

## FREQUENTLY ASKED QUESTIONS

### What is a Federal Direct PLUS?

A Federal Direct PLUS (Parent Loan for Undergraduate Students) is a loan that the parent obtains for their dependent undergraduate student for educational expenses.

### Who can take out a PLUS?

Only a parent of a dependent student may request a PLUS loan. A parent can be the student's natural parent, adoptive parent listed on the FAFSA, or stepparent listed on the FAFSA.

### Where does the money for a PLUS come from?

Parents will be borrowing the money from the U.S. Department of Education.

### What are the stipulations?

The student is required to complete the Free Application for Federal Student Aid (FAFSA) before the Office of Financial Aid and Scholarships can process the PLUS loan. The PLUS Loan is **not** based on financial need. The borrower must be a U.S. citizen or eligible non-citizen and provide a valid Social Security number. The U.S. Department of Education will perform a credit check on the borrower.

### Are there any fees?

Each PLUS is subject to an origination fee of 4.228% at the time of disbursement. These fees are automatically deducted from each disbursement. The fee is used by the Department of Education to reduce the cost of this loan program.

### What is the interest rate on the PLUS?

The interest rate is a fixed rate of 8.05% (for loans disbursed on or after July 1, 2023 and before June 30, 2024).

### How much can I borrow?

The parent may borrow up to the student's Cost of Attendance minus any financial aid the student is receiving. Some parents only want to borrow for direct costs like tuition, fees, room and board (if contracted). Students can log in to their accesSPoint and use the self-certification tab to determine the amount you want to borrow.



### **How is the PLUS disbursed?**

PLUS Loan funds will be directly credited to the student's account. A full-year loan will be disbursed equally fall and spring.

### **What if I borrow more than my student's bill? What happens to the excess funds?**

If the PLUS Loan proceeds create a refund, the UW-Stevens Point will send the excess funds to whoever was identified to receive the refund during the application process (student or parent).

### **When do I begin repaying the PLUS?**

Repayment of interest and principal begins within 60 days after the loan is fully disbursed. The standard repayment period is 10 years; however, there is a minimum repayment of \$50 per month. You may request that repayment be delayed while your student is enrolled at least half time and during the six-month period after your student graduates or is no longer enrolled at least half time. You must contact your loan servicer to request a postponement of payment. Parents should wait until the first disbursement of the loan to make this call. **Interest does accrue** on your loan during the deferment period.

### **What if the parent is denied a PLUS Loan?**

If the parent is denied the PLUS Loan due to adverse credit history, the parent has three options: 1.) Appeal the credit decision through [studentaid.gov](http://studentaid.gov). 2.) Obtain an endorser on the loan. The endorser may not be the student. 3.) The student may be eligible to borrow additional Unsubsidized Direct Loan instead of the parent borrowing the PLUS Loan. These amounts are limited based on the student's year in school.