



Financial Aid Office

a

Parent's Guide

PLUS to Federal PLUS Loans

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You may be eligible to borrow a Federal PLUS

Loan to assist you with your student's cost of attendance at Claremont McKenna College (CMC).

The Federal Parent Loan for Undergraduate Students (PLUS) is an alternative for creditworthy parents of dependent undergraduates who wish to finance all or part of their family contribution. The PLUS program is designed to provide a low-interest loan alternative to paying for college costs in the nine-month academic year. Creditworthy parents can borrow up to the difference between the Cost of Attendance for one year and the amount of any financial aid the student is receiving.

eligibility

To be eligible for a PLUS Loan, your dependent undergraduate student must be enrolled at least half time in an approved program. The student and parent must be U.S. citizens, U.S. nationals, or eligible non-citizens. You may not have an adverse credit history. You can be preapproved—find out how much you can borrow—by the lender of your choice using the Websites and phone numbers listed below.

maximum amount

The Federal PLUS Loan program allows you to borrow up to the difference between the Cost of Attendance for one year and the amount of any financial aid the student is receiving. See the chart on the back for a worksheet that will help you calculate your eligibility.

interest rate

For loans after July 1, 2006, the interest rate is fixed at 8.5 percent.

fees

An origination fee of 3 percent is charged by the federal government and an insurance fee of 1 percent may be charged by the guarantor. These fees are automatically deducted from the loan amount.

repayment

There is no grace period for a PLUS Loan. Interest begins to accrue immediately after the first disbursement of the PLUS Loan, and repayment of both principal and interest begins 60 days after the final disbursement of the loan. You will have up to 10 years to repay the loan. See the opposite page for additional repayment information.

disbursement

Loan funds will be disbursed in two equal installments. These funds will be received by the school via Electronic Funds Transfer (EFT).

how to apply

To apply for a PLUS Loan, visit our financial aid website at www.claremontmckenna.edu/admission/finanaid/links.asp. The PLUS MPN is designed to be the only application and promissory note for all of the Federal PLUS Loans you will receive while your child is attending Claremont McKenna College, for up to 10 years. However, **you must submit a PLUS Loan Request each year you would like to borrow PLUS funds.**

Since the PLUS Loan is a credit-based loan program, federal regulations require lenders to obtain a credit report from a national credit bureau. Several lenders offer a preapproval process, which allows parents to get a better idea of their eligibility for the Federal PLUS Loan. The preapproval process does not eliminate the application process.

choosing a lender

Choosing a lender is an important decision, one that will affect you for the life of your loans. **If you have no prior Federal PLUS Loans**, we recommend that you borrow from the College Board Education Loan Program. You may also choose one of the other lenders listed below. These lenders have made a commitment to provide quality service to their borrowers, and offer advantageous repayment options to help you manage your PLUS Loan debt. **If you have previously borrowed a Federal PLUS Loan**, please remain with the same lender to avoid making payments to multiple lenders in the future. Changing lenders in the future will require a new PLUS MPN.

preferred lenders

● College Board	Lender Code 830310	(800) 891-1253	loans.collegeboard.com
● All Student Loan	Lender Code 833752	(888) 271-9721	www.allstudentloan.org
● Southwest Student Services	Lender Code 830630	(800) 367-2369	www.sssc.com
● Student Loan Xpress	Lender Code 833908	(866) 759-7737	www.studentloanxpress.com

Sallie Mae will service your loan on behalf of the lender you choose.

PLUS MPN checklist

This checklist is for parents choosing to submit a paper application directly to Claremont McKenna College. However, we recommend that you submit your application electronically.

To avoid having your application returned to you, please complete this checklist before you submit your PLUS Loan MPN to the Financial Aid Office.

- Complete the *Borrower and Student Information Sections* completely.
- Be sure to include the state abbreviation in the *Driver's License Number (#7)*. If you do not have a driver's license, please indicate "None."
- Indicate *Citizenship Status (#8)*, including Alien ID# if applicable.
- Fill in the *Lender Name (#9)* and *Lender Code (#10)* from the Preferred Lenders section at the left, or use another lender of your choice.
- References (#13)* must live at different street addresses in the United States.
- Sign and Date* the application (#21–22).
- Submit the application directly to the CMC Financial Aid Office.*

Incomplete applications will be returned to you unprocessed and delay certification of your loan.

repayment options

There are a number of lenders that offer creative repayment options. Please contact our Financial Aid Office for more information.

- **In-School Deferment**—both principal and interest may be deferred if the parent is in school on at least a half-time basis. If the interest is deferred, it may be capitalized, or added to the principal balance, upon repayment.
- **Unemployment Deferment**—if you are unable to obtain full-time employment. Eligibility is based on the parent borrower's status, not on the status of the student for whom the parent is borrowing.
- **Economic Hardship Deferment**—based on the parent's financial hardship, not the student's.
- **Graduated Repayment**—payments gradually increase over the life of the loan. These include interest-only payments for the first two to four years.
- **Income-Sensitive Repayment**—payment amount is based on a percentage of your income.
- **Loan Consolidation**—refinance all your PLUS Loans into a single loan, reduce your payments, and take up to 30 years to repay.

calculating your monthly loan payment

This chart illustrates repayment over 10 years using the PLUS interest rate. You can also calculate your repayment amounts by using the Repayment Calculator at www.collegeboard.com.

8.5%		
Loan Amount at Repayment	Monthly Payments	Total Interest
\$5,000	\$62	\$2,439
7,000	87	3,415
9,000	112	4,390
11,000	136	5,366
13,000	161	6,342
15,000	186	7,317
20,000	248	9,757
30,000	372	14,635

Total interest is over the life of the loan. This chart does not include capitalization of interest and assumes a standard repayment plan and a 10-year repayment term. As of July 1, 2006, the PLUS interest rate is fixed at 8.5%.

Federal PLUS Loan eligibility worksheet

This worksheet will help you calculate the cost of attending Claremont McKenna College, and the amount you may want to borrow from the Federal PLUS Loan program.

STEP 1	ESTIMATED Cost of Education (Direct & Indirect Charges):	Example	YOUR Worksheet
	Tuition and fees	\$ 33,210	\$
	Room & Board (Using the 16-meal plan) +	10,740	
	Books & Supplies +	850	
	Transportation** +	0	
	Personal Expenses +	1,000	
	TOTAL COST OF ATTENDANCE =	\$ 45,800	\$
STEP 2	Financial Aid Awards (Refer to your Award Letter):		
	Grants: Federal Pell, Federal SEOG	\$ 1,500	\$
	Grant: Cal Grant A +	9,708	
	Scholarships/Grants: Academic scholarships, outside scholarships, etc. +	16,167	
	Loans: Federal Stafford, Federal Perkins, College/other. (i.e., Stafford Loan of \$2,625 – \$79 [3% Origination Fee] = \$2,546) +	3,425	
	TOTAL FINANCIAL AID AWARDS =	\$ 30,800	\$
STEP 3	The Calculation		
	The Cost of Attendance at Claremont McKenna College (Step 1)	\$ 45,800	\$
	Total Financial Aid Awards (Step 2) –	30,800	
	Amount you expect to contribute to applicant's education –	5,000	
	Subtotal of first three lines =	\$ 10,000	\$
	Loan fees (3% of the subtotaled amount) +	300	
	Amount you may want to borrow from the Federal PLUS Loan program.*** =	\$ 10,300	\$

* This ESTIMATED Cost of Attendance has been provided for illustration purposes only. Please refer to your son or daughter's 2006–2007 Financial Aid Award Letter for the appropriate Cost of Attendance amounts to use in "YOUR Worksheet."

** A transportation allowance will be added to the Cost of Attendance if your permanent residence is more than 200 miles from the CMC campus. Transportation allowances are not provided for students living in foreign countries. Transportation allowances range from \$100 to \$1,000.

*** This is the amount you would list on your PLUS Loan Request, if this is the amount you choose to borrow.