

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

### ELIGIBILITY

#### 1. What are the eligibility requirements?

You must be enrolled at least half-time in a graduate or professional program (for example, a program that leads to a Master's Degree or to a law or medical degree) at a school that participates in the William D. Ford Federal Direct Loan (Direct Loan) Program, and must meet all of 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 if, within 5 years of the date of the credit report, you have been the subject of a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a Federal Student Aid debt (for example, a Direct Loan or Federal Stafford Loan).

#### 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 borrow a Direct PLUS Loan to pay for courses required for teacher certification or for admission into a graduate or professional program?

No. You must be enrolled in a graduate or professional program.

#### 5. Can I decline Direct Subsidized/Unsubsidized Loans and use only Direct PLUS Loans to pay for my education?

Yes. However, Direct Subsidized/Unsubsidized Loans have some advantages over Direct PLUS Loans. Direct Subsidized/Unsubsidized Loans have a lower fixed interest rate (6.8%) than Direct PLUS Loans (7.9%), and no interest is charged on Direct Subsidized Loans while you are in school at least half-time or during grace and deferment periods. Interest is charged on Direct PLUS Loans during all periods.

### APPLYING

#### 6. How do I apply for a Direct PLUS Loan?

You must complete the Free Application for Federal Student Aid (FAFSA) and a Federal Direct PLUS Loan Application and Master Promissory Note (PLUS MPN).

#### 7. 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 your school. After your loan money is disbursed, you may cancel all or part of your loan within certain timeframes. For details, refer to the Borrower's Rights and Responsibilities Statement that accompanies your PLUS MPN.

#### 8. Can the MPN that I signed for my Direct Subsidized/Unsubsidized Loans be used for Direct PLUS Loans?

No. You must sign a PLUS MPN.

#### 9. Can I take out Direct PLUS Loans for myself under a PLUS MPN that I signed for Direct PLUS Loans to pay for my child's education?

No. You must sign a separate PLUS MPN to borrow for yourself.

### LOAN LIMITS

#### 10. How much can I borrow in Direct PLUS Loans?

There are no set annual or aggregate limits. You may borrow up to your full cost of attendance, minus any other financial aid you receive (including Direct Subsidized Loans, Direct Unsubsidized Loans, scholarships, and certain fellowships).

#### 11. Do Direct PLUS Loan amounts count toward the \$138,500 Direct Subsidized/Unsubsidized Loan aggregate loan limit for graduate/professional students?

No. Only Direct Subsidized/Unsubsidized Loans and Federal Stafford Loans (subsidized and unsubsidized) made through the Federal Family Education Loan (FFEL) Program count toward the \$138,500 aggregate.

#### 12. Am I eligible for a Direct PLUS Loan if I have reached the \$138,500 Direct Subsidized/Unsubsidized Loan aggregate loan limit for graduate/professional students?

Yes. However, if you have *exceeded* the \$138,500 Stafford aggregate, you must either repay the excess loan amount or make satisfactory arrangements to repay it before you can receive any additional Federal Student Aid, including Direct PLUS Loans.

#### 13. If I have an adverse credit history but cannot find an endorser, can I receive additional Direct Unsubsidized Loan funds?

No. If you are not eligible for a Direct PLUS Loan, the regular Direct Subsidized/Unsubsidized Loan annual loan limit for graduate and professional students applies. You may not borrow more than \$20,500 (maximum \$8,500 subsidized) for an academic year.

### INTEREST RATE AND FEES

#### 14. What is the interest rate on a Direct PLUS Loan?

Direct PLUS Loans have a fixed interest rate of 7.9%. This interest rate will not change throughout the life of your loan.

#### 15. Is there a loan fee?

Yes. The U.S. Department of Education charges a loan fee of 4% of the principal amount of each Direct PLUS Loan. This fee is deducted proportionately from each disbursement of your loan.

#### 16. Is the Direct Subsidized/Unsubsidized Loan up-front interest rebate also available on Direct PLUS Loans?

Yes. Direct PLUS Loan borrowers receive an up-front interest rebate repayment incentive (equal to 1.5% of the loan principal amount).

## REPAYMENT

### 17. When do I have to begin repaying a Direct PLUS Loan?

You may receive a deferment for up to six months after graduating or dropping below half-time.

### 18. Can I postpone payments while I am in school?

Yes. While you are enrolled in school on at least a half-time basis, you are eligible for an in-school deferment that allows you to postpone payments on your Direct PLUS Loan until you graduate or drop below half-time status.

### 19. How do I obtain an in-school deferment?

In most cases, the Direct Loan Servicing Center will automatically grant an in-school deferment on your Direct PLUS Loan based on information reported by your school to the U.S. Department of Education showing that you are enrolled at least half time. The Direct Loan Servicing Center will notify you of the deferment and of your option to cancel the deferment and begin making payments on your loan.

If your school does not report the enrollment information that is needed for the Direct Loan Servicing Center to automatically grant an in-school deferment on your Direct PLUS Loan, you will need to submit an In-School Deferment Request form to the Direct Loan Servicing Center. You may obtain an In-School Deferment Request form from your school's financial aid office, online at [www.dl.ed.gov](http://www.dl.ed.gov), or by calling the Direct Loan Servicing Center. Your school must certify your enrollment status on the deferment request form.

### 20. Will my in-school deferment need to be renewed each year?

Generally, the in-school deferment on your Direct PLUS Loan will remain continuously in effect until you graduate or drop below half-time enrollment status, and will not have to be renewed each year.

### 21. How soon do I have to begin making payments after deferment ends?

Your first payment will be due within 6 months after graduation or dropping below half-time enrollment.

### 22. 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 or forbearance. You may either pay the interest as it accrues (the Direct Loan Servicing Center 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 increases the total loan amount that you must repay.

### 23. What repayment plans are available?

You will be able to choose from a variety of repayment plans that are designed to meet your individual needs. The Direct Loan Servicing Center will provide you with information on available repayment plans.

### 24. How much will I have to pay each month?

Your monthly payment amount on a Direct PLUS Loan will vary depending on the repayment plan that you choose and how much you borrowed. The table below shows estimated monthly payment amounts under the Standard Repayment Plan (fixed monthly payments over a 10-year repayment period) at various debt levels, based on the Direct PLUS Loan interest rate of 7.9%.

Direct PLUS Loan Amount Owed When You Enter Repayment	Standard Repayment Plan	
	Monthly Payment	Total Amount Repaid
\$10,000	\$121	\$14,496
\$20,000	\$242	\$28,992
\$30,000	\$362	\$43,488
\$40,000	\$483	\$57,984

You can obtain estimated monthly payment amounts for different debt levels or for other repayment plans by contacting the Direct Loan Servicing Center.

## CONSOLIDATION

### 25. Can I consolidate my Direct PLUS Loans with my other student loans? If so, when can I consolidate?

You may consolidate your Direct PLUS Loans 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 Loans 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.

### 26. Is the Direct PLUS eligible for public interest loan forgiveness?

Yes, it qualifies along with federal Direct Stafford Loans for federal loan forgiveness.

## DIRECT LOAN SERVICING CENTER

### 27. How do I contact the Direct Loan Servicing Center?

Contact the Direct Loan Servicing Center at **1-800-848-0979** (TTY 1-800-848-0983) or online at [www.dl.ed.gov](http://www.dl.ed.gov).

Visit the web site or call to get loan account information, request a deferment or forbearance, download a deferment or forbearance request form, change repayment plans, make online payments, set up automatic payments, and much more.