

## **Federal Parent PLUS Loans**

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### **General Information about Federal Parent PLUS Loans**

Federal PLUS loans are a popular financing option for parents of dependent undergraduate students. The PLUS loan is borrowed in the parent's own name. Midlands Technical College does not require a student to complete the Free Application for Federal Student Aid (FAFSA) to receive a Federal PLUS Loan. PLUS loans are not based on financial need, however, students must be making Satisfactory Academic Progress and must be enrolled at least halftime (six credit hours) for a parent to borrow a PLUS loan.

#### *Loan Amount*

Parents may borrow any amount up to the full cost of attendance as determined by Midlands Technical College, less any other financial resources the student receives. The cost of attendance includes tuition, room & board, allowances for books, personal expenses and transportation.

#### *Credit Qualification*

Parent borrowers must meet minimum credit requirements in order to borrow the PLUS loan. A credit check will be conducted when you begin the loan application process. Both approval and denial decisions will be sent electronically to Midlands Technical College. Students whose parents do not qualify for PLUS loans may be eligible to borrow additional unsubsidized federal Stafford loan funds.

#### *Interest Rate*

Plus loans borrowed after July 1, 2008 will have a fixed rate of 8.5%.

#### *Loan Fees*

An origination fee of 3% and a federal default fee of up to 1% will be deducted from each disbursement of your loan.

#### *Disbursements*

Plus loans for the loan period that covers the fall and spring terms will be disbursed in two equal disbursements for the fall and spring terms respectively. Most funds are disbursed directly to Midlands Technical College via Electronic Funds Transfer (EFT) and are applied to your student's college bill. If your disbursement exceeds the balance due, you will receive a refund check for the difference in the parent's name. By federal

regulation, plus loan funds must be disbursed to the parent requesting the loan, therefore these funds are not included when determining available funds for use by students at the bookstore.

### *Repayment*

Parent borrowers begin monthly repayment within 60 days after full disbursement. The repayment period is ten years. Effective July 1, 2008, parents have the option of electing to have a grace period on PLUS loans. If the parent agrees to a grace period the first payment will be due six months after the student graduates or six months after the student drops to less than halftime enrollment. Interest will continue to accrue on the loan's balance from the first day of disbursement.

### **Selecting Your Lender**

Federal PLUS loans are funded by private lenders including banks and credit unions. The federal government sets the interest rate, limits on fees and minimum deferment options for federal PLUS loans. However, many lenders may offer benefits to borrowers beyond the minimum requirements set by the government. We encourage you to carefully review your options before choosing a lender.

### **How To Apply For Your Loan**

To apply for your loan please click here. [Follow this link to a list of lenders](#) previously utilized by MTC Students. At the bottom of the page you will see our list of lenders previously utilized by MTC Students. You may access the lender's website and complete a web based PLUS loan application.