



REED COLLEGE

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2009–10 William D. Ford Federal Direct Parent PLUS Loan Information and Application Instructions

The Direct Parent PLUS Loan is for parents, to assist them in meeting the educational costs for their dependent student.

Eligibility

A Free Application for Federal Student Aid (FAFSA) must be submitted. As a parent borrower, you must be the student's natural or adoptive parent, or step-parent whose information appears on the FAFSA, and be a U.S. citizen, U.S. national, or eligible resident non-citizen. Eligibility for the PLUS loan depends on a modest credit check that determines whether the parent has an adverse credit history. An adverse credit history is defined as being 90 or more days late on any debt or, during the 5 years preceding the credit report, having a determination of default on a debt, having a debt discharged in bankruptcy, or having been the subject of foreclosure, repossession, tax lien, wage garnishment, or write-off on any Title IV (educational) debt. The Ensuring Continued Access to Student Loans Act of 2008 extended the 90 days late threshold to 180 days for mortgage payments and medical bill payments during calendar years 2007 through 2009.

The amount you can borrow

The maximum amount a parent can borrow is determined by subtracting the total financial aid awarded to your student (including grants, outside scholarships, all federal and private educational loans, and work-study) from the total cost of attendance as determined by the financial aid office. Loans are generally processed for the full academic year and are disbursed equally between fall and spring semesters. If you would like to borrow for one semester only, please contact the financial aid office.

Interest rate, fees, and repayment

The Direct Parent PLUS Loan has a fixed interest rate of 7.9% and an origination fee of 4%; however, a 1.5% rebate is added back to each disbursement for a net origination fee of 2.5%. This rebate is retained by the borrower if the initial 12 required payments are made on time. The interest rate is reduced by .25% for borrowers who enroll in electronic debit repayment.

Repayment begins 60 days after the funds are fully disbursed, and the repayment term is up to 10 years. However, parents can request to defer payments on their PLUS loan while the student on whose behalf they borrowed the loan is enrolled in school at least half-time. Interest will continue to accrue during this deferment period, but parents have the option to make interest-only payments.

Application Instructions

1. Sign a Direct Parent PLUS Loan Master Promissory Note (MPN) at <http://dlenote.ed.gov>.
2. Complete and return the Direct Parent PLUS Loan Request Form to the financial aid office.