

## Federal Parent PLUS Loan

### What is the Federal Direct Parent PLUS Loan?

The Parent PLUS Loan is a federally guaranteed loan available to credit-eligible parents of dependent students.

### Who can borrow a Parent PLUS loan?

Biological or adoptive parents, or a stepparent listed on the FAFSA of dependent students are eligible to apply. Your parent must be a U.S. citizen or eligible noncitizen and pass a credit check to determine eligibility.

### What are the terms of the Parent PLUS loan?

Federal Parent PLUS Loan Terms	
<b>Maximum Loan Amount:</b>	Up to your cost of attendance, minus all other financial aid.
<b>Interest Rate:</b>	5.30% fixed for the 2020-21 academic year (rates for 2021-22 will be announced in June).
<b>Fees:</b>	A 4.228% origination fee is deducted at disbursement of each installment of the loan.
<b>Requirements to Receive Funds:</b>	Your parent must apply online at <a href="https://studentaid.gov">studentaid.gov</a> . Once approved, they must complete a Master Promissory Note at <a href="https://studentaid.gov">studentaid.gov</a> , and you must be enrolled at least half time (6+ credits). Some borrowers may have to complete <a href="#">PLUS Counseling</a> as well.
Repayment Terms	
<b>Grace Period:</b>	None. However, your parent may request a deferment while you are enrolled and for 6 months after you graduate.
<b>Repayment Length:</b>	Between 10 and 25 years, depending on total borrowing and chosen repayment plan.
<b>Payment Due:</b>	Monthly
<b>Payment Amount:</b>	Depends on amount borrowed and chosen repayment plan.

### How does my parent apply for this loan?

First, you must submit the [FAFSA](#). Then, your parent must apply for the Parent PLUS Loan and complete a Master Promissory Note online at [studentaid.gov](https://studentaid.gov), using their FSA ID. Your parent must pass a credit check to be approved.

**NOTE:** The 2021-22 PLUS Loan application will become available in April 2021, and we will begin certifying the loan after you are enrolled. This means that your parent can apply to determine if they have been approved for a PLUS loan in April, but the loan will not be added to your financial aid account until we certify it.

### **What does the Dept. of Education look at during a credit check?**

They are checking if the borrower (your parent) has an adverse credit history. However, debt-to-income ratio, credit score, employment status or even lack of credit is not considered during this credit check. The credit check for a Parent PLUS loan is valid for 180 days.

### **What is considered *adverse credit*?**

For purposes of qualifying for a PLUS loan, a borrower is considered to have an adverse credit history if:

- he or she has one or more debts with a total combined outstanding balance greater than \$2,085 that are 90 or more days delinquent as of the date of the credit report, or that have been placed in collection or charged off (written off) during the two years preceding the date of the credit report; **or**
- during the five years preceding the date of the credit report, he or she has been subject to a
  - default determination,
  - discharge of debts in bankruptcy,
  - foreclosure,
  - repossession,
  - tax lien,
  - wage garnishment, or
  - write-off of a federal student aid debt.

### **What are the options if my parent is denied a PLUS loan?**

Parents who are denied because of adverse credit may:

- reapply with a credit-worthy endorser (cosigner),
- appeal the denial with the Dept. of Education if there are extenuating circumstances related to their credit history that can be documented, or
- request for the student to have an additional \$4,000 Direct Unsubsidized loan for Freshmen students.

For more information, see [Options for Parent PLUS Loan Denial](#) (PDF).

If your parent is initially denied, but is subsequently qualified to borrow a Parent PLUS loan by obtaining an endorser or documenting extenuating circumstances, they will be required to complete PLUS Counseling through [studentaid.gov](http://studentaid.gov) before the loan can be applied.

### **Is this loan sent directly to my parent?**

No. As with all other types of financial aid, the Parent PLUS loan will first be sent to the UIW Business Office to be applied directly to your bill. Typically, the total amount of the loan is disbursed evenly between the Fall and Spring semesters, depending on the loan dates indicated on the application.

If any additional funds remain after the bill has been paid, a check for that amount will be mailed to your parent, unless they have opted on the application that excess funds be sent to the student.

### **Can my parent ever transfer the Parent PLUS loan to me?**

No. The parent is always responsible for paying back this loan.

### **What if my parent is unable to make loan payments in the future?**

Under some circumstances, your parent may be able to request a deferment or forbearance on the loan directly with the loan servicers, which means they can postpone payments for a period of time.