

Southeast community college

FEDERAL DIRECT PARENT PLUS LOAN INFORMATION SHEET

The Federal Parent PLUS Loan enables you to pay the education expenses of your dependent student who is enrolled at least half time. The PLUS Loan can help bridge the gap between the financial aid that your student receives, and the charges on his/her account.

- You may borrow the total cost of undergraduate education including tuition, room and board, and lab fees, minus any other aid received. This allows for a parent to borrow extra funds for books and living expenses. However, the PLUS Loan may not be used to cover balances from a previous academic year.
- To be eligible to borrow a PLUS Loan, you must not have adverse credit. If you are denied for the PLUS Loan, your student will be eligible for an additional Unsubsidized Stafford Loan.
- The interest rate is a fixed 7.9%
- There is an origination fee of 4% on PLUS Loan. However, you will be given an automatic rebate of 1.5%, which brings the fee to 2.5%. You must make 12 on-time payments on the loan to maintain the lower origination fee. The origination fee of 2.5% is deducted from your loan amount prior to disbursement.
- There is no penalty for early repayment. Repayment begins 60 days after the final disbursement of the loan is received by SCC, and the repayment term is up to 10 years. However there are flexible repayment options available. Please contact Direct Loan Servicing for more information, 800-848-0979 or www.studentloans.gov
- Completion of the FAFSA is required. The FAFSA can be completed online at www.fasfa.ed.gov You and your student will need your PIN's to sign the form electronically. Apply for a PIN at www.pin.ed.gov Remember that the FAFSA is completed in your student's name.
- There must be a PLUS promissory note on file for each student. You may not use the same PLUS promissory note for more than one student.
- The loan funds will be sent electronically to SCC to pay your student's charges. Should s/he have credit on his/her account (more aid than what s/he is being charged), then a refund check will be issued to the parent.
- While this is a loan in your name (the parent), and some families would rather the funds all be in the student's name, this is a very good loan program. It has a low fixed interest rate and comes with flexible repayment options and consumer protection from the federal government. Overall, it is a better loan than a private loan for which your student may apply.

The Parent must complete:

1. The PLUS Request Process @ www.studentloans.gov
2. A PLUS Loan Master Promissory Note (MPN) @ www.studentloans.gov

Questions about the PLUS Loan? Contact the Financial Aid Office at 402-437-2610

Questions about PLUS Loan MPN? Contact Department of Education at 800-557-7394