

Direct Parent PLUS Loan

Frequently Asked Questions

Q1. Who is eligible to apply for a Direct PLUS Loan?

A1. The parent (biological, adoptive, or in some cases, stepparent) of a dependent undergraduate student enrolled at least half-time (6 credit hours) at a participating school may apply for a Direct Parent PLUS loan.

Q2. What are the permitted uses for a Direct PLUS Loan?

A2. In accordance with Federal regulation, proceeds from a Parent PLUS loan may only be used to pay for the student's authorized educational expenses including, but not limited to, tuition, room, board, institutional fees, and books.

Q3. Is there a maximum loan amount?

A3. The maximum PLUS loan amount you can borrow is the student's Cost of Attendance (COA) minus any other financial assistance received. To request the "maximum" loan amount, simply check the "borrow the maximum" option when prompted to provide a requested loan amount on the Direct PLUS Loan Application.

Q4. How does the parent apply for the Direct PLUS Loan?

A4. The parent must log in to www.studentloans.gov using their [FSA ID](#) to complete the Direct PLUS Loan Request. Click on "Apply for a PLUS Loan" and select "Complete PLUS Request for Parents". The parent will receive an immediate credit decision.

Q5. Does my debt to income ratio, credit score, or employment status count against me?

A5. These factors are not taken into account when your credit history is reviewed. A lack of credit is also not considered adverse credit.

Q6. What is considered "adverse credit"?

A6. Adverse credit conditions include but are not limited to:

- Bankruptcy (Chapters 7, 11, or 12 within the past 5 years).
- Note:** Direct Loans does not consider Chapter 13 bankruptcy as adverse credit.
- Voluntary surrender within the last 5 years.
- Repossession within the last 5 years.
- Foreclosure proceedings started.
- Foreclosure within the last 5 years.
- Deed in lieu of foreclosure.
- Accounts currently 90 days or more delinquent.
- Unpaid collection accounts.
- Charge offs/write offs.
- Wage garnishment within the last 5 years.
- A defaulted loan that has been claim paid.
- Lease or contract terminated by default.
- County/State/Federal tax lien, within the past 5 years.

Q7. What options are available should the Direct PLUS Loan be denied?

A7. If a parent is denied credit for a Direct PLUS Loan, the parent may appeal the credit decision or obtain a credit-worthy cosigner (endorser). Direct PLUS Loan endorsers will be able to complete an online Endorser Addendum at StudentLoans.gov. If a parent successfully appeals the credit decision or obtains a credit-worthy endorser, the parent borrower will be required to complete PLUS Counseling at StudentLoans.gov.

Or a student may choose to receive an “additional” Federal Direct Unsubsidized Stafford Loan (in the amount of \$4000 to \$5000 depending on grade level). The additional loan will be awarded upon the school’s notification of the credit decision and the student will be required to accept the fund via their CampusNet Financial Aid account.

Q8. What additional steps are required to receive the Direct PLUS Loan?

A8. If the parent is eligible for a Direct PLUS Loan, they will be required to sign a Master Promissory Note (MPN), agreeing to the terms of the loan. The parent will log in to www.studentloans.gov using their [FSA ID](#) to complete the electronic Master Promissory Note.

Q9. How does the student receive the proceeds of the Direct PLUS Loan?

A9. Disbursements for Direct PLUS Loans will be deposited in the student’s CSU account. Disbursements will be used to pay current educational charges and minor non-educational charges. PLUS Loan proceeds disbursed in excess of these charges will be refunded to the student as authorized by the parent on the PLUS Loan Request.

Q10. Can a parent choose to receive the proceeds of the Direct PLUS Loan directly?

A10. Yes, the parent borrower can choose to receive directly any excess PLUS loan funds when completing the PLUS Loan Request. The proceeds of the Direct PLUS Loan are first applied to the student’s school account to pay tuition, fees, room, board, and other authorized charges (even if these charges have been previously paid by other funds). If any excess PLUS loan funds exist, paper checks are issued and mailed to the parent borrower approximately 10 days following disbursement notification.

Q11. What is the current interest rate on a Parent PLUS Loan?

A11. Interest rates for PLUS loans are now tied to 10-year U.S. Treasury Notes based on legislation signed into law August 2013. Each year interest rates could vary, but are determined and fixed for the life of the loan based on the date of the first loan disbursement. Please visit the [Federal Student Aid](#) webpage for the current interest rates.

Q12. Other than interest, is there a charge for this Parent PLUS Loan?

A12. Yes, there is a loan fee on all Direct PLUS Loans. The loan fee is a percentage of the loan amount and is proportionately deducted from each loan *disbursement*. The percentage varies depending on when the loan is first disbursed. Please visit the [Federal Student Aid](#) webpage for the current origination fees.

Q13. Are parents required to make payments while the student is in-school?

A13. Your Parent PLUS Loan enters repayment once your loan is fully disbursed (paid out). However, you may request a deferment while you or your son/daughter are 1) enrolled at least half-time (6 credit hours) and 2) for an additional six months after your son/daughter ceases to be enrolled at least half-time. A deferment may be requested directly on the PLUS Loan Request form or by contacting your loan servicer – indicated on your loan disclosure information provided by the lender.

Additional information, including information about loan repayment, deferment, etc. can be found at StudentAid.ed.gov or by calling Campus 411 All-in-1 Enrollment Services at 216-687-5411.