

## CONTACTS

### Student Aid on the Web

[www.studentaid.ed.gov](http://www.studentaid.ed.gov)

For more information about the Direct Loan Program and the aid application process, including helpful publications and tools to help manage Direct Loans, visit Student Aid on the Web.

### StudentLoans.gov

[www.studentloans.gov](http://www.studentloans.gov)

Check with your school's financial aid office about completing entrance counseling and a Master Promissory Note (MPN) online at StudentLoans.gov.

Once your loan has been made, you will be contacted by your loan servicer. You can check your loan servicer's website for the most recent account information regarding your Direct Loans.

### The National Student Loan Data System™ (NSLDS™)

[www.nsls.ed.gov](http://www.nsls.ed.gov)

For information about all of your Direct Loans, Federal Family Education Loan (FFEL<sup>SM</sup>) Program Loans, Federal Perkins Loans, and federal grants, visit the Department's National Student Loan Data System (NSLDS). You will need your Federal Student Aid PIN to access NSLDS. NSLDS does not include information about any private loans you may have received.

### Direct Consolidation Loans

[www.loanconsolidation.ed.gov](http://www.loanconsolidation.ed.gov)

For everything you need to know about Direct Consolidation Loans and for an online application, visit the Department's Direct Consolidation Loans website.

## DIRECT LOAN BASICS FOR PARENTS



## Direct PLUS Loans for Parents

A simple and flexible way to finance your child's education.

*The William D. Ford Federal Direct Loan Program is one of the Federal Student Aid programs of the U.S. Department of Education.*



## How can Direct Loans<sup>SM</sup> help pay for college or career school expenses?

Direct Loans are low-interest loans for students and parents to help pay for the cost of a student's education after high school. The lender is the U.S. Department of Education (the Department) rather than a bank.

### Direct Loans are:

- **Simple**—You borrow directly from the federal government.
- **Flexible**—You can choose from several repayment plans that are designed to meet the needs of almost any borrower, and you can switch repayment plans if your needs change.

## What kinds of Direct Loans are available?

- **Direct Subsidized and Unsubsidized Loans**—Direct Subsidized and Unsubsidized Loans are made to students. Eligibility for Direct Subsidized and Unsubsidized Loans is based on the information reported on the *Free Application for Federal Student Aid (FAFSA<sup>SM</sup>)*. No interest is charged on subsidized loans while your child is in school at least half-time, during grace periods, and during deferment periods. Interest is charged on unsubsidized loans during all periods.
- **Direct PLUS Loans**—Direct PLUS Loans are loans for the parents of dependent students and for graduate and professional degree students. Interest is charged during all periods.
- **Direct Consolidation Loans**—Direct Consolidation Loans are loans for borrowers who want to combine their eligible federal student loans into a single loan.

## What are the eligibility requirements for a parent to get a Direct PLUS Loan?

- You must be the biological or adoptive parent (or, in some cases, the stepparent) of the student for whom you are borrowing.
- Your child must be a dependent student who is enrolled at least half-time at a school that participates in the Direct Loan Program<sup>SM</sup>. Generally, your child is considered dependent if he or she is under 24 years of age, has no dependents, and is not married, a veteran, a graduate or professional degree student, or a ward of the court.
- You cannot have an adverse credit history (a credit check will be done).
- In addition, you and your child must be U.S. citizens or eligible noncitizens, must not be in default on any federal education loans or owe an overpayment on a federal education grant, and must meet other general eligibility requirements for the Federal Student Aid programs.

**NOTE:** To receive a PLUS Loan, both the parent and student must meet all general eligibility requirements. You can find more information about these requirements on the Direct Loan website, or by contacting the school's financial aid office.

Direct Loan Website  
[www.direct.ed.gov](http://www.direct.ed.gov)

## How do I request a Direct PLUS Loan?

To apply for a Direct PLUS Loan you need to complete the Direct PLUS Loan Application and Master Promissory Note (MPN). The MPN explains the terms and conditions of your loan and is your legally binding agreement to repay your loan to the Department. In most cases, one MPN can be used for loans that you receive over multiple academic years; a separate Loan Request must be filed for each school year.

The school will provide a copy of the MPN or tell you if you can apply online at [www.studentloans.gov](http://www.studentloans.gov). Your child may need to complete the *Free Application for Federal Student Aid* (FAFSA). Check with the financial aid office at your child's school.

## How much can I borrow?

There are no set limits for Direct PLUS Loans, but you may not borrow more than the cost of your child's education minus any other financial aid received, such as a Direct Subsidized or Unsubsidized Loan. The school will determine the actual amount you may borrow.

## What is the interest rate?

The interest rate for Direct PLUS Loans is a fixed rate of 7.9%. Interest is charged on Direct PLUS Loans during all periods, beginning on the date of your loan's first disbursement. For current interest rate information, go to the Direct Loan website at [www.direct.ed.gov](http://www.direct.ed.gov).

## Is there a charge for this loan?

Yes. In addition to interest, you pay a loan fee that is a percentage of the principal amount of the loan. We deduct the fee before you receive any loan money, so the loan amount you actually receive will be less than the amount you have to repay.

## How will I receive my loan money?

Your child's school will generally disburse loan money by crediting it to your child's school account, but it also may give some of it directly to you for your child's educational expenses. In some cases, with your permission, the school may disburse some of the PLUS loan money directly to your child. Loan money will usually be disbursed in at least two installments.

## How will I repay my loan?

When you receive your first Direct Loan, you will be contacted by the servicer for that loan. Your loan servicer will provide regular updates on the status of your Direct Loan and of any additional Direct Loans that you receive.

## When do I have to begin repaying my loan?

The repayment period for a Direct PLUS Loan begins 60 days after you've received the last installment of the loan for that school year. This means that you generally must begin repayment while your child is still in school. However, you may be able to defer making payments while your child is enrolled (see the discussion under "Can I ever postpone making loan payments?").

## How much time will I have to repay my loan, and how much will I have to pay each month?

Generally, you'll have from 10 to 25 years to repay your loan, depending on the repayment plan that you choose. Your monthly payment amount will be based on how much you borrowed and how long you take to repay.

### You may choose one of several repayment plans:

- **Standard Repayment Plan**—Fixed monthly payments for up to 10 years.
- **Graduated Repayment Plan**—Payments that start off lower at first, and then gradually increase, usually every 2 years. The loan must be repaid in 10 years.
- **Extended Repayment Plan**—Fixed or graduated monthly payments over a period of time, not to exceed 25 years. To be eligible for this repayment plan, you must have more than \$30,000 in Direct Loan debt and you must not have had an outstanding balance on a Direct Loan on Oct. 7, 1998.

You can change plans at any time. There's no penalty if you make payments before they are due or pay more than the amount due each month.

You can find more information about these plans by visiting the Direct Loan website, or by contacting your loan servicer.

## Can I transfer the loan to my child for repayment?

No. A Direct PLUS Loan made to a parent cannot be transferred to a student. You are responsible for repaying a Direct PLUS Loan.

## Can I ever postpone making loan payments?

Yes, under some conditions you may receive a deferment or forbearance that allows you to temporarily stop or lower your payments.

### For example, you may qualify for a deferment if:

- You (not your child) return to school at least half-time at a school that's eligible to participate in the Department's Federal Student Aid programs.
- You (not your child) are studying full-time in a graduate fellowship program.
- You are in an approved full-time disability rehabilitation program.
- You are unemployed or meet our rules for economic hardship (limited to 3 years).
- The student for whom the loan was borrowed is enrolled at least half-time (and for an additional 6 months after that student is no longer enrolled).

You may also be eligible for a deferment based on qualifying active duty service in the U.S. Armed Forces or National Guard. Refer to the Master Promissory Note for your loan or contact your loan servicer for more information about specific qualifications for deferment based on military service.

If you don't qualify for a deferment but are temporarily unable to make loan payments for such reasons as illness or financial hardship, we may grant you a forbearance.

We charge interest on Direct PLUS Loans during all periods of deferment and forbearance. If you defer repayment on the loan, you may choose to pay the interest as it accrues to reduce the total amount you will repay on your loan.

For more information on deferments and forbearance, contact your loan servicer.

## Can my loan ever be cancelled, discharged, or forgiven?

You must repay your loan even if your child doesn't complete or can't find a job related to his or her program of study, or if you or your child are unhappy with the education you paid for with your loan.

However, we may discharge (forgive) your loan if you have your loan discharged in bankruptcy, if you die or if the child for whom you borrowed dies, or if you become totally and permanently disabled.

### We may discharge some or all of your loan if:

- The school closed before your child completed the program.
- The school forged your signature on your promissory note or falsely certified that your child was eligible for aid.
- Your loan was falsely certified through identity theft.
- Your child withdrew from school but the school didn't pay a refund that it owed.

Direct Loan borrowers who are employed in certain public service jobs may qualify for loan forgiveness after making 120 payments (additional conditions apply).

For more information about the refund policies and cancellation options, go to Student Aid on the Web at [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

## SAVE TIME & MONEY WITH AUTOMATIC MONTHLY PAYMENTS

This repayment incentive program encourages you to repay your loans on time. With this payment option, your bank automatically deducts your monthly payment from your checking or savings account and sends the payment to your loan servicer. This ensures that your payment always will be made on time and your interest rate will be reduced by a quarter point (0.25%) during all periods when payments are made through this option. Your loan servicer will include information about this payment option in your first bill. Contact your servicer or go to [www.studentloans.gov](http://www.studentloans.gov) for more information.