



## Financial Aid Office

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## Federal Graduate PLUS Loan Borrowing Policy

The Graduate Theological Union participates in the William D. Ford Direct Loan programs. The Graduate PLUS Loan is a non-need based, low interest loan made to graduate and professional students making Satisfactory Academic Progress (SAP) in a qualified degree program and must be enrolled at least half-time in order to maintain eligibility. Students may apply for the academic year; fall and spring, and must have borrowed up to the maximum annual limit in federal Unsubsidized Direct Loan eligibility. The maximum Grad PLUS loan limit that a student may borrow in an academic year is up to unmet cost of attendance, the difference between a student's standard cost of attendance and the sum of all financial aid assistance received.

By federal law, student loans are to be used exclusively for the student's education related expenses and is not intended to cover the expenses of family members. Allowable costs include tuition, room and board, books, health insurance, and transportation costs. Understandably, Graduate PLUS loans increase overall loan indebtedness. Whenever possible, it is recommended that students review their budget to consider how they can reduce their reliance on loan funds through increased income, applying for external scholarships, adjustment of priorities, or reduced expenses.

Interest rates on federal student loans are determined by federal law and set by Congress. The interest rate varies by the type of loan and the date of the first disbursement. Under section 455(b)(7) of the Higher Education Act (HEA), interest rates on Federal Direct Loans are set according to a formula that is based upon an auction of 10-year Treasury Notes. Separate interest rates are established each year for Direct Unsubsidized and PLUS Loans for which the first disbursement is made on or after July 1 through the following June 30. Therefore while federal student loans have a fixed interest rate for the life of the loan, interest rates may change beginning on July 1 each year. Interest begins accruing from the date the loan is first disbursed, and includes periods of deferment or forbearance until it is repaid in full. If you do not pay the interest as it is charged, the Direct Loan Servicing Center will capitalize the interest, by adding it to the unpaid principal amount of your loan when repayment begins. Capitalization increases the unpaid principal balance of your loan, and interest will then be charged on the new, increased principal amount. You may opt to pay down any accrued interest while you are in school which may help to decrease the total amount you repay over the life of the loan.

Additionally, a loan origination fee is charged against the total amount borrowed and is deducted from loan proceeds by the federal processor before each disbursement, so the net loan amount received will be less than the gross amount you have to repay. For more information with regard to the current interest rate and loan origination fee, please visit: <https://studentaid.gov/plus-app/>.

Federal regulations require credit checks with the US Department of Education for all graduate students seeking a federal Graduate PLUS loan. If your credit has been approved it remains valid for up to 180 days. A financial aid applicant is considered to have adverse credit history if they have one or more debts with a total combined outstanding balance greater than \$2,085 that is 90 days or more delinquent, or that has been placed in collection or charged off during the two years preceding the credit report, or has been determined to be in default, debts that have been discharged in bankruptcy, or has been the subject of foreclosure, repossession, tax lien, wage garnishment, or write off of any federal student aid debt within the last five years. Students will be notified by Direct Loans if their application is denied and will include the reason for denial and the name of the credit bureau from which the denial was obtained.

If you do not meet the credit requirements, you can still obtain the loan by:

- Appealing the credit decision at [studentaid.gov](https://studentaid.gov) by selecting "Appeal A Credit Decision" on the main page or by calling Direct Loans at (800) 557-7394;
- Obtaining a credit worthy endorser to cosign on the Graduate PLUS loan application with you.

Students with adverse credit history that obtain the loan through one of the two methods listed above are required to complete online **PLUS counseling** at [studentaid.gov](https://studentaid.gov) mandated by federal law.

Please Note: If you request a PLUS loan for more than one loan period your credit record may be accessed more than one time by the Department of Education.

To apply with an endorser (co-signer):

- The endorser must login to [studentaid.gov](http://studentaid.gov) using their own information (SSN and Department of Education FSA ID);
- Select the, “Endorser A PLUS loan” link from the main page;
- Follow the instructions provided to complete the endorser process. The Loan/Award Identification Number was provided during your original credit check. If you do not have this information, you may contact the Federal Loan Origination Center at (800) 557-7394; and,
- The student borrower is required to complete a **new** PLUS Master Promissory Note (MPN) for Graduate/Professional Students at [studentaid.gov](http://studentaid.gov).

**To request a federal Graduate PLUS Loan, you must complete the required steps listed:**

Step 1. Log into [studentaid.gov](http://studentaid.gov) and select the, “Loans and Grants” link from the main page and then select “PLUS Loans: Grad PLUS and Parent PLUS”. Select “I am a Graduate or Professional Student”. You will receive a credit decision immediately after submitting your application. If you have adverse credit history, you may appeal the credit decision or obtain an endorser. **NOTE:** If the USDE has determined an adverse credit decision and you have obtained an endorser, you must submit proof of completion of online PLUS Counseling from [studentaid.gov](http://studentaid.gov). Select, “Loans and Grants” from the main page then select “PLUS Credit Counseling”.

- **First-time Grad PLUS loan borrowers at the GTU** must complete Loan Entrance Counseling and the PLUS Master Promissory Note (MPN) for Graduate/Professional Students at [studentaid.gov](http://studentaid.gov). To complete Loan Entrance Counseling, select, “Loans and Grants” from the main menu and select “Loan Entrance Counseling”. To complete the MPN, select the “Master Promissory Note (MPN)” link from the “Loans and Grants” link from the main menu. Please Note: If you have an active Direct PLUS MPN you may not be required to complete a new MPN. It is your responsibility to keep track of the expiration date.

Step 2. Your Dashboard on [studentaid.gov](http://studentaid.gov) will display your complete federal student loan history and loan servicer information. Select “My Aid: View Details”.

Step 3. Complete and submit the **2023-2024 Federal Direct Graduate PLUS Request** form. PLUS loan request forms that are incomplete will not be processed. The PLUS request may be submitted electronically to [finaid@gtu.edu](mailto:finaid@gtu.edu) with the subject line, “Grad PLUS Request.” Keep in mind that student loans are limited to your educational expenses and it is best to borrow only what is needed in order to minimize your overall student loan debt obligation.

**IMPORTANT:** If your credit decision was declined, your loan eligibility cannot be determined unless you secure an endorser or successfully appeal the decision.

Step 4. When your Graduate PLUS loan eligibility has been determined by the Financial Aid Office, a revised award notification will be sent to your school email address. Once notified, you may reduce, accept or reject your PLUS loan by logging into your Net Partner account.

You will receive a Federal Direct Loan Disclosure Statement from the DL Servicing Center, up to thirty calendar days before the first anticipated disbursement. It identifies the loan type, anticipated gross and net disbursement amounts and dates, fee and other important information.

Like the unsubsidized loan, PLUS loans typically disburse in two, equal installments; at the beginning of the fall and spring semesters and will be applied toward payment of tuition, room and board (if applicable), and all education-related school charges, first. If you have a remaining credit balance after tuition and fees are assessed, a loan credit refund is issued to the student borrower by the Business Office via paper check or direct deposit.