



It Takes A Community

Criteria for determining the amount of student's award

Estimated Method of Payment and PLUS loans – Once the student has completed the FAFSA and eligibility is determined, the FAO will create and explain an Estimated Method of Payment based on full time enrollment. The plan will identify the cost of the program, projected aid eligibility for each academic year, ending account balance, projected credit balance date (if applicable), projected graduation date, and total loan indebtedness. If the student agrees to the plan, he or she will sign the plan; a copy is given to the student. If the parent is present and the plan includes a PLUS loan, it is encouraged that the parent also signs the plan. The plan is part of the loan confirmation process.

When completing the Estimate, the FAO should consider what the student's Cost of Attendance will be for each academic year as well as the student's EFC and other funding to help ensure that the calculations do not cause an over-award of aid.

Prior to completing the plan, if the parent of a dependent student has agreed to a PLUS Loan Credit Check, the FAO is to conduct the credit check to determine eligibility. A completed Credit Check Consent Form must be received by the FAO before a credit check can be conducted. At a minimum, at least one of the biological or adoptive parents whose information is included on the FAFSA may provide consent to check parent credit. If denied and the other biological or adoptive parent would like to try, he or she may do so. However, once an approval is received, the student is no longer eligible to borrow additional unsubsidized loan at independent student levels unless that parent's credit is later denied in the academic year upon an additional credit check or if the parent can show that acceptable reason for a PLUS override (see PLUS Credit Check Alternative form for list of approved reasons). If the student is expecting to borrow above dependent loan limits in a 2nd or 3rd academic year, the FAO should remind the parent that subsequent credit checks will be conducted (one per academic year). A copy of the credit decision should be given to the parent or student to give to the student. The parent will also be notified by the lender via a mailed letter.

If a parent is approved and wishes to borrow a PLUS loan for the student, he or she must complete a promissory note. Additionally, if the PLUS loan is borrowed through Direct Loans, the parent must sign the award letter, estimate, or provide a written statement indicating and acknowledging the amount that they are borrowing. Because the amount of origination fee is higher on a PLUS loan, the FAO should attempt to identify the correct gross amount needed to cover the student's balance. PLUS loans borrowed in excess of the cost of the program will create a credit on the student's account. A check is issued to the parent by the school (if the PLUS loan is the reason for a credit balance on a student account) unless the parent has given express permission to the school to issue the credit to the student.

If the student wishes to take the plan home to think about it or discuss it, the FAO will file a copy of the tentative plan with the student's other documents in the Prospective Student filing cabinet drawer.