



Federal Direct PLUS Loan Fact Sheet

You are eligible for a Federal Direct PLUS Loan if you:

- are borrowing to pay the educational cost of a dependent undergraduate student.
- are a U.S. Citizen or eligible non-citizen (permanent resident).
- do not have an adverse credit history. An applicant is considered to have an adverse credit history if the applicant is 90 days or more delinquent on any debt or during the five years preceding the credit report, the applicant has been in default on debt, debts have been discharged in bankruptcy or the applicant has been the subject of a foreclosure, repossession, tax lien wage garnishment or write-off on a federal student aid debt.
- have an adverse credit history, but either obtain an endorser who is credit worthy or you document extenuating circumstances that are accepted by the U.S. Department of Education.
- are not in default on a Federal Stafford Loan, Federal PLUS Loan or Federal Direct Stafford Loan or if you are in default, you have made satisfactory repayment arrangements

Loan amounts and Interest Rates

- The maximum amount you may borrow is the total cost of attendance less all financial aid awarded to the student.
- A 4% origination fee is associated with the Federal Direct PLUS Loan resulting in a net disbursement of 4% less than the total loan amount requested
- The interest rate is fixed at 7.9%.
- You can reduce the interest rate by .25% by making payments through the Electronic Debit Account.

Disbursements

- If your loan period is for the full academic year, the Federal Direct PLUS Loan is disbursed in two equal payments applied directly to the student's account. If your loan period is for only one semester, the full amount is disbursed for that specific semester. The funds cannot be disbursed any earlier than 10 days before the first day of classes each semester.

Terms of Repayment

- Your first payment will be due 60 days after the final disbursement for the loan period.
- Interest begins to accumulate on the date of the first disbursement.
- Parents can elect to defer payments on a Federal Direct PLUS Loan until six months after the date the student ceases to be enrolled on at least a half-time basis. Accruing interest can either be paid by the borrower monthly or quarterly, or be capitalized quarterly. You must contact the Direct Loan Servicer to request a deferment.
- During the periods of deferment and forbearance, you do not pay any principal, but interest will accumulate. This will result in an increase in your loan principal unless you chose to pay the interest monthly during the deferment or forbearance.
- There are three options for repayment of the Federal Direct PLUS Loan:
 - **Standard Repayment Plan** – fixed monthly payments of at least \$50 a month for not more than 10 years.
 - **Extended Repayment Plan** – fixed monthly payments of at least \$50 a month; number of years of repayment varies based on the total amount of the loan but may not exceed 30 years.
 - **Graduated Repayment Plan** – monthly payments that graduate to a higher level at least twice over the years of repayment; number of years of repayment varies depending based on total amount of the loan but may not exceed 30 years.