Applying for a Federal Direct Parent PLUS Loan

To be eligible to borrow a Federal Direct Parent PLUS loan, the student must have a valid FAFSA application on file. Credit approved biological, adoptive, and qualifying step-parents may borrow up to the student’s cost of attendance less any other aid awarded to the student annually. The online PLUS application is available beginning July 1st each award year.

Before a Federal Direct Loan can disburse to your account, completion of the following steps is required:

1. Parent PLUS Loan Application at studentaid.gov
2. Parent PLUS Master Promissory Note (MPN) at studentaid.gov

Login to studentaid.gov using your parent FSA ID (do not use your student’s ID). If you are unable to login or have problems with the PLUS application, please contact Direct Loan Applicant Services at 800-557-7394. If you have not yet created your FSA ID, or do not know your login information, see fsaid.ed.gov to create or manage your account.

*Note*
Students of parents that are declined a Parent PLUS Loan due to adverse credit may be eligible for additional unsubsidized loan eligibility. Please contact the Financial Aid Office for more information.

1. **Parent PLUS Loan Application**
   From the My Checklists section of your Dashboard. Choose “I’m A Parent”. Select Apply for Parent PLUS Loan.

For more specific information about loan terms, including interest rates, repayment options, and eligibility view the following link.

https://studentaid.gov/understand-aid/types/loans/plus/parent
Some of the questions you will be asked are further explained below:

- **Select Award Year** – Choose the award year that your student will be attending Itasca. The online application will be available for each award year on the previous July 1st.

- **Student Information** – Enter current and accurate information about the student for which you are applying.

- **In-School Deferment Option** – Choose whether to have repayment deferred while your student is enrolled at least half time. Interest will continue to accrue during deferment and will increase the total cost of your loan.

- **Six-Month Deferment Option** - Choose whether to have repayment deferred during the six-month grace period after your student is no longer attending, or is enrolled less than half time. Interest will continue to accrue during deferment and will increase the total cost of your loan.

- **Authorization for Other Charges** – Late fees and other miscellaneous charges cannot be paid using federal aid funds (including Parent PLUS loan funds) without authorization from the borrower. Please review your student’s account statement to determine whether miscellaneous charges have been applied and choose whether you wish to pay those with loan funding.

- **Credit Balance Option** – Your loan funds will first apply to any current term charges on your student’s account. If there are funds remaining to distribute choose whether those funds will be disbursed to the student or the parent.

  *Please note – If you choose to disburse remaining funds to you, the parent, this will be issued in the form of a paper check that will be mailed to address on your PLUS Loan application*

- **Loan Amount Requested** – When determining how much to borrow, it’s best to first view the student’s outstanding balance (this is found in their eServices application under the Bills & Payments tab.) If there is other aid pending payment, be sure to subtract this from the balance listed. Keep in mind that there is a loan fee that is deducted prior to disbursement and that most loans are requested as fall/spring disbursements. See the following for an example.
*Requesting the maximum amount will typically result in a loan far higher than most parents anticipate or wish to borrow, as this amount is the difference between the student’s total cost of attendance and their total aid.

**Example:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent PLUS Loan Request</td>
<td>$4000.00</td>
</tr>
<tr>
<td>Loan Fee</td>
<td>-$169.00</td>
</tr>
<tr>
<td>Net Loan Total</td>
<td>$3831.00</td>
</tr>
</tbody>
</table>

\[
\frac{3831.00}{2} \text{ (split between terms)} = \frac{1915.00}{1915.00} \\
\text{Outstanding Fall Balance} = 2000.00 \\
\text{Pending Scholarship} = -$500.00 \\
\text{Total Due} = 1500.00 \\
\text{Overage Payment} = 451.00
\]

- **Loan Period (Award Range)** – the loan period selected can significantly increase or decrease the amount of loan you are eligible to borrow. (For example; selecting a loan period of Aug – Dec will reduce loan eligibility by half. In addition, all single term loans are split disbursements – half at the time of the request and half at the semester mid-point). If you are unsure of what loan period to use, contact the Financial Aid Office.

- **Credit Decision** – because eligibility for the Parent PLUS loan is determined by credit history, some will not qualify to borrow the loan. If you have been determined to have adverse credit, you will have four options available to you:
  
  o Obtain an Endorser – You can elect to pursue an endorser to cosign your loan. This person must be credit approved and must agree to repay the loan if you become delinquent or default on payments. If you choose this option, you will be provided an endorser code as well as instructions for linking an endorser to your PLUS application.

  o Appeal – You can appeal the decision with the Department of Education. If you choose this option, you will be provided with instructions and documentation requirements to move forward with your loan request.

  o Undecided – If you are undecided in how to proceed, all processing of your loan application will stop until an updated or new loan application is submitted.

  o Will Not Pursue PLUS Loan – If you are denied credit and choose not to pursue an endorser or appeal, your student may be eligible for up to $4000 in additional unsubsidized federal loans. Based on your election of this option, we will automatically offer additional unsubsidized loans to your student per federal eligibility requirements.
2. **Parent PLUS Master Promissory Note**

Once your PLUS Loan application has been submitted you will be prompted to complete a Master Promissory Note. If you miss this step, navigate back to your dashboard on studentaid.gov and choose I Am A Parent, then select Complete Loan Agreement for Parent PLUS Loan.

**DO NOT SKIP THIS STEP** - Your loan cannot be processed without completing this agreement.

Please apply using up to date information so that we are able to contact you with questions. Although you are applying for a loan to assist in paying for your student’s educational expenses, we must have the student present or actively involved in the conversation to release detailed account information. Our recommendation is to have those conversations directly with your student or request that they grant you proxy access to their eServices account.

Please contact our Financial Aid Office with any questions you may have.

We're here to help!

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