

Federal Parent Plus Loan (For Parents Only)

What are Federal Plus Loans?

Federal Plus Loans enable parents of dependent students with good credit history to borrow for each daughter or son who is enrolled at least half time. Plus loan eligibility is not based on financial need. So these loans are made regardless of income level and are offered by banks, savings & loans, credit unions, etc. Parents must pass a credit check with the lending institution to be eligible.

How Much Can Be Borrowed?

Parents may borrow up to their student's total cost of attendance less other financial aid received such as grants and scholarships. The total cost of attendance is determined by the Office of Financial Aid based on an average cost for tuition, books, room and board, travel, and miscellaneous expenses for the academic year. It is important that each family fully understand how a PLUS Loan will impact them financially. Generally, one should not incur debt that results in total monthly payments exceeding 50% of your monthly gross income.

Interest Rates

The interest rate is variable and is reset each July, based on the 91-day Treasury Bill plus 3.1%, the rate is currently 6.10% and cannot exceed a "cap" of 9%.

Loan Fees

Parents are required to pay fees of up to 4% of the principal of the loan. These include an origination fee of 3%, charged by the federal government, plus a guarantee fee of up to 1%, charged by the guarantee agency. These fees are deducted from the principal at each disbursement.

Example:

Loan Amount	\$4,000
Total Fees (4%)	-\$160
Amount disbursed Fall	\$1,920
Amount disbursed Spring	\$1,920

On-line Pre-Approval

Parents can determine their eligibility by submitting credit information online at the following link. Once this is done you will receive an instant approval or denial. [Parent Plus Loan Site](#)

Or call 800-443-6030

Steps to follow if you are Pre-Approved for a PLUS loan:

1. The Arkansas Student Loan Authority (ASLA) will mail the parent loan application.
2. The parent and student complete the application and submit it to their lender.
3. Parent and student must also fill out the [Plus Loan Questionnaire](#) and return it to the financial aid office.

Steps to follow if you are Denied a PLUS loan:

1. Complete the Free Application for Federal Student Aid (FAFSA) for the 2004-05 academic year. The FAFSA can be filled out on-line at www.fafsa.ed.gov.
2. The student will need to request an Unsubsidized loan in writing and submit to the Financial Aid and Office with the following information: Name, Social Security Number or ID number, and Student's signature.