

FEDERAL GRAD PLUS LOAN FACTS

The Federal Grad PLUS loan **is only available to graduate level students.**

To apply for a Grad PLUS loan: because this loan requires credit approval, **you must contact a participating Federal Family Education Loan Program lender (if you have Stafford loans, it is recommended you use your Stafford loan lender) to initiate the application process and be approved for the amount you wish to borrow for each school year.** You are strongly encouraged to apply for your Stafford Subsidized and Unsubsidized annual loan maximum eligibility before applying for a Federal Grad PLUS loan. Here are some additional facts you should know regarding the Grad PLUS loan:

Like the Stafford loan, **the Grad PLUS Loan is a Federal Loan**

- Federal regulations govern certain terms of the loan which will be consistent from one lender to another
 - The interest rate: fixed at 8.5%
 - Available deferments and forbearances
 - Length of repayment
- Differences may occur in the way the lender handles
 - In-school deferments
 - Interest capitalization frequency (less is best)
 - Repayment incentives
- Consider your options, ask the lenders so you can make an informed decision

Variable interest rate private loan versus fixed rate Grad PLUS

- Based on individual preference and comfort level with the interest rate environment
 - If you would feel better knowing you have a fixed interest rate that will not go up, then a fixed rate Grad PLUS is the one for you
 - If you feel a variable rate will run consistent with a lower rate trend, then a variable rate private loan may be best for you
- **REMEMBER:** Private/Alternative Loan rates are at the whim of the lender

Repayment is immediate upon receipt of final disbursement (first payment due within 60 days of final disbursement, meaning for a 2nd/Spring disbursement in January, payment will be due in March. If, however, you are recognized as enrolled at least half-time by your school, your Federal Loans will be eligible for an **in-school deferment**, and payments will not be required until you either separate from school (i.e., withdraw or graduate) or drop to less than half-time. You must check with your lender to determine if you are required to complete any paper work in order to receive the in-school deferment.

There will be a **3% origination fee**. Federal regulations prohibit lenders from paying the origination fee for PLUS Loans.

Credit approval is required and based on **federally mandated criteria**, not a credit score. In order to qualify the student may not have any of the following on their credit report:

- Any current delinquency of 90 days or more
- Any of the following items within the preceding 5 years of the date of the credit report:
 - Default
 - Bankruptcy
 - Discharge
 - Foreclosure
 - Repossession
 - Tax Lien
 - Wage Garnishment
 - Write-off of a Title IV Debt
 - Open Collection
- If your **credit is denied**, you may
 - Apply with an endorser (co-signer)
 - The endorser must repay the debt if you are not able to. They must notify us of any change in their address, telephone number, e-mail address, name, employer, or employer contact information
 - Unless you consolidate your loans, **the endorser may not be released**
 - Correct any invalid information on your credit report that may have led to the denial
 - Appeal the denial

NOTICE OF GRAD PLUS ACCEPTANCE

STUDENT NAME:

STUDENT ID/UMB ID:

@

PROGRAM:

**EXPECTED GRADUATION DATE:
(FALL/2009; SPRING/2012)**

FALL/

SPRING/

As a graduate level student who has exhausted all other sources of financial aid available to me, including borrowing the annual maximum Stafford Subsidized and Unsubsidized loan limits, I have decided to apply for a Grad PLUS loan to cover my remaining cost of education.

Because the Grad PLUS loan requires credit approval, I understand that I am responsible for contacting a FFELP participating lender/servicer in order to initiate the Grad PLUS application process. I also understand that it is recommended that I contact the same lender that I use for my Stafford Loans.

By completing and submitting this form to the Office of Student Financial Aid, I am hereby notifying them of my desire to accept Grad PLUS loan funds and the lender (indicated below) I will be contacting in order to initiate the Grad PLUS application process.

I understand that the lender will notify the school of the completion of my Grad PLUS application process by submitting a certification request to the school, and that my loan will be processed by the school based on my program's start date.

GRAD PLUS LENDER & SERVICER:

STUDENT

SIGNATURE:

DATE:

For office use only:

FINANCIAL AID STAFF CHECKLIST:

- Eligibility Confirmed**
- Maximum Stafford Funds Accepted by Student**
- Entrance Interview Quiz Complete**
- Stafford Loan Lender Form Complete & FFELP Status Verified**
- At Least Half-Time Enrollment Confirmed**
- Certification Request Received From Lender**

PROCESSING INFORMATION:

Lender Code: _____ **Servicer Code:** _____ **Guarantor Code:** _____