

# Federal Direct PLUS Loan for Parents

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The Federal Direct PLUS Loan for Parents is a federal loan program for parents who wish to access additional loan resources beyond what a dependent student is eligible to receive.

**The parent borrower is responsible for repayment of this loan.**

The PLUS loan may cover up to the total Cost of Attendance (COA), as defined by LHU, minus the student's other financial aid, including student loans.

In order to receive a Direct PLUS Loan for Parents,

- The student must have a completed FAFSA on file for the current financial aid year and be eligible to receive financial aid.
- The parent must submit an application to the Department of Education.
- To submit an application, go to <https://studentloans.gov>. Since the parent is the applicant/borrower, it is the parent who logs in from the main page with his or her Federal Student Aid ID and Password.
- If the parent is approved, the parent will be notified immediately and will need to have a current master promissory note on file for the loan to process.
- If the parent applicant does not pass the credit check and the application is denied. If that parent chooses to apply with a creditworthy cosigner the parent will be required to complete PLUS Loan entrance counseling.

As mentioned above, a credit check is part of the process to qualify for this loan option. On occasion, applicants are advised that they have “adverse credit”.

Q: What is considered adverse credit?

A: As published in Volume 79, Number 205, page 63317 of the *Federal Register*, adverse credit is defined as an applicant who 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 during the two years preceding the date of the credit report.

Q: What can I do if the PLUS Loan is denied due to adverse credit?

A: The parent borrower can obtain a creditworthy cosigner or request reconsideration through the extenuating circumstances process. Both of these options are to be completed while the parent borrower is logged into ED’s StudentLoans.gov website ([www.studentloans.gov](http://www.studentloans.gov)).

Q: What else do I need to do if my PLUS Loan application is subsequently approved based on a qualifying extenuating circumstance or addition of a creditworthy cosigner?

A: The parent PLUS borrower, not the cosigner or student, must complete PLUS Loan entrance counseling. After completing this counseling, the parent PLUS borrower must also complete a PLUS Loan master promissory note (MPN) at [www.studentloans.gov](http://www.studentloans.gov).

Q: How do I complete PLUS Loan entrance counseling?

A: Log into [www.studentloans.gov](http://www.studentloans.gov) and select “complete counseling.” Once on the “complete counseling” page, select “plus counseling.” Choose the parent option and you’ll be taken to the counseling session. The counseling results will be sent to the college or university selected during the counseling session. There is no need to provide a paper confirmation to the LHU Financial Aid Office.

Q: What if I’m approved for the parent PLUS Loan without a cosigner or qualifying extenuating circumstance and still want to learn more about the PLUS Loan and my rights and responsibilities as a borrower?

A: You can still complete the PLUS Loan entrance counseling at [www.studentloans.gov](http://www.studentloans.gov), even if you were not notified of having to do so by ED.

Q: What if I’m denied the parent PLUS Loan due to adverse credit, can’t obtain a cosigner, don’t have a qualifying extenuating circumstance, and choose not to appeal the denial?

A: If the parent borrower is denied the Federal Direct PLUS Loan AND the parent has opted not to appeal the adverse credit decision or seek an endorser, LHU will receive that information and automatically award the student additional Federal Direct Unsubsidized Stafford Loan funds as long as there is room in the financial aid package.

For Direct PLUS Loans first disbursed on or after July 1, 2019, and before July 1, 2020, the interest rate is 7.08%. This is a fixed interest rate for the life of the loan.

The loan fee for loans disbursed on or after October 1, 2019, and before October 1, 2020, is 4.236%. The Federal processor will deduct the fee before sending the funds to LHU.

Repayment of the PLUS Loan begins 60 days after the loan is fully disbursed for an academic year. Parents can elect to defer payment on their plus loan application. The optional in-school deferment will delay payments on the PLUS Loan until six months after the dependent student on whose behalf the parent borrowed ceases to be enrolled at least half-time. Interest will continue to accrue on this loan during the deferment period. To limit the cost of borrowing, it is highly recommended that parents make interest payments during this deferment period if possible.

Parent borrowers may be charged collection costs and late fees if they do not make their loan payments on time. Parents are urged to contact their loan servicer to discuss payment options if they experience difficulty in making monthly payments. Parents can log in to “My Federal Student Aid” to view their loan servicer.

**LHU Financial Aid Office**

223 Ulmer Hall —phone: 570-484-2424—email: [finaid@lockhaven.edu](mailto:finaid@lockhaven.edu)