

Student Financial Services

2011-2012 GRADUATE FEDERAL DIRECT PLUS FACT SHEET

WHAT IS A GRADUATE FEDERAL DIRECT PLUS?

The Graduate Federal Direct PLUS is a federal credit-based loan which is available to U.S. Citizens, Permanent Residents or Eligible Non-Citizens to assist with the costs of higher education. Eligible graduate loan borrowers are those who are enrolled at least half-time per semester in a graduate or professional degree program, do not have an outstanding balance from a prior period of enrollment and are making satisfactory progress.

WHAT IS THE INTEREST RATE?

The interest rate on the Graduate Federal Direct PLUS is fixed at 7.9%. Interest begins to accumulate on the date of the first loan disbursement and continues during periods of deferment and forbearance. You may either pay the interest as it accrues or you may allow the interest to capitalize (added to your loan principal balance) at the end of a deferment or forbearance. Capitalization increases the total loan amount that you must repay.

WHEN DOES REPAYMENT BEGIN?

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 until you graduate or drop below half-time status. You can receive a post-enrollment deferment of six months after you graduate or cease half-time status. The Direct Loan Servicing Center will notify you of your payment start date approximately 60 days before the deferment ends.

HOW MUCH CAN I BORROW?

You may borrow up to the cost of education less any financial aid you are receiving. However, you should not borrow more than you are able to repay. There is no aggregate limit on the amount you can borrow over the course of your education. Before deciding on an amount to borrow, you should first consider the Federal Direct Loan (DL), a loan for which you are the borrower. The maximum borrowing limit on the DL, depending on discipline and class year, is up to \$47,167 (of which no more than \$8,500 can be subsidized) with a fixed 6.8% interest rate. To begin the application process for a DL, you should complete the Free Application for Federal Student Aid (FAFSA) and a 2011-2012 William D. Ford DL Request Form. If you have any questions regarding the DL Program, contact Student Financial Services (SFS).

HOW MUCH ARE THE FEES?

A 4% fee 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 Loan Amount Requested on page 3.**

WHEN WILL THE LOAN FUNDS BE AVAILABLE?

The Graduate Federal Direct PLUS record will be sent to the Direct Loan Origination Center (DLOC) for a credit review. If you pass the credit review and all requirements are met, Boston University (BU) will receive electronic notification that the loan has been credit approved. Once approved, funds will credit to your BU account within three to five business days. If you do not pass the credit review, you may appeal the decision or request re-evaluation with a co-signer (endorser). BU requests that you contact SFS within one month to notify us of any re-evaluation request made to the DLOC. Failure to notify our office will result in the cancellation of your loan application two months after the initial denial notification and you will be required to start the process over.

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HOW DO I APPLY? In order to review eligibility, please note that there are FOUR steps.

STEP ONE: Complete a FAFSA (www.fafsa.ed.gov) using Federal School Code Number 002130. Federal Student Aid Programs will process your FAFSA and forward your data to BU. After your FAFSA has been processed, you will receive a Student Aid Report (SAR) from the U.S. Department of Education (ED). You should review this report for additional information regarding your aid eligibility, and make any corrections if necessary.

STEP TWO: Complete the Graduate Federal Direct PLUS Request Form on page 3 to authorize ED to perform a credit review. The form may be mailed to Student Financial Services, 72 East Concord Street, Room A303, Boston, MA 02118-2526. Please DO NOT FAX your request.

STEP THREE: A borrower, who previously completed a Graduate Federal Direct PLUS Master Promissory Note (MPN) for the 2009-2010 OR 2010-2011 academic years and did not have an endorser to secure the loan, will not need to complete a new MPN. All other borrowers, including first time borrowers, will need to complete an MPN. The borrower can complete the MPN at www.studentloans.gov using their 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 Graduate Federal Direct PLUS cannot be used in settlement of the student account until the MPN has been completed.

If you fail to complete the MPN on-line, a paper MPN will be mailed to your home address. Complete all required items, sign the MPN and return it according to the instructions. Failure to complete the MPN will result in cancellation of the loan.

In addition, for federal funds to disburse to BU, you must retain your social security number in your BU student account.

STEP FOUR: A borrower must complete entrance counseling for the Graduate Federal Direct PLUS which can be done at www.studentloans.gov. Entrance counseling must be completed before loan funds can disburse to BU. Failure to complete entrance counseling will result in cancellation of the loan.

(PLEASE KEEP THIS FACT SHEET FOR YOUR REFERENCE)

Boston University
Student Accounting Services
881 Commonwealth Avenue
Boston, MA 02215-1390

Student Name: _____
Address: _____

B.U. ID# _____-____-_____

Federal Financial Aid Credit Authorization

Boston University records indicate that you may be eligible for a refund due to financial aid in excess of your tuition, fees and residence charges, based on your current aid eligibility and enrollment status. Under federal regulations, you may authorize Boston University to hold these excess funds and pay other charges that may be assessed to your student account and/or pay a prior or future semester balance. If you do not authorize Boston University to use your excess funds to pay a prior or future semester balance and/or other billed charges, (e.g. medical insurance, sports pass, convenience points, library fines), you will be issued a refund of the excess, by mail, after all funds have been received by the University and applied to your student account. If you are issued a refund, all outstanding charges made to your student account must be paid to remain in good standing.

I have read the above statement and I authorize Boston University to hold the excess funds to pay other charges that may be assessed to my student account and/or pay a prior or future semester balance. I understand that any excess funds which have not been applied to other charges will be refunded at the end of the academic period.

Signature

Date

You may rescind your authorization, in writing, any time prior to incurring such charges; otherwise the authorization is valid for both the current and future academic periods. Please return the signed and dated authorization immediately to: Student Accounting Services, 881 Commonwealth Avenue, Boston, MA 02215-1390.

Federal Financial Aid includes the following: Perkins Loan, Pell Grant, Supplemental Educational Opportunity Grant (SEOG), Parental Loan for Undergraduate Student (PLUS), and Federal Direct Subsidized and Unsubsidized Stafford Loan.