Direct Graduate PLUS Loans
Frequently Asked Questions

What’s a “Graduate PLUS Loan?”
Graduate/Professional students with good credit can use the Federal Direct Graduate (Grad) PLUS Loan Program to help pay for educationally-related costs, including, but not limited to, general enrollment fees, tuition, room & board, books, and miscellaneous personal expenses. Eligibility in this program is not contingent upon financial need; however, you must file the Free Application for Federal Student Aid (FAFSA) to be considered for this loan. This loan must be repaid.

What’s the interest rate?
The Graduate PLUS Loan is an unsubsidized loan; interest begins to accrue when you receive the first loan disbursement. The interest rate for the 2016-2017 award year is 6.31%. Rates for the 2017-2018 year will be set by Congress on or after June 1, 2017; rates for this loan cannot exceed 10.5%.

What’s an “Origination Fee”? 
The federal government charges Graduate PLUS Loan borrowers a 4.272% fee for loans first disbursed between October 1, 2015 and September 30, 2016 and 4.276% for all new loans first disbursed on or after October 1, 2016.

How much can I borrow?
The total amount borrowed through the Graduate PLUS Loan program is limited to the difference between your cost of attendance and all other aid you’ll receive (i.e., Unsubsidized Loans, graduate tuition waivers, fellowships, scholarships, etc.).

Do I need to go to a bank to get the loan?
No. OSU works through the “Federal Direct Loan Program.” You work only with OSU and a U.S. Department of Education servicer.

Satisfactory Academic Progress-
You must maintain satisfactory academic progress as outlined in the OSU Financial Aid Policy on Satisfactory Academic Progress to remain eligible for aid, including Federal Direct Graduate PLUS Loans. Even though this loan requires repayment, you must meet the academic standards to receive this loan. The Policy is available at http://financialaid.okstate.edu under “Policies.”

Are there tax credits for repaying these loans?
Yes, IRS Publication 970, Tax Benefits for Higher Education, explains these credits and other tax benefits, and can be accessed at www.irs.gov.

How do I apply for the Graduate PLUS Loan?
For the 2017-2018 award year, the PLUS Application and Master Promissory Note process will be available on the federal site after April 1, 2017.

Graduate PLUS Application (all borrowers):
You cannot accept a Graduate PLUS Loan on my.okstate.edu. Go to www.studentloans.gov and complete the Graduate PLUS Application. You’ll need your Federal Student Aid ID (FSAID) to log in.

Master Promissory Note (new Grad PLUS borrowers):
If you’re a first-time borrower in the Graduate PLUS Loan program, you also need to complete a Graduate PLUS Loan Master Promissory Note (MPN). This MPN is separate from any previous MPNs you may have signed for Subsidized/Unsubsidized Loans. Complete this step at www.studentloans.gov after you submit the Graduate PLUS application.

Entrance Counseling (new OSU Grad PLUS borrowers):
Any new Graduate PLUS Loan borrower at OSU must complete a one-time Loan Entrance Counseling Session, which includes borrower rights and responsibilities, prior to receiving the first loan disbursement.

This requirement is separate from any previous entrance counseling you may have completed for other student loans. Complete this step at www.studentloans.gov. Select “graduate/professional student” from the entrance counseling options.

What are my options if my credit is declined?
You can still borrow if someone agrees to endorse the loan (promises to repay the loan if you fail to do so) or if you successfully appeal the decision by documenting extenuating circumstances. This process is handled between you and the federal government’s loan servicer at studentloans.gov.

In either situation above, you must complete PLUS Counseling, available online at studentloans.gov before the loan can be disbursed. This counseling requirement is separate from the Entrance Counseling requirement. If you have an endorser or successfully appealed the credit decision, you must complete both the PLUS Counseling and the Entrance Counseling prior to disbursement of the loan.

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What’s a “Direct Loan Servicer” and how do I contact mine?
A Direct Loan servicer is the U.S. Dept. of Education’s agent contracted to collect Direct Loans and handle deferments, repayment options, and consolidation.

With Direct Loans, you:
- Borrow directly from the federal government and have a single contact—your “loan servicer”—for everything related to repayment.
- Have online access to your Direct Loan account information via your servicer’s website.
- Can choose from several repayment plans, and you can switch repayment plans if your needs change.

Once the first portion of your Direct Loan has been disbursed (credited to your OSU Bursar account), you’ll receive correspondence from your assigned servicer. You can also find contact information and web links to your servicer by logging into the National Student Loan Data System (NSLDS) at www.nslds.ed.gov.

National Student Loan Data System (NSLDS)
You can find information about all of your Direct Loans, Federal Family Education Loans, Federal Perkins Loans and federal grants at the National Student Loan Data System (NSLDS). You’ll also find contact information for the federal loan servicer holding your loans, once the first disbursement of the loan has occurred.

You can access NSLDS at www.nslds.ed.gov. You’ll need your Federal Student Aid ID (FSAID) (the one you used to sign the FAFSA) to log into the system. Information relating to your federal student loans at OSU will be submitted to NSLDS and will be accessible by guaranty agencies, lenders, and institutions authorized to use the system.

Can I postpone Graduate PLUS repayment?
Yes, if you’re enrolled at least half-time, you can receive a deferment on your loan. If you temporarily can’t meet the repayment schedule, you can also receive a forbearance, as long as you’re not in default on the loan. During forbearance, payments are postponed or reduced.

Since all Graduate PLUS Loans are unsubsidized, you’ll be charged interest during periods of deferment or forbearance. If the interest isn’t paid as it accrues, it will be capitalized (added to the principal amount of the loan, and additional interest will be based on that higher amount).

What are my repayment options?
Repayment on a Direct Graduate PLUS Loan starts when you leave school or drop below half-time enrollment. Graduate PLUS Loans can be consolidated into one student loan when you graduate.

When you leave school, you’ll choose the repayment plan that fits your financial circumstances. The following descriptions are general in nature. You can find detailed repayment information and a loan repayment calculator link at https://studentloans.gov.

The Standard Repayment Plan requires fixed monthly payments (at least $50) for up to 10 years.

The Graduated Repayment Plan allows payments to start at one level and increase every two years, with full repayment within 10 years.

The Extended Repayment Plan allows loan repayment to be extended up to a total of 25 years, depending on the total amount owed when the loan enters repayment.

Will OSU ever change my loan amount?
Your loan eligibility is based in part on your cost of education, Expected Family Contribution (EFC) and other sources of financial assistance you’ll receive. Any change to these factors after your original award has been made may cause an adjustment to your loan eligibility.

If your loan eligibility is decreased, we’ll notify you of the adjustment. If this change occurs after you’ve submitted your promissory note(s), OSU will also notify the U.S. Dept. of Education of the change.

Specific reasons your loan might be adjusted include: other awards not reflected in your original award, such as OSU cash/tuition scholarships, awards from community organizations or employers, Vocational Rehabilitation, Workforce Investment Act benefits, tribal grants, other grants, etc., a change in Expected Family Contribution; or a change to less-than-half-time enrollment.

Questions?
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This information sheet was prepared on the basis of the best information available at the time it was printed (February 2017). However, all information is subject to change without notice or obligation.