



# Federal Direct Parent Loans

## 2022-2023 Frequently Asked Questions

### What is a "Parent Loan?"

Parents with good credit can use the Ford Federal Direct Parent Loan Program to help pay for educationally-related costs, including, but not limited to, general enrollment fees, tuition, room/board, books, and miscellaneous personal expenses.

Eligibility for this program is not contingent upon financial need; however, the student must complete the Free Application for Federal Student Aid (FAFSA) before a PLUS loan can be processed. In addition, students must maintain satisfactory academic progress as outlined in the OSU-OKC Financial Aid Satisfactory Academic Progress Policy in order for parents to utilize the Parent Loan option.

### How much can you borrow?

The total amount borrowed through the Parent Loan program is limited to the difference between the student's cost of attendance and all other aid the student will receive (i.e., Pell Grant, Oklahoma Tuition Aid Grant, tribal grants, Vocational Rehabilitation, any cash or tuition scholarships). If your student receives any other awards after Parent Loan eligibility is determined, your loan(s) will be adjusted accordingly.

### What is the interest rate?

Interest rates would be adjusted every July 1, based on the 10-year Treasury Note rate, with a cap to protect borrowers from rising interest rates. The interest rate for loans first disbursed on or after July 1, 2022 and before July 1, 2023 is **7.54%**.

### What is the "Origination Fee?"

The federal government charges Parent loan borrowers an origination fee of **4.228%** for loans first disbursed on or after October 1, 2020 through September 30, 2023.

### How do I apply for the Parent Loan?

A family's eligibility for the Federal Direct PLUS loan will be determined at the time the student is awarded. The student (with parent's permission) must indicate their acceptance of the offer on the award letter and return it to our office. The parent can then apply for a parent loan on the web at <https://studentaid.gov>. OSU-OKC Financial Aid and Scholarship Office will receive an email notification concerning the results of your application. Parent's approved for the loan will need to complete the Federal Direct Parent Loan Request Form and submit it to the Financial Aid Office before the application process is completed.

### Master Promissory Note:

PLUS borrowers will need to complete a Parent Loan Master Promissory Note (MPN) prior to receiving the first loan funds. The parent borrower will electronically sign the MPN on the web using the PIN the parent received from the U.S. Department of Education when the FAFSA was completed. A parent who does not have a PIN can request one at <https://fsaid.ed.gov>.

The PLUS Master Promissory Note (MPN) is retained and updated by the loan servicer throughout the student's education at OSU-OKC. If the parent is borrowing PLUS Loans for more than one student, a separate MPN is required for each student.

### How do I receive the Parent Loan funds?

As a Parent Loan borrower, you will be required to complete the Parent Loan Authorization to Release Funds form to tell the Bursar's Office whether you would like any refunds sent to you (by check) or to your student (by check or direct deposit). Refunds will begin the first day of classes each semester. In order for your student's funds to be released, federal regulations require students to be currently enrolled and attending classes as a half-time student (6 credits) and making reasonable satisfactory academic progress.

Generally, OSU-OKC Business Services issues refunds for students who are signed up for Direct Deposit within 48 hours after loan funds credits your student's account. Students who are not signed up for Direct Deposit will be mailed a refund check with five to seven business days after your student account has been credited with your loan proceeds.

### **Will OSU-OKC ever change the amount of loan I'm offered?**

PLUS Loan eligibility is based in part on the student's cost of education, Expected Family Contribution (EFC) and other sources of financial assistance you will receive. Any change to these factors after your original award has been made may cause an adjustment to the student and/or parent loan eligibility. If your loan eligibility is decreased, we will notify you of the adjustment. If this change occurs after the promissory note is complete, we will also notify the Direct Loan Servicer of the change.

Specific reasons your loan might be adjusted include: Additional awards not reflected in your original award offers such as scholarships, tuition waiver, etc., a change in your grade level, or a change in your enrollment which may result in a change in your eligibility.

### **How will the parent repay my loan?**

The first repayment installment must be made within sixty days of the full disbursement of the loan. The second disbursement of a PLUS usually occurs in January, or payment usually begins in March.

The borrower selects the repayment plan that fits his or her financial circumstances. Repayment plans can be changed at any time, without penalty, by contacting the Direct Loan Borrower Services Department.

### **Standard Repayment Schedule**

This plan is the most financially effective way to pay off your student loan while minimizing interest cost. Monthly payments are due over a 10-year repayment term.

### **Graduated Repayment Schedule**

Allows for initial lower payments that will increase over time, with full repayment within 10 years.

### **Income-Sensitive Repayment Schedule**

Bases monthly payments on your yearly income, family size, and loan amount. As your income rises or falls each year, so do your payments. This plan must be renewed annually.

### **Extended Repayment Schedule**

This plan is available to borrowers who have loans totaling more than \$30,000. Borrowers may choose either the standard or graduated payment plans; however, repayment extends up to 25 years.

### **Is it possible to postpone the repayment of the Parent Loan?**

Yes, if the student is enrolled at least half-time, the parent can receive a deferment on their loans. If the parent temporarily can't meet the repayment schedule, the parent can also receive forbearance on the loan, as long as the borrower is not in default on the loan. During forbearance, payments are postponed or reduced.

Since all PLUS Loans are unsubsidized, the parent will be charged interest during periods of deferments or forbearances. If the interest isn't paid as it accrues, it will be capitalized (that is, added to the principal amount of the loan, and additional interest will be based on that higher amount).

### **Are there any tax credits available for paying back these loans?**

Yes, there are tax incentives for certain higher education expenses, including a deduction for student loan interest for certain borrowers. This benefit applies to federal and non-federal loans taken out to pay for postsecondary education costs. IRS Publication 970, Tax Benefits for Higher Education, explains these credits and other tax benefits. You can find this publication at [www.irs.gov](http://www.irs.gov).

## **Questions?**

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