

## What is the Federal PLUS loan program?

The Federal PLUS loan program is a low-interest loan made to eligible parent borrowers of dependent undergraduate students. Graduate/professional students attending classes on at least a half-time basis are also eligible.

Eligibility is not based on demonstrated financial need, income, or assets; however, graduate/professional students must complete a Free Application for Federal Student Aid (FAFSA), found online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov).

Borrowers may finance education-related costs such as books, supplies, and living expenses, as well as direct costs (e.g. tuition, fees, and room and board).

## Eligibility Requirements

To obtain a Federal PLUS loan, an eligible borrower must be a student's natural or adoptive mother or father or a graduate/professional student.

The spouse of a parent who remarried is eligible to borrow a Federal PLUS loan if the spouse's income and assets are included when a dependent student's eligibility is determined for other Title IV aid.

Two eligible parents may borrow separately to provide for the educational expenses of the dependent undergraduate student provided the combined borrowing of the parents does not exceed the calculated cost of attendance minus other financial aid the student receives.

Students must meet the general eligibility requirements for federal student aid, and parents must also meet some of these general requirements. For example, eligible borrowers must be U.S. citizens or eligible non-citizens and may not be in default or owe a refund to any federal student aid program.

## Additional Guidelines

Each participating lender establishes its own lending requirements.

Schools can refuse to certify a Federal PLUS loan or can certify a loan for a lesser amount than the borrower would otherwise be eligible, if the school documents the reason for its action and explains the reason in writing to the borrower.

A borrower can cancel the Federal PLUS loan prior to disbursement should he or she decide to decline the loan, even after the promissory note has been signed.

For additional information or assistance, students and parents should contact SLGFA's Caller Information and Assistance Department.

Student Loan Guarantee  
Foundation of Arkansas  
10 Turtle Creek Lane  
Little Rock, AR 72202-1884

Phone: 800-622-3446  
Fax: 501-688-7675  
E-mail: [slgfa@slgfa.org](mailto:slgfa@slgfa.org)

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## Federal Family Education Loan Program

Federal PLUS Loan for  
Parents of Undergraduate Students and  
Graduate/Professional Students



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[www.slgfa.org](http://www.slgfa.org)



# What You Should Know

## ADDITIONAL REQUIREMENTS

In addition to meeting the general borrower eligibility requirements, borrowers must adhere to the application requirements.

Borrowers must complete the appropriate sections of the Federal PLUS Master Promissory Note.

The application process and delivery of Federal PLUS loan funds differs from school to school. The school the student is planning to attend will provide information on their Federal PLUS loan application process.

Graduate/professional borrowers must be enrolled at least half-time and complete a FAFSA. Parent borrowers are not required to complete the FAFSA unless requested to do so by the school.

## INTEREST RATES AND FEES

The Federal PLUS loan program interest rate is fixed at 8.5 percent for loans first disbursed on or after July 1, 2006. The interest rate for loans first disbursed on or after July 1, 1998 to July 1, 2006 was variable, was adjusted annually on July 1, and will not exceed 9 percent, unless amended by federal law. All fees are deducted from loan disbursement proceeds. Interest is charged on the loan from the date the first disbursement is made until the loan is paid in full.

The maximum Federal PLUS loan program fees are:

- 1 percent — Federal Default Fee
- 3 percent — Origination Fee

## BORROWER LIMITS

The annual loan limit on a Federal PLUS loan is equal to the cost of attendance minus any other financial aid the student receives.

For example, if the cost of attendance is \$6,000, and the student receives \$4,000 in other financial aid, the Federal PLUS loan borrower could borrow up to, but no more than, \$2,000.

All Federal PLUS borrowers will be subject to a credit check. If adverse credit exists, the borrower may still be eligible to receive a loan if extenuating circumstances can be demonstrated or if a credit worthy endorser is obtained.

## DISBURSEMENTS

- Disbursements can be sent directly to the school's financial aid office either by electronic funds transfer (EFT) or individual check.
- Disbursements may be made in multiple installments. Funds sent via EFT will be applied to the student's outstanding tuition, fees, room and board. Other school charges can be applied with borrower authorization.
- If the credit of loan funds to a student's account results in a credit balance, the credit balance will be issued to the borrower as a refund. Any remaining loan funds must be used for the student's educational expenses.

## REPAYMENT TERMS

All loans **MUST** be repaid, including any accrued interest and deducted fees.

Repayment begins immediately after the loan proceeds have been fully disbursed. The first payment is due no later than 60 days after the final disbursement. Under certain conditions, the borrower may request a deferment of principal and interest, which would accrue during deferment periods.

If you are a graduate or professional student, you may defer loan payments for an additional six months following the end of any in-school deferment.

If you are a parent borrower, you may request your lender to defer repayment of principal on your loan(s), (i) during any period when the student for whom you borrowed is in an in-school status and for the six-month period that follows and (ii) for the six-month period that follows any deferment based on your own in-school status. This applies to PLUS loans that are first disbursed on or after July 1, 2008.

For more information on repayment options, borrowers should contact their lender or learn more at SLGFA's website: [www.slgfa.org](http://www.slgfa.org).

*Please note: There are no penalties for early repayment of a Federal PLUS loan.*

