 395-6280
Fax: (626) 564-8136
Hours: Monday - Friday
8:00 am - 5:00 pm

This describes the programs, policies, and procedures in effect at the time of printing, all of which are subject to change without prior notice. While Caltech believes that the information contained herein is correct and factual, this document has not been reviewed or approved by the U.S. Department of Education.