

## What is a PLUS loan?

The Parent Loan for Undergraduate Students (PLUS) is a federal program that allows parents of undergraduate students or graduate and professional students to borrow money not covered by student financial aid awards.

Parents can borrow up to the full cost of attendance and there is no cumulative limit for borrowing. The lender is the Department of Education and the loans have a fixed interest rate determined by the 10-year Treasury yield. You must contact the college's financial aid office for instructions on how to apply for the loan. For parents, loan repayment begins once the loan is disbursed.

Parents with an adverse credit history may still receive a PLUS loan if they have an acceptable endorser (cosigner) or are able to document extenuating circumstances regarding the adverse credit history. In 2011, the Department of Education made changes that made it [more difficult](#) for parents to qualify for PLUS Loans. Students whose parents have been denied PLUS loans may be eligible to for additional unsubsidized Stafford loans to help pay the cost of attendance.

Families should maximize the student's Stafford Loans before the parents take out a PLUS loan since Stafford loans have lower interest rates. According to [Edvisors](#)

In 2011-2012, 3.4% of dependent undergraduate students whose parents borrowed from the Federal Parent PLUS loan program did not borrow from the Federal Stafford loan program. Of those who borrowed from the Federal Stafford loan program, 7.1% borrowed less than the effective maximum.

This is just not smart. For more information on PLUS Loans:

- [Introduction to Federal Parent PLUS Loans](#)
- [Federal Student Aid](#)
- [FinAid.org](#)
- [Parents: Think Hard Before Borrowing for, With Your Student](#)

See also:

[How much should I borrow for college?](#)

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