

## **Questions and Answers About Direct PLUS Loans for Graduate Students**

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

You must be enrolled at least half-time in a graduate 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. In addition, Direct Subsidized/Unsubsidized Loans have a 6-month grace period after you leave school during which you are not required to make payments. There is no grace period for Direct PLUS Loans.

**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.

**7. 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.

**8. 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).

**9. 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.

**10. 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.

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

Yes. Direct PLUS Loan borrowers receive the same up-front interest rebate repayment incentive (equal to 1.5% of the loan principal amount) that is currently available for Direct Subsidized/Unsubsidized Loan borrowers.

**12. When do I have to begin repaying a Direct PLUS Loan?**

Your first payment will be due within 60 days after the loan is fully disbursed. This will generally be while you are still in school. There is no grace period.

**13. 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.

**14. 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.

**15. 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.

**16. 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).