

# Federal Direct Parent Loan for Undergraduate Students

Federal Direct Parent PLUS Loan applications will be available June 1, 2021  
for the 2021-2022 academic year at [www.studentloans.gov](http://www.studentloans.gov).

*The Budget Control Act (BCA) of 2012 (Pub. L. 112-25) was signed into law on August 2, 2011.  
This Act makes changes to the William D. Ford Direct Loan (Direct Loan) Program.*

The Federal Direct Parent Loan for Undergraduate Students (PLUS) is a low-interest federally insured loan for parents (as defined by the FAFSA form) of dependent students to help pay college costs. *The loan can be used to cover any educational expenses not covered by other forms of financial aid.* Under the Federal Direct PLUS loan program parents may borrow up to the full cost of their student's education minus other financial aid received.

## Eligibility for Parent PLUS Loan

To be eligible for a Federal Direct PLUS Loan for Parents, the student and parent must be a U.S. citizen or eligible noncitizen. The borrower must not be in default on any federal education loans or owe an overpayment on a federal education grant. The student must complete a FAFSA form, and be enrolled or accepted for enrollment in a degree program on at least a half-time basis (6 semester hours) as an undergraduate student. The parent borrower must not have an adverse credit history (a credit check will be performed).

## Parent PLUS Denials

If the parent does not pass the credit check, the parent may still receive a loan if someone (such as a relative or friend who is able to pass the credit check) agrees to endorse the loan. The endorser promises to repay the loan if the parent fails to do so. If the parent is denied the Federal Direct Parent PLUS Loan and elects not to use an endorser, the student is eligible for the additional Federal Direct Unsubsidized Loan not to exceed the student's Cost of Attendance. Processing fees will be deducted from the total amount borrowed.

First and second year students may borrow up to \$4,000 in additional unsubsidized loan; third and fourth year students may borrow up to \$5,000 in additional unsubsidized loan. The student must complete a loan request form requesting the additional Federal Direct Unsubsidized Loan.

## Borrowing Limits

The maximum amount a Parent may borrow per academic year for a Parent PLUS is equal to the cost of attendance minus other financial aid (including Federal Direct Subsidized, Unsubsidized or a Private loan).

## Applying for a Parent PLUS (FAFSA Required):

**Step 1:** The Parent will complete the Direct PLUS Loan application at [www.studentaid.gov](http://www.studentaid.gov). Once on the site, select "Parent Borrowers". Then select "Apply for a PLUS Loan". Log in using your Federal Student Aid I.D. (use the same FSA I.D. you used to electronically sign the FAFSA). Select "Start" in the "Apply for a PLUS Loan" box. The Department of Education will automatically notify Barton College of the loan decision.

**Step 2:** The Parent will also complete the Loan Agreement for a PLUS Loan (MPN) at [www.studentaid.gov](http://www.studentaid.gov), under "Parent Borrowers". You will need your Federal Student Aid I.D. to sign it. You can print a confirmation page once your Loan Agreement has been completed.

**Step 3:** Once Barton College is notified of the accepted plus application, we will add the plus loan to the student's award package and a new award letter will be sent. If the borrower wants to decrease the amount of the loan, a loan request form will need to be completed.

## **Direct Loan Origination Fees**

The parent will pay a fee of 4.228% of the loan amount, deducted proportionately each time a loan disbursement is made. *Origination fees are subject to change for 2021/2022.*

## **Loan Disbursement**

The Parent PLUS Loan must be issued in two equal amounts, one in the Fall and one in the Spring semester of the academic year as long as the student is enrolled or accepted for enrollment in a degree program on at least a half-time basis (6 semester hours) as an undergraduate student, unless the borrower indicates on the application that the loan is for one (1) semester only.

## **Repayment Terms**

Repayment begins within 60 days after the date of the final disbursement. Parents interested in deferring the Parent PLUS Loan must contact the Department of Education Applicant Services at 1-800-848-0979 for a deferment application. *The deferment process will need to be completed once the first disbursement has been received at Barton College before the Parent Plus will be placed on deferment status.*

## **Loan Cancellation / Reinstatement**

A student or parent borrower may cancel or reduce a loan any time before a loan has disbursed to Barton College. If the loan has already been disbursed and credited to the student's account in the Business Office, the borrower may cancel a loan within 30 days from the date it disbursed and credited to the student's Business Office account. A student may reinstate a Federal Direct subsidized (sub) and unsubsidized (unsub) loan at any time prior to the end of the student's current academic year enrollment. The Federal Parent PLUS for Parents/Graduate students and Alternative Loans MAY NOT be reinstated once reduced or cancelled. Instead, the borrower must reapply online. *Important Notice: Canceling any loan disbursement could result in a balance to be due on the student's account in the Business Office which the student will be responsible for paying.*

## **Repayment After the Designated Time Period**

Borrowers cannot cancel a loan disbursement if the designated time period described above has already passed. Instead, the borrower can repay the loan disbursement directly by contacting the loan holder which can be found by accessing [www.nslds.ed.gov](http://www.nslds.ed.gov). The borrower will be responsible for any interest that may have accrued and/or any loan fees.

## **National Student Loan Database**

Borrowers can review Loan (FFELP or Direct), Perkins, and Federal Grant history through secure login to the National Student Loan Database at [www.nslds.ed.gov](http://www.nslds.ed.gov). This site is created to collect information from schools and lenders so that aid can be more efficiently processed. It is a secure site, and only authorized personnel can log on. It is updated every 30-60 days by the schools and lenders, so recent disbursements may not show immediately.

## **Ombudsman**

If a borrower disputes the terms of the loan in writing and the holder of the loan is unable to resolve the dispute, a borrower may seek the assistance of The Federal Student Aid Ombudsman of the Department of Education. The Federal Student Aid Ombudsman will review and attempt to informally resolve the dispute and may be reached at 1-877-557-2575 or [www.ombudsman.ed.gov](http://www.ombudsman.ed.gov).