

JUST FOR PARENTS

Federal Parent Loan for Undergraduate Students (PLUS)

What is a Federal PLUS?

The Federal PLUS is a federal parent loan for undergraduate students issued by the U.S. government's Direct Loan Program to parents of dependent undergraduate students who qualify.

What is the interest rate?

Interest rates are adjusted annually for each academic year. The current rate for the 2022-2023 academic year is 7.54%. The loan origination fee is currently 4.228% and will be deducted from the principal amount of the loan when disbursed. This means if your student's outstanding balance to the college is \$10,000, you should probably borrow approx. \$10,425 to accommodate this fee. Example: \$10,000 x .04228 = \$422.80... roundup to \$425.

When do I have to repay the PLUS?

Repayment of principal and interest usually begins 60 days after the final/2nd disbursement. Normally loans are disbursed in two equal disbursements and will be applied directly to the student's account. Half of the funds are disbursed in the fall semester and half in the spring semester. Once the PLUS is originated by the college, you will receive a disclosure notice from your loan servicer with specific information regarding your loan.

How much should I borrow?

It depends on whether you desire to borrow just enough to cover the actual costs your student will be billed or to borrow extra money to cover costs included in the college's cost of attendance/budget (COA)* which provides allowances for textbooks, supplies, transportation and personal expenses**.

You will also need to determine how much federal aid (grants or loans), institutional aid (scholarships or discounts), state aid (MA grants or no/low interest loans), or external scholarships your child will be receiving in order to subtract the amounts off.

Examples: (refer to samples in Understanding Financial Aid and your Financial Aid Offer brochure)

Actual Charges Only			Actual Charges Plus Allowances	
\$25,948			\$30,229 *	
- 12,895	Federal Aid	-	12,895	
2,000	Institutional Aid		2,000	
500	State aid		500	
= \$10,553	Balance due school (covered by PLUS)	=	\$14834	
+ 446	PLUS origination fee (4.228%)	+	627	
\$10,999	Approx. amount of PLUS needed		\$15,461	

How can I apply for a PLUS?

Apply online and complete the Master Promissory Note by accessing <https://studentaid.gov> using your FSA ID (<https://fsaid.ed.gov>). Please specify the desired loan amount.

When should I apply for the PLUS?

It is best to apply for the parent loan after you have carefully determined the amount you desire. A good time frame is usually within 60 days prior to registration day or within 30 days following it provided your student meets the required 50% payment.

Note: Any financial aid the student will be receiving within the semester, can be calculated to meet the 50% registration day requirement. If the student's aid will not be enough to meet the 50% requirement, the PLUS must be approved and the Master Promissory Note completed prior to registration.



What happens if I don't get approved for a PLUS?

If an initial PLUS application is denied, you have the option to acquire an endorser or, in some cases, you may be able to appeal the decision.

If you are unable to acquire an endorser or choose not to appeal, your student will be offered the opportunity to borrow an additional unsubsidized loan*** in the amount of \$4,000 or \$5,000 depending on his/her grade level. A revised Financial Aid Offer will be issued to your student and will need to be signed and promptly returned to the Financial Aid Office.

Do I have any other loan options?

Yes. You may be able to borrow a parent loan from a private lender. Please visit our website <https://northpoint.edu/financial-aid/HowCanIObtainPrivateLoans>.

*The college's cost of attendance (COA) budget includes actual charges to the student's account based upon the Fee Schedule (<https://northpoint.edu/financial-aid/>) AND the following allowances: \$1,800 for textbooks and supplies; \$1,000 for transportation and \$1,500 for personal expenses (approx. \$30,229)

**An additional charge for health insurance coverage will be assessed to your student's bill unless a waiver is received by Northpoint indicating proof of health coverage. Please contact the Finance Office if you have any questions as to whether or not the coverage you have is acceptable.

***An unsubsidized loan accrues interest while the student is in school. The student has an option to either pay the interest while in school or to allow it to accrue. If the student allows it to accrue he/she will end up paying interest upon interest.



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QUESTIONS? Please contact the Financial Aid Office at 978-478-3400