

Parent PLUS Loan Information

Eligibility:

- A completed and valid 2018-2019 FAFSA is **required** before you may apply for a Parent PLUS Loan.
- PLUS loans are restricted to the biological parents, or adoptive parents of a dependent undergraduate student. Step-parents whose information is included on the FAFSA may also apply. Grandparents, aunts, uncles, & friends may not apply for a PLUS loan.
- Eligibility for the PLUS loan depends on a modest credit check that determines whether the parent has adverse credit. An adverse credit history is defined as being more than 90 days late on any debt or having had Title IV debt within the past five years subjected to default determination, bankruptcy, discharge, foreclosure, repossession, tax lien, wage garnishment, or write off.

Loan Details:

- Repayment begins 60 days after the loan is fully disbursed. **You may contact the Direct Loan Servicer to request to defer payments until six months after your student graduates or drops below half-time enrollment, if you did not already request a deferment on the application.**
- The interest rate on the PLUS Loan is 7% fixed*. Interest begins to accrue on the loan once it is disbursed to UIW.
- There is a 4.264% net* origination fee charged by the Dept. of Education which is deducted from each loan disbursement.
- You may reduce or decline your loan or even return all or part of it, up to 120 days after funds have been released.
- PLUS loans *may not* be transferred to the student. The Parent PLUS loan is a Parent Loan, taken out in the Parent's name.
- If you are not approved for the PLUS loan, you may add an endorser or increase the student's unsubsidized loan.
- Your loan *may* be discharged if you pass away or if the child for whom you borrowed passes away, or if you become totally and permanently disabled.
- For more information, please visit <http://studentaid.ed.gov/types/loans/plus> or contact the UIW Office of Financial Assistance at (210) 829-6008.

**Origination fees and interest rates as of 10/01/2017, subject to change based upon legislative action.*

What are the advantages of a Federal PLUS loan vs. a Private Loan?

Federal Direct PLUS Loan

- Less stringent credit approval than an alternative loan.
- Denial allows student to increase their Direct Unsubsidized Loan.
- Fixed **7%*** interest rate for the life of the loan
- Net origination fee of **4.264%***, deducted from each disbursement
- Discharge in case of student or borrower death or in the case of borrower total and permanent disability.
- No penalty for early repayment

Private Loan

- Approval based on credit criteria such as credit score, debt-to-income ratio, etc.
- Denial does not result in additional funding for student.
- Variable interest rate, based on credit rating and market rates
- Origination fee may be added to principal balance rather than deducted from disbursements
- Usually does not have a discharge option for borrower or cosigner.

Sample Direct PLUS Loan Repayment Chart

(Based on Standard Repayment Plan of 10 Years. Other plans available.)

Loan Amount	Interest Rate	Monthly Payment	Months of Payment	Total Interest Paid	Total Loan Paid
\$5,000.00	7%	\$58.05	120	\$1,966.74	\$6,966.74
\$10,000.00	7%	\$116.11	120	\$3,932.94	\$13,932.94
\$20,000.00	7%	\$232.22	120	\$7,865.87	\$27,865.87