

Federal Parent PLUS

Repayment and Grace Period

For PLUS loans made to parents that are first disbursed on or after July 1, 2008, the borrower has the option of beginning repayment on the PLUS loan either 60 days after the loan is fully disbursed or wait until six months after the dependent student on whose behalf the parent borrowed ceases to be enrolled on at least a half-time basis. They'll repay a FFEL PLUS Loan to a private lender or loan servicer. They'll repay their Direct PLUS Loan to the U.S. Department of Education's Direct Loan Servicing Center.

For PLUS Loans disbursed on or after July 1, 2006, the interest rate is fixed (at 7.90 for Direct PLUS Loans and 8.50 percent for FFEL PLUS Loans). For PLUS Loans disbursed between July 1, 1998 and June 30, 2006, the interest rate is variable and is determined on July 1 of every year. For 2009-2010, the variable rate for these PLUS Loans (in both the Direct and FFEL programs) is 3.28percent. Interest is charged on a PLUS Loan from the date of the first disbursement until the loan is paid in full.

Forbearance, Deferment and Loan Discharge/Forgiveness

PLUS **deferment** options are based on the parent borrower's eligibility. Principal and interest payments may be deferred while the parent borrower is:

- Attending school at least halftime.
- Unemployed (up to three years).
- Studying in an approved graduate fellowship or rehabilitation program for the disabled.
- Experiencing economic hardship (up to three years).

If the borrower is unable to make regular principal and interest payments, the lender may accept interest-only payments or the borrower may be able to defer payments with capitalized interest **forbearance**. Forbearance may be granted at the lender's discretion, but only in accordance with preset guidelines. If at any time during the repayment period a parent is unable to make a required payment, they should immediately contact the servicer to seek advice on obtaining a temporary cessation of payments. Forbearance will grant an extension of the principal and interest of the loan. Interest charges will be capitalized (added onto the principal of the loan) once the student begins repaying again. Forbearance May Be Granted for the Following Reasons:

- Unemployment
- Partial Disability
- Other documented hardship

Under certain conditions, a **discharge** (cancellation) releases your parents from all obligations to repay the loan.

PLUS Loans can't be canceled for these reasons:

- The student didn't complete the program of study
- The student didn't like the school or the program of study
- The student didn't obtain employment after completing the program of study.

For more information about loan discharge or repayment: If your parents have a Direct PLUS Loan, they should contact the Direct Loan Servicing Center at 1-800-848-0979, or go to www.dl.ed.gov. If they have a FFEL PLUS Loan, they should contact the lender or agency holding the loan

Consequences of Default

Failure to repay a PLUS loan will be considered default and the following may result:

- Loss of deferment and forbearance options.
- A negative credit notation to national credit reporting bureaus.
- Possible seizure of federal/state income tax refunds and lottery winnings.
- Possible wage garnishment.
- Loss of eligibility for certain state or federal jobs.
- The entire unpaid balance of loan(s) including accrued interest immediately becomes due and payable in full.

For additional Terms and Conditions, please refer to the Federal Perkins Master Promissory Note.

**Financial Aid is available for those who qualify.*