

Addendum to the Federal PLUS Loan Application and Master Promissory Note and Endorser Addendum Federal Family Education Loan Program

The Higher Education Reconciliation Act of 2005 (HERA) changed some of the terms of Federal PLUS Loans made under the Federal Family Education Loan Program (FFELP). As a result, certain terms of the loan(s) you receive under the accompanying Federal PLUS Loan Application and Master Promissory Note (MPN) or endorse under the accompanying Endorser Addendum to Federal PLUS Loan Application and Master Promissory Note (Endorser Addendum) differ from the terms in the MPN, Endorser Addendum, and Borrower's Rights and Responsibilities Statement.

This Addendum describes the changes made to the loan terms by the HERA. Your loan is subject to those changes. The changes set forth in this Addendum are incorporated into and made a part of the accompanying MPN or Endorser Addendum that you sign and the Borrower's Rights and Responsibilities Statement.

- **Graduate and Professional Students May Borrow PLUS Loans.** *Effective for loans certified on or after July 1, 2006,* a graduate or professional student may borrow a Federal PLUS Loan. Before applying for a Federal PLUS Loan, a graduate or professional student must first complete the Free Application for Federal Student Aid (FAFSA) and must have been determined eligible for his or her maximum loan amount under the Federal Subsidized and Unsubsidized Stafford Loan Program. Except as provided in this Addendum, the terms and conditions of the Federal PLUS Loan as described in the accompanying MPN and Borrower's Rights and Responsibilities Statement apply regardless of whether the borrower is a parent or a graduate or professional student.

The following changes apply only to graduate or professional student Federal PLUS Loan borrowers and to endorsers of Federal PLUS Loans made to graduate or professional student borrowers:

- **General Changes.** If you are a graduate or professional student, all references to "student," "dependent student," "dependent" or "parent" throughout the MPN refer to you. If you are an endorser for a graduate/professional student Federal PLUS Loan borrower, all references to "student," "dependent student," or "parent" throughout the Endorser Addendum refer to the student borrower.
- **MPN: Borrower (Parent) Section and Student Information Section.** If you are a graduate or professional student, provide information about yourself in both the "Borrower (Parent) Section" and the "Student Information Section" of the MPN. Do not leave any items blank.
- **Endorser Addendum: Section B., Loan Description.** If you are an endorser for a graduate or professional student Federal PLUS Loan borrower, provide information about the student in both the parent borrower items (12, 13 and 15) and the student items (16 and 17).
- **MPN: Borrower Request, Certifications, and Authorizations.** If you are a graduate or professional student, paragraph 18.B. does not apply, and paragraph 18.C. is revised to read as follows: "Loan proceeds will be used for authorized educational costs, and I will immediately repay any loan proceeds that cannot be attributed to educational costs for attendance on at least a half-time basis at the school that certified my loan eligibility."
- **MPN: Promise to Pay.** If you are a graduate or professional student, the second sentence of paragraph 20 is revised to read as follows: "**I understand that multiple loans may be made to me under this MPN.**"

The following changes apply to all Federal PLUS Loan borrowers:

- **MPN: Borrower Request, Certifications, and Authorizations.** *Effective for MPNs signed on or after July 1, 2006,* by signing your MPN you are certifying, under penalty of perjury, that if you have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, you have completed the repayment of such funds to the U.S. Department of Education, or to the loan holder in the case of a Title IV federal student loan.
If you are a parent applying for a Federal PLUS Loan for a dependent undergraduate student, you are not eligible for a Federal PLUS Loan if that student has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, unless that student has completed the repayment of such funds to the U.S. Department of Education, or to the loan holder in the case of a Title IV federal student loan.
- **Borrower's Rights and Responsibilities Statement: Item 5, Loan Fees.** *Effective for loans for which the date of guarantee of principal is on or after July 1, 2006,* this item is revised to read as follows: "**5. Loan Fees** - I may be charged an origination fee and/or a federal default fee for each loan made under this MPN. Neither fee may exceed the rate as specified in the Act. If I am charged these fees, they will be deducted proportionately from each disbursement." **NOTE:** Any reference to a guarantee fee in the MPN is deemed to be a reference to the federal default fee.
- **Borrower's Rights and Responsibilities Statement: Item 6, Disbursement of Loan Money.** *Effective July 1, 2006,* loan money for students enrolled in foreign schools must be sent to the school, and generally must be disbursed in multiple installments.
- **Borrower's Rights and Responsibilities Statement: Item 9, Interest Rates.** *Effective for loans first disbursed on or after July 1, 2006,* a Federal PLUS Loan has a fixed interest rate.
- **Borrower's Rights and Responsibilities Statement: Item 14, Loan Discharge.** *Effective July 1, 2006,* a loan is also eligible for discharge if it is determined that the borrower's eligibility for the loan was falsely certified as a result of a crime of identity theft.
- **Borrower's Rights and Responsibilities Statement: Item 17, Special Repayment Arrangements.** *Effective for consolidation applications received on or after July 1, 2006,* a married couple may no longer borrow a Federal Consolidation Loan as joint borrowers.
- **Borrower's Rights and Responsibilities Statement: Item 18, Deferments.** *Effective July 1, 2006,* for loans with a first disbursement made on or after July 1, 2001, a deferment is available for a period of up to three years during which a borrower is serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency.