

# Graduate/Professional Federal Direct PLUS Loan Application Process

Direct PLUS Loans are processed through the Federal Direct Loan Program. To electronically apply and sign the Direct PLUS Master Promissory Note (MPN) you must have a FSA ID.

*The Federal Direct Graduate/Professional Direct PLUS Loan is for Graduate and Professional students. Undergraduate students are not eligible.*

Loan Application Process:

- **Student logs into <https://studentloans.gov> with Federal PIN number**
- **Click “Apply for a PLUS Loan” under Graduate/Professional Students**
- **Enter student and school information**

Be sure to select the amount that you would like to borrow. Refer to the award letter for the maximum amount you are eligible to borrow. The amount that you indicate will be split equally between the terms that have been packaged on the award letter.
- **Review data entered**
- **Authorize the Credit Check**

Direct PLUS loans are based upon credit. To qualify for the loan, you must first pass a credit check. Agree to the terms provided and click “submit”. The credit check will end in approval or denial. An electronic response will also be forwarded to the school.

  - If denied, you will be given options that include appealing the credit decision, obtaining an endorser, or not pursuing a loan at this time. Select your answer.
  - If approved, continue with the steps below to complete a Direct PLUS MPN.
- **Complete the MPN**
- **Review and sign the MPN**
  - Review the information and complete the signature boxes and click “Sign”.
- **View/Print the MPN**
  - An option is provided that will allow you to open a pdf and view/print the completed MPN.
- **Submit the MPN**
  - Click “Submit”

If this is your first Graduate/Professional PLUS Loan you will be required to complete Entrance Counseling for Graduate Students on <https://studentloans.gov>.

To reduce or cancel any disbursements after a loan application has been submitted, you must complete the Loan Change Request for 2019-20 on the myUT portal.

If you are unable to complete the application portion of this process, there is a paper version available from the Rocket Solution Central (RSC) Office. Even if the paper application is used, we recommend that MPN be completed online if possible.

## Graduate Professional Federal Direct PLUS Loan Information

### Interest Rates

The PLUS Loan interest rate is fixed at 7.08%. The new rate is announced each July 1<sup>st</sup>. Interest begins to accrue at the time of each loan disbursement.

### Loan Fees

A loan origination fee (currently 4.236% of the loan principal, with new rates announced each October 1st) is charged by the U.S. Department of Education for processing the Direct Parent PLUS Loan. The loan fee is deducted proportionately from each disbursement of the loan.

For updated information regarding current Interest Rates and Loan Origination Fees, check:

<https://studentaid.ed.gov/sa/types/loans/interest-rates>

### Credit Checks

In order to borrow a PLUS Loan, you must pass a credit check. Once you have submitted the Federal Direct PLUS Loan Application, the Department of Education (COD) will perform a credit check and will notify you and the Financial Aid Office of the results. If you have questions about the outcome of the credit check, contact COD at 1.800.557.7394.

### Denied Credit Checks

If you do not pass the credit check, there are two options available to you.

1. Contact COD at 1.800.557.7394 if you believe there was an error made on the credit check.
2. You can obtain a creditworthy endorser. The endorser would need to pass the credit check, agree to endorse the MPN, and agree to repay the loan if you would fail to do so. Information about how to proceed with this option will be included in your notification from COD.

### Disbursements

A positive credit check and completed MPN must be received before any funds can be disbursed to the student account. Estimated loan amounts may appear on the student account if we have received notification of a positive credit check.

### Repayments

The repayment period for a Direct PLUS Loan begins when the loan is fully disbursed, and the first payment is due 60 days after the final disbursement. However, for Direct PLUS Loans the student may defer repayment:

- while the student is enrolled on at least a half-time basis, and
- for an additional six months after the student ceases to be enrolled at least half-time.

Once you enter repayment, you may choose a Standard, Extended, or Graduated Repayment Plan. Information about these specific payment plans will be sent to you by your Direct Loan Servicer. If you are experiencing difficulty making your scheduled payments, you should contact your Direct Loan Servicer.

### Student Eligibility

Before any PLUS Loan proceeds can be disbursed, the student must be:

- Enrolled at least half-time
- Enrolled in a degree-seeking program
- Maintaining satisfactory academic progress