



Office of Student Financial Services
The Federal Direct PLUS Loan (Parent Loan)

What is a Parent (PLUS) Loan and how do I apply:

- A Parent (PLUS) Loan is a federal loan that is available to parents and stepparents of dependent undergraduate students who are enrolled at least half time.
- The PLUS loan is taken out for the academic year (Fall and Spring semester) and is in the parent's name.
- The maximum amount that a parent may borrow is the cost of attendance minus any other aid received. The cost of attendance is the total amount of *direct* and *indirect* costs you may need to cover your expenses for school. *Direct costs* include tuition, room & board, and fees. *Indirect costs* include books, transportation and living allowance.
- Parents must demonstrate credit worthiness (a credit check will be conducted by the Department of Ed.). Parents must also meet general financial aid standards, such as meeting citizenship and not being in default or owing a refund to any Federal Aid Programs.
- If the PLUS loan is not approved, the parent can choose to try again with an endorser/cosigner. The U.S. Department of Education's Federal Direct Loan Servicing Center will mail the endorser application directly to you after the PLUS loan has been denied **OR**
- The student can choose to take out an additional Federal Unsubsidized Loan. The amount of the Unsubsidized Loan that may be borrowed is contingent upon the student's degree of financial need, based on their cost of attendance as well as their grade level. The additional maximum amount is \$4,000 for freshmen and sophomores, and \$5,000 for juniors and seniors.
- Funds are disbursed directly to the school, generally at the beginning of each term.
- The interest rate for the Direct Parent PLUS loan is fixed at 6.4%. There is approximately a 4.2% origination fee deducted from each disbursement. Repayment of the PLUS loan generally begins 60 days after the final disbursement (loan is fully disbursed, paid out). There is no grace period for these loans. Interest starts to accrue as soon as the first disbursement is made. The standard repayment term is 10 years.
- Under some conditions you may receive a deferment or forbearance that allows you to temporarily stop or lower your payments. Parent PLUS loan borrowers may have the option of delaying their repayment on the PLUS loan either 60 days after the loan is fully disbursed or six months after the dependent student is not enrolled at least half-time. Interest will accrue on the PLUS loan during all periods of deferment or forbearance. During this time, interest may be paid by the parent or capitalized.

Application Process

Do we need to find a lender?

- **You do not need to find a lender.** Utica College is a Direct Lending Institution. The U.S. Department of Education is the lender. Utica College will assist in administering the Direct Loan Program by distributing the loan application, processing the loan, and disbursing the loan funds.
- You will need to complete a Direct PLUS Loan application and promissory note.
- The processing of completed applications will begin after July 1st of the academic year for which you are applying. A credit check will be conducted by the Direct Loan Program and you will be notified of their decision.
- How to apply: The parent may complete a Parent Loan Request Form (paper form available in Student Financial Services) or for an electronic form, the student must visit the Student Financial Services webpage at www.utica.edu/finance/sfs/forms.cfm and click on the Initiate Parent PLUS application. The student will be required to log into banner web using their secure UC user id and password, and will be asked to provide the borrower's (parent's) email address where the application should be sent. New students will be mailed instructions on how to activate their UC login. Once a student submits a request for a Parent PLUS application, the borrower (parent) will receive an email containing a secure link to the application. Please be advised, only one application may be submitted and changes cannot be made to an application after its submission.
- Program regulations permit a parent to authorize use of Title IV financial aid funds (Federal Direct Plus loan) for non-institutional expenses. (Please refer to the Title IV Authorization link, paper form available in Student Financial Services.)