

Clafin University

Office of Student Financial Aid

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Federal Direct Parent PLUS Loan

The Direct Parent Loan for Undergraduate Students (PLUS) is designed to assist the parents of dependent undergraduate students enrolled at least half-time in meeting educational expenses. The Federal Direct Parent PLUS Loan is a non-need-based program and the lender is the U.S. Department of Education. However, the parent borrower must pass a credit check. A completed current year Free Application for Federal Student Aid (FAFSA) must be on file for the student before a Parent PLUS loan can be processed. A parent may borrow up to the student's full cost of attendance for educational expenses including tuition and fees, room and board, books and supplies, transportation and living allowance, less any other financial aid the student receives.

Parent PLUS Loans have a fixed interest rate of 7.9 percent. Interest is charged on the loan from the date the first disbursement is made until the loan is paid in full. Repayment begins within 60 days after the final loan disbursement or parent borrowers may choose to defer payments on a Parent PLUS loan until six months after the date the student ceases to be enrolled at least half time. Accruing interest can either be paid monthly or quarterly, or be capitalized quarterly.

The Federal PLUS Loan has a 4.0 percent origination fee. However, Federal Direct Loan borrowers will receive an upfront rebate of 1.5 percent at the time of origination, based on the assumption that the first 12 monthly payments will be paid on time. Therefore, the actual amount deducted from the gross amount of the loan borrowed is 2.5 percent. This fee reduces the amount that disburses to the student's account, so the parent needs to take that into consideration when determining the amount to borrow. Please note: If the borrower fails to make 12 on-time monthly payments, the upfront rebate will be removed and the principle balance owed will be recalculated with the original 4.0 percent origination fee.

Dependent students whose parents have applied for but were unable to get a PLUS Loan are eligible to receive additional Direct Unsubsidized Loan funds.

Parent PLUS Loan Instructions

Parent must complete the Parent PLUS Application online each time they borrow through the PLUS program. The Office of Financial Aid can retrieve the decision results through our online system. PLUS borrowers approved must complete a Master Promissory Note (MPN).

To complete the MPN:

- Go to www.studentloans.gov.
- Click the green "Sign In" button on the left. Enter your social security number, first two characters of your last name, date of birth and federal PIN.

- Click “Complete Master Promissory Note” at the center OR lower left of the page.
- Select Parent PLUS for the type of loan you would like to receive.
- Follow the instructions and read the information carefully to sign your MPN.

If you have any questions, contact the Office of Financial Aid at 803.535.5334.