



Boston University School of Law

2009/2010 Graduate Federal PLUS Loan Fact Sheet

WHAT IS A GRADUATE FEDERAL PLUS LOAN?

The Graduate Federal PLUS is a federal credit-based loan which is available to assist students with the costs of higher education. Eligible Graduate loan borrowers are those who are enrolled at least half-time (6 credits) per semester in a graduate or professional degree that leads to a master's, law or medical degree. The credits must be accepted towards the degree program. The student must be a U.S. citizen or permanent resident, must not have an outstanding balance from a prior period of enrollment and must be making satisfactory academic progress per his/her school's guidelines.

WHAT IS THE INTEREST RATE?

The interest rate on the Graduate Federal PLUS Loan is fixed at 7.9%. Interest begins to accumulate 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 Direct Loan Servicing Center will send quarterly interest statements) 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.

WHEN DOES REPAYMENT BEGIN?

The repayment period for the Graduate Federal PLUS loan begins on the date of the final disbursement of the loan, and the first payment is due within 60 days of the date the loan is fully disbursed. However, if you are enrolled in school on at least half-time basis, you are eligible for an in-school deferment that allows you to postpone payments until you graduate or drop below half-time status. Upon dropping to less than half-time enrollment status, the borrower can get a 6 month post enrollment deferment. The first payment will be due within 45 days of the deferment end date. The Direct Loan Servicing Center will notify the student 60 days before the deferment ends.

HOW MUCH CAN I BORROW?

Students may borrow annually a Graduate Federal PLUS Loan up to the cost of education less any financial aid the student is receiving. However, students should not borrow more than they are able to repay. There is no cumulative limit on the amount a student can borrow over the course of a student's education. Before deciding on an amount to borrow, students should first consider the Federal Direct Stafford Loan, a loan for which the student is the borrower. The maximum borrowing limit on the Federal Direct Stafford Loan is \$20,500 (of which no more than \$8500 can be a subsidized Direct Loan) with the interest rate set at 6.8%. To begin the application process for a Direct Stafford Loan, the student should complete the Free Application for Federal Student Aid (FAFSA). If you have any questions regarding the Direct Stafford Loan Program, contact your Graduate School Financial Aid Office.

A fee amounting to 4% of the loan amount approved is deducted from the loan proceeds. In addition, borrowers will be given an up-front rebate that is approximately equal to 1.5% of the loan amount approved. A borrower retains the rebate by making the first 12 monthly payments on time. Overall, the amount available will be 2.5% less than the loan amount approved. Be sure to consider this when deciding how much to borrow. **Remember, if you need to borrow for two semesters, be sure to include the amounts you would like to request for both semesters in the total loan amount requested.**

HOW DO I APPLY?

- 1) Complete a Free Application for Federal Student Aid (FAFSA). The FAFSA can be completed online at www.fafsa.ed.gov. Please list "Boston University" using Federal School Code Number 002130 as a recipient of your FAFSA data. Federal Student Aid Programs will process your FAFSA and forward your

data to Boston University. After your FAFSA has been processed, you will receive a Student Aid Report (SAR) from the Department of Education. You should review this report for additional information regarding your aid eligibility, and make any corrections if necessary.

2) A borrower who previously completed a PLUS promissory note for the 2008/2009 academic year and did not have an endorser to secure the loan will not need to complete a new promissory note. All other borrowers, including first time borrowers, will need to complete a Graduate Federal PLUS Master Promissory Note. The borrower can complete the promissory note online at www.dlenote.ed.gov using his/her federal personal identification number (PIN). If the borrower does not have a PIN or cannot recall it, please go to www.pin.ed.gov and allow up to 10 business days to secure the PIN. The PLUS loan cannot be used in settlement of the student account until the promissory note has been completed.

If the borrower fails to complete the promissory note online, a paper promissory note will be mailed to the home address. Complete all required items and sign the promissory note. Return the promissory note according to the instructions. Failure to complete the promissory note before the end of the loan period will result in cancellation of the loan.

3) A borrower must complete entrance counseling for the Graduate Federal PLUS loan. The requirement can be completed online at <https://www.dl.ed.gov>. Entrance counseling must be completed before loan funds can be disbursed to Boston University.

4) Students must apply for the Graduate Federal PLUS loan as well as complete the promissory note at least two weeks before the end of the academic period. Federal legislation prohibits Boston University from certifying a federal loan after the academic period has ended.

WHEN WILL THE LOAN FUNDS BE AVAILABLE?

The Graduate Federal PLUS Loan record will be sent to the Direct Loan Center for credit review. If the applicant passes the credit review and all requirements are met, the Direct Loan Center will send Boston University an electronic notification that the loan has been credit approved. Once the Graduate Federal PLUS Loan has been approved by the Direct Loan Center, funds for the semester will be credited electronically to the student's account within three to five business days of the semester start date. If the student does not pass the credit review, the student may appeal the decision or request re-evaluation with an endorser (co-signer). Boston University requests that you contact BU Financial Assistance within one month to notify us of any re-evaluation request made to the Direct Loan Center. Failure to notify our office will result in the cancellation of your loan application one month after the initial denial notification and you will be required to start the process over.

If there is a credit balance on your account after the loan funds are credited, you may request a refund. Refund requests are initiated at your Graduate Financial Aid Office.



Boston University School of Law

Boston University 2009/2010 Graduate Federal PLUS Request Form

Thank you for your interest in the Graduate Federal PLUS Loan Program. In order to review eligibility, please note that there are **THREE** separate steps.

Step one: Enclosed please find the Graduate Federal PLUS Loan request form to complete and to authorize the U.S. Department of Education to perform a credit review. The form may be sent to Boston University School of Law Financial Aid Office by fax at 617-353-0578 or by mail to 765 Commonwealth Avenue, Boston MA 02215.

Step two: A borrower who previously completed a PLUS promissory note for the 2008/2009 academic year and did not have an endorser to secure the loan, will not need to complete a new promissory note. All other borrowers, including first time borrowers, will need to complete a Graduate Federal PLUS Master Promissory Note. The borrower can complete the promissory note online at www.dlenote.ed.gov using his/her federal personal identification number (PIN). If the borrower does not have a PIN or cannot recall it, please go to www.pin.ed.gov and allow up to 10 business days to secure the PIN. The PLUS loan cannot be used in settlement of the student account until the promissory note has been completed.

If the borrower fails to complete the promissory note online, a paper promissory note will be mailed to the home address. Complete all required items and sign the promissory note. Return the promissory note according to the instructions. Failure to complete the promissory note before the end of the loan period will result in cancellation of the loan.

Step three: A borrower must complete entrance counseling. The requirement can be completed online at <https://www.dl.ed.gov>. Entrance counseling must be completed before loan funds can be disbursed to Boston University.

