

Federal Direct Parent PLUS Loan Application Process

Direct PLUS Loans are processed through the Federal Direct Loan Program. The parent borrower must have an FSA ID to electronically apply for a Direct PLUS loan and sign the Direct PLUS Master Promissory Note (MPN). The Federal Direct Parent PLUS Loan is a loan for the biological mother or father, custodial stepparent (if his or her information was reported on the FAFSA), or adoptive parent of a dependent undergraduate student.

Loan Application Process:

- **Parent goes to <https://studentloans.gov> with Federal FSA ID**

It is very important that the parent, **not** the student, signs in using their FSA ID to begin the application process.

- **Click “Apply for a PLUS Loan” under Parent Borrowers**

- **Enter parent information**

- **Enter student and school information**

Be sure to select the amount that you would like to borrow. Refer to the award letter for the maximum amount you are eligible to borrow. The amount that you indicate will be split equally between the terms that have been packaged on the award letter.

- **Review data entered**

- **Authorize the Credit Check**

Direct PLUS loans are based upon credit. To qualify for the loan, the parent applicant must first pass a credit check. Agree to the terms provided and click “submit”. The credit check will end in approval or denial. An electronic response will be forwarded to the school.

- If denied, you will be given options that include appealing the credit decision, obtaining an endorser, or not pursuing a loan at this time. Select your answer. If you will not be appealing the decision or obtaining an endorser, the student may request additional unsubsidized Stafford loan funds. The steps for the student to make this request are listed under “Denied Credit Check”. Please note that even if the student will be requesting the additional unsubsidized Stafford Loan, the student may still be left with an outstanding balance. If all federal aid has been utilized, you may pay the balance in full or enroll in the Installment Payment Plan (IPP) to pay the balance.

- If approved, continue with the steps below to complete a Direct PLUS Loan MPN.

- **Complete the MPN**

- Click on the student’s name to start the MPN process.

- **Review and sign the MPN**

- Review the information and complete the signature boxes and click “Sign”.

- **View/Print the MPN**

- An option is provided that will allow you to open a pdf and view/print the completed MPN.

- **Submit the MPN**

- Click “Submit”

To reduce or cancel any disbursements after a loan application has been submitted, you must complete a 2019-2020 Direct Parent PLUS Loan Change Form, available at <http://www.utoledo.edu/financialaid/forms.html> .

If you are unable to complete the application portion of this process, there is a paper version available from the Rocket Solution Central (RSC) Office. Even if the paper application is used, we recommend that MPN be completed online if possible.

Federal Direct Parent PLUS Loan Information

Interest Rates

The current Parent PLUS Loan interest rate is fixed at 7.08%. The new rate is announced each July 1st. Interest begins to accrue at the time of each loan disbursement.

Loan Fees

A loan origination fee (currently 4.236% of the loan principal, with new rates announced each October 1st) is charged by the U.S. Department of Education for processing the Direct Parent PLUS Loan. The loan fee is deducted proportionately from each disbursement of the loan.

For updated information regarding current Interest Rates and Loan Origination Fees, check:

<https://studentaid.ed.gov/sa/types/loans/interest-rates>

Credit Checks

In order to borrow a Parent PLUS Loan, you must pass a credit check. Once you have submitted the Federal Direct Parent PLUS Loan Application, the Department of Education (COD) will perform a credit check and will notify you and the Financial Aid Office of the results. If you have questions about the outcome of the credit check, contact COD at 1.800.557.7394.

Denied Credit Checks

If you do not pass the credit check, there are three options available to you.

1. Contact COD at 1.800.557.7394 if you believe there was an error made on the credit check.
2. You can obtain a creditworthy endorser. The endorser would need to pass the credit check, agree to endorse the MPN, and agree to repay the loan if you would fail to do so. Information about how to proceed with this option will be included in your notification from COD.
3. The student can decline the Parent PLUS Loan (only if the parent did not pass the credit check) and request that the OSFA process a Direct Unsubsidized Stafford Loan in the student's name. Freshmen and sophomores (0-59 earned credit hours) can borrow up to \$4000 per academic year and juniors and seniors (60 or more credit hours) can borrow up to \$5000 for the academic year. The student may request this loan by submitting the Loan Change Request for 2019-2020 on the myUT portal.

Disbursements

A positive credit check and completed MPN must be received before any funds can be disbursed to the student's account. Estimated loan amounts may appear on the student's account if we have received notification of a positive credit check. Loan disbursements are applied to charges on the student's account. Any refunds resulting from the Parent PLUS Loan will be mailed to the parent address listed on the Direct Parent PLUS Loan Application.

Repayments

The repayment period for a Direct PLUS Loan begins when the loan is fully disbursed, and the first payment is due 60 days after the final disbursement. However, for Direct PLUS Loans the parent may defer repayment:

- while the student on whose behalf the parent borrowed the loan is enrolled on at least a half-time basis, and
- for an additional six months after the student ceases to be enrolled at least half-time.

Once you enter repayment, you may choose a Standard, Extended, or Graduated Repayment Plan. Information about payment plans will be sent to you by your Direct Loan Servicer. If you are experiencing difficulty making your scheduled payments, you should contact your Direct Loan Servicer.

Student Eligibility

Before any Parent PLUS Loan proceeds can be disbursed, the student must be:

- Enrolled at least half-time (6 credit hours)
- Enrolled in a degree-seeking program
- Maintaining satisfactory academic progress