

Questions and Answers on Direct Graduate PLUS Loans for Graduate and Professional Students

Eligibility and Applying for Loan

1. What are the eligibility requirements?

You must be enrolled at least ½ time in a graduate or professional program and must meet all the other general eligibility requirements for the Federal Student Aid Programs. In addition, you must not have an adverse credit history (a credit check will be done).

2. What is considered to be an adverse credit history?

You are considered to have an adverse credit history if you are 90 or more days delinquent on any debt or have been subject of a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a debt under Title IV of the Act during the five years preceding the date of the credit report. This includes unpaid collection accounts and charge-offs.

3. What are my options if I have an adverse credit history?

You may still receive a Direct PLUS loan if you obtain an endorser who does not have an adverse credit history. An endorser is someone who agrees to repay the loan if you do not repay it.

4. Can I cancel a Direct PLUS Loan after I've applied?

Before your loan money is disbursed (paid out), you may cancel all or part of the loan by notifying the financial aid office. After loan money is disbursed, you may cancel all or part of the loan any day within the same term as the loan disbursed. If the disbursement occurs after the term has ended, you have 14 days to return the funds.

5. How much can I borrow in Direct PLUS loans?

Currently, there are no set annual or aggregate limits. You may borrow up to the full cost of attendance, minus any other financial aid received (including Direct Subsidized Loans, Direct Unsubsidized Loans, scholarships, and etc).

Interest Rates and Fees

6. What is the interest rate on the Direct PLUS loan?

For Direct PLUS loans first disbursed prior to 7/1/2014, the interest is 6.41%. This interest rate will not change through the life of the loan.

For Direct PLUS loans first disbursed 7/1/2014 through 6/30/2015, the interest is 7.21%. This interest rate will not change through the life of the loan.

7. Is there a loan fee?

Yes. **For loans first disbursed prior to 10/1/2014**, the U.S. Department of Education charges a loan fee of 4.288% of the principal amount of each Direct PLUS loan.

For loans first disbursed on or after 10/1/2014, the U.S. Department of Education will charge a loan fee of 4.292% of the principle amount of each Direct PLUS loan.

This fee is deducted proportionally from each disbursement of your loan.

Repayment and Consolidation

8. How do I pay back my Federal loans?

When you receive your first PLUS loan, you will be contacted by the servicer for that loan (you will repay your loan to the loan servicer). Your loan servicer will provide regular updates on the status of your PLUS loan, and any additional loans that you receive. You should be able to contact your loan servicer at https://www.nslds.ed.gov/nslds_SA/

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9. When do I have to begin repaying a Direct PLUS loan?

The first payment on a Direct PLUS loan is due within 60 days after the loan is fully disbursed. However, you can postpone the payment while you are in school at least half time.

In most cases, the Direct loan servicer will automatically grant an in-school deferment based on information provided by your school showing at least ½ time enrollment. If this does not happen, you can contact the direct loan servicer at https://www.nslds.ed.gov/nslds_SA/. Generally, the in-school deferment will remain continuously in effect until you graduate or drop below half-time enrollment status, and will not have to be renewed each year.

10. How soon do I have to begin making payments after my in-school deferment ends?

Your first payment will be due within 45 days after the deferment end date. The Direct Loan Servicer will notify you 60 days before your deferment ends.

11. Is there a way to postpone payments on a Direct PLUS loan during the grace period on your Direct Subsidized/Unsubsidized Stafford loan?

For loans first disbursed after July 1, 2008, students can receive a deferment during the six-month period beginning the day after the student goes below ½ time enrollment. However, the interest would still be accruing during this time. If you have questions on this deferment, please contact your loan servicer. You can contact the direct loan servicer at https://www.nslds.ed.gov/nslds_SA/.

If this doesn't apply to you, contact loan servicer to see if a forbearance is possible.

12. Is interest charged during a deferment or forbearance?

Yes, interest is charged on a Direct PLUS loan beginning on the date of the first loan disbursement, and it continues to be charged during periods of deferment and forbearance. You may either pay the interest

as it accrues (the loan servicer will send you a quarterly interest statement), or you may allow the interest to be capitalized (added to your loan principal balance) at the end of the deferment or forbearance. Capitalization increased the total loan amount you must repay.

13. What repayment plans are available?

You will be able to choose from a variety of repayment plans that are designed to meet individual needs. More information is available at: <http://studentaid.ed.gov/repay-loans/understand/plans>

14. How much will I have to pay each month?

Your monthly payment amount on a Direct PLUS will vary depending on the repayment plan that you choose and how much you borrowed. You can obtain estimated monthly payment amounts for direct debt levels or for other repayment plans at <http://studentaid.ed.gov/repay-loans/understand/plans>

15. Can I consolidate my Direct PLUS loan with my other student loans? If so, when can I consolidate?

You may consolidate your Direct PLUS loan with your other eligible student loans into a single consolidation loan after you leave school. Note that the repayment period for a consolidation loan begins as soon as the loan is made—there is no grace period. Therefore, if you want to consolidate your Direct PLUS loan with your other student loans that have a grace period, you should wait to do so until shortly before the end of the grace period on the other loans.