What’s a “Parent Loan?”
Parents with good credit can use the Federal Direct Parent PLUS Loan Program to help pay for educationally-related costs, including, but not limited to, general enrollment fees, tuition, room/board, books, and miscellaneous personal expenses.

Eligibility in this program is not contingent upon financial need; however, your student must file the Free Application for Federal Student Aid (FAFSA) to be considered for this loan. You don’t have to be the parent listed on your student’s FAFSA to be able to apply for the Parent Loan.

This loan must be repaid.

What’s the interest rate?
The Parent Loan is an unsubsidized loan; interest begins to accrue when you (the parent) receive the first loan disbursement. Congress sets rates for new loans each year, on or after June 14; rates for this loan cannot exceed 10.5%. The interest rate is 6.31% for loans first disbursed after July 1, 2016.

What’s an “Origination Fee”?*
The federal government charges Parent Loan borrowers a 4.272% fee for loans first disbursed between October 1, 2015 and September 30, 2016 and 4.276% for all new loans first disbursed on or after October 1, 2016.

How much can the parent borrow?
The total amount borrowed through the Parent Loan program is limited to the difference between the student’s cost of attendance and all other aid the student will receive.

Does the parent go to a bank to get the loan?
No. OSU works through the “Federal Direct Loan Program.” The parent works only with OSU and a U.S. Dept. of Education servicer.

Satisfactory Academic Progress—
Students must maintain satisfactory academic progress as outlined in the OSU Financial Aid Policy on Satisfactory Academic Progress to remain eligible for aid, including Federal Direct PLUS Loans. Even though this loan requires repayment, students must meet the academic standards to receive this loan. The Policy is available at https://financialaid.okstate.edu under “Policies.”

How do we apply for the Parent PLUS Loan?

Parent PLUS Application (all borrowers):
Students cannot accept a Parent Loan for their parents on my.okstate.edu. The parent borrower should go to www.studentloans.gov and complete the Parent PLUS Application. The parent will need his/her Federal Student Aid ID (same one used to sign the FAFSA) to log in.

Master Promissory Note (new Parent PLUS borrowers):
New Parent PLUS borrowers also need to complete a Parent PLUS Loan Master Promissory Note (MPN).

The MPN is retained and updated by the loan servicer throughout the student’s education at OSU. If the parent is borrowing through the Parent Loan program for more than one student, a separate MPN will be completed for each student, at www.studentloans.gov. After the PLUS Application has been submitted and the credit check indicates loan approval.

What are my options if my credit is declined?
The parent can still borrow if someone agrees to endorse the loan (promises to repay the loan if the parent fails to do so) or if the borrower successfully appeals the decision by documenting extenuating circumstances. This process is handled between the borrower and the federal government’s loan servicer at studentloans.gov.

In either situation above, the PLUS Loan borrower must complete PLUS Counseling, available online at studentloans.gov before the loan can be disbursed.

Another option is for the student to instead request an additional Unsubsidized Loan, which is a limited amount based on the student’s class level and eligibility within his/her cost of attendance.

How do we receive the Parent Loan funds?
The Parent Loan is disbursed (credited) to the student’s OSU Bursar account. Typically, one-half of the student’s total aid for the academic year will be credited during the first week of fall classes; the remaining aid will be credited the first week of spring classes.

The OSU Bursar’s Office processes refunds to students who have remaining money on the Bursar accounts after all current charges have been paid. Since the student’s cost of attendance for determining financial aid eligibility includes expenses for personal and miscellaneous expenses, the refund can be used for any associated educational expenses.

The Parent Loan borrower can indicate on the Parent PLUS Application whether any refund from the Parent Loan should be sent to the parent (by check) or to the student (by check or by direct deposit).

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Federal Direct Parent PLUS Loans at Oklahoma State University (2016-2017)

What's a “Direct Loan Servicer” and how do I contact mine?
A Direct Loan servicer is the U.S. Dept. of Education's agent contracted to collect Direct Loans and handle deferments, repayment options, and consolidation.

With Direct Loans, parents:
- Borrow directly from the federal government and have a single contact—the “loan servicer”—for everything related to repayment.
- Have online access to their Direct Loan account information via the servicer’s website.
- Can choose from several repayment plans, and can switch repayment plans if needs change.

Once the Parent Loan has first been disbursed (credited to the student’s OSU Bursar account), the parent will receive correspondence from the assigned servicer. A parent borrower and a student borrower may have different assigned loan servicers.

National Student Loan Data System (NSLDS)
Parents can find information about all of their Direct Parent PLUS Loans, and Federal Family Education Loans at NSLDS. Once the first disbursement of the loan has occurred, the parent borrower will also find contact information for the assigned loan servicer.

Parents can access NSLDS at www.nslds.ed.gov using the same Federal Student Aid ID used by the parent to sign the FAFSA or apply for the Parent Loan. Information relating to federal student and parent loans at OSU will be submitted to NSLDS and will be accessible by guaranty agencies, lenders, and institutions authorized to use the system.

Can we postpone Parent Loan repayment?
Yes, if the student is enrolled at least half-time, the parent can receive a deferment on the PLUS loan. If the parent temporarily can’t meet the repayment schedule, the parent may also receive forbearance on the loan, as long as the borrower is not in default on the loan. During forbearance, payments are postponed or reduced.

However, the parent will be charged interest during periods of deferment or forbearance. If the interest isn’t paid as it accrues, it will be capitalized (added to the principal amount of the loan, and additional interest will be based on that higher amount).

Are there tax credits for repaying these loans?
Yes, IRS Publication 970, Tax Benefits for Higher Education, explains these credits and other tax benefits, and can be accessed at www.irs.gov.

How will the parent repay the Parent Loan?
The first repayment installment must be made within 60 days of the full disbursement of the loan. The 2nd disbursement of a PLUS usually occurs in January, so payment usually begins in March.

The borrower selects the repayment plan that fits his financial circumstances. The following descriptions are general in nature. Detailed repayment information and a loan repayment calculator link can be found at https://studentloans.gov.

The Standard Repayment Plan requires fixed monthly payments (at least $50) for up to 10 years.

The Graduated Repayment Plan allows payments to start at one level and increase every two years, with full repayment within 10 years.

The Extended Repayment Plan allows loan repayment to be extended up to a total of 25 years, depending on the total amount owed when the loan enters repayment.

Will OSU ever change the Parent Loan amount?
Parent Loan eligibility is based in part on the student’s cost of education, Expected Family Contribution (EFC) and other sources of financial assistance the student will receive. Any change to these factors after the original award has been made may cause an adjustment to the student and/or parent loan eligibility.

The parent will be notified in writing if the Parent Loan is decreased. If this change occurs after the promissory note was completed, we’ll also notify the U.S. Dept. of Education of the change.

 Specific reasons this loan might be adjusted include: a change in hours of enrollment; additional financial resources not reflected in the student’s original award, such as OSU scholarships, fee/tuition waivers, non-OSU scholarships, Vocational Rehabilitation, tribal grants, etc., or a change in Expected Family Contribution.

Questions?
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This information sheet was prepared on the basis of the best information available at the time it was printed (June 2016). However, all information is subject to change without notice or obligation.