FINANCIAL AID

PHYSICIAN ASSISTANT PROGRAM
WEILL CORNELL MEDICAL COLLEGE
2010 - 2012

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Introduction

This handbook aims to give Weill Cornell Medical College’s Physician Assistant students information and advice about financing their PA program. With increasing cost, only a small percentage of students are able to meet expenses fully. The major portion of each student’s financial aid is in the form of loans, which must be repaid after graduation. In order to keep this debt at a manageable level, cooperation from your family and careful planning and budgeting is necessary from the first term. The handbook is your first step in being in control of your financial situation.
HOW TO APPLY FOR FINANCIAL AID

FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA) 2009-2010

Weill Medical College’s Federal School Code is G04762 (listed as WEILL CORNELL MEDICAL COLLEGE AND G).

1. Complete the 2009-10 Free Application for Federal Student Aid (FAFSA). There is no fee. It is strongly recommended that you do this on the Internet, www.fafsa.ed.gov.

2. Parent information is not required on the FAFSA.

3. Your grade level is “For 1st year Graduate/Professional Degree.”

4. You will receive a Student Aid Report (SAR) via email. Keep this for your files. You do not need to bring the SAR to the Financial Aid Office since we will get an electronic version. **Be sure to read the cover page.** The SAR will include confirmation that:
   - you (males only) have registered for the draft
   - are not in default on any previous student loans
   - have a legal social security number and
   - if you are a permanent resident, have a legal INS number.

www.fafsa.ed.gov
THE FINANCIAL AID PACKAGE

1. Once the Financial Aid Office has received your SAR a financial aid package will be developed and sent to you, along with required paperwork. Financial aid will be in the form of loans from the Federal Subsidized and/or Unsubsidized Direct Student Loan Program. A maximum of $20,500 is available each financial aid term (Be aware that no grant/scholarship money is available from the Medical College.)

2. Acceptance of the financial aid package is indicated by signing one copy of the award notice and sending it back to the Financial Aid Office.

3. You will be required to complete a Master Promissory Notes (MPN) if you do not have a Direct Loan master promissory note already on file. Financial Aid Office cannot be awarded until a signed promissory note is on file.

4. All loan funds are applied to your student's tuition and fees bill. Money in excess of the bill will be refunded.

5. The Physician Assistant program is 26 months (March 25, 2010 – May 25, 2012) (see Table 1).

William D. Ford Federal Direct Loan Program

What is a Federal Direct Loan Program?
A federal program in which the U.S. government (not a commercial lender) provides four types of education loans to student borrowers directly through schools:

- Federal Direct Stafford Loan (subsidized) [Need based aid]
- Federal Direct Unsubsidized Stafford Loan
- Federal Direct Grad PLUS Loan, and

[Non-need based aid]
- Federal Direct Consolidation Loan

These loans are referred to collectively as Direct Loans.

Direct Loan Eligibility Requirements

- be a U.S. citizen or eligible non-citizen;
- be enrolled at least half-time in a degree program;

How much can I borrow?
PA students can borrow up to $20,500 per financial aid term in the Federal Direct Stafford Loan program. Need based eligible student may borrow a maximum $8,500 (subsidized) of the $20,500 Direct Stafford Loan program.

What is the interest rate on a Direct Stafford Loan?
The current interest rate is 6.80% fixed (see Table 2)
Loan Types

If you have a need based Federal Direct Stafford Loan, the federal government pays the interest on the loan while you're in school. These types of loans are called "subsidized."

If you have a non-need based Federal Direct Stafford Loan, you have an "unsubsidized" loan, and you'll be responsible for the interest during the in-school period. You may let the interest accumulate until you're out of school. Note, however, that this will increase the amount of your loan, since the unpaid interest will be added to the principal.

Direct Loan Disbursement, Fees & Rebate (Subsidized and Unsubsidized)

Loans are disbursed in two equal checks, half at the beginning of the financial aid term and half at the midpoint.

The Direct Stafford Loans have an origination fee of 1.5%, which will be deducted proportionately from each loan disbursement check. This fee goes to the federal government to help reduce the government's cost of supporting these low interest loans.

The Direct Loans have an up-front interest rebate that is equal to 1.0% of the loan amount borrowed. A borrower retains the rebate by making the first twelve monthly payments on time. If all twelve payments are not made on time, the borrower will be required to repay the amount of the rebate(s).

When is the Direct Loan repaid?

After you graduate or leave school you have six months before you have to begin repayment. This is called a "grace period."

Alternative Loans

Alternative Loans, also known as Private Loans, help bridge the gap between the actual cost of your education and the limited amount the government allows you to borrow in its programs.

These are loans provided directly to students by banks and other lending institutions, unless otherwise stated.

Alternative student loans are independent of government regulation and can offer various terms for repayment, interest rates, and loan limits. The terms of these loans can vary from lender to lender and you are offered the opportunity to choose the loan that fits your situation.

Your financial aid package will tell you what types of education loan programs you are eligible to accept. If you have remaining "unmet need," you may need private or alternative loan programs to cover all your expenses.
PLUS Loans for Graduate and Professional Degree Students

Graduate and professional degree students are now eligible to borrow under the PLUS Loan Program up to their cost of attendance minus other estimated financial assistance in both the FFEL and Direct Loan Program.

These requirements include a determination that the applicant does not have an adverse credit history, repayment beginning on the date of the last disbursement of the loan, and a fixed interest rate of 8.5 percent in the FFEL program and 7.9 percent in the Direct Loan program.

Questions and Answers about Direct PLUS Loans for Graduate and Professional Students

(see Table 3)
Tips for Reducing Education Expenses and the Cost of Student Loans

**Be thrifty** - Live as cheaply as you can. Remember, you are a student. You'll enjoy a more comfortable lifestyle once you've graduated if you minimize your borrowing while you are in school.

*Credit Cards* - Avoid using credit cards as much as possible; don’t extend your student budget. If you do accept credit, accept only one card and try to pay in full each month. Make sure it offers a low interest rate in case you do have to carry a balance.

**You’re in trouble if you:**
- Can only make the minimum payment
- Are always at your limit
- Accept more cards to borrow more.

**Loans** - Pay any interest that accrues on loans while in school, rather than let the interest accrue and capitalize. This will reduce the total cost of the loans you borrowed; thereby saving you money once you enter repayment.

Follow the budget you establish for yourself.

Work on developing good financial habits.

**CREDIT REPORTS**

Credit is an increasingly important part of Physician Assistant student financial life. Private lenders are looking at the prior credit record of new borrowers and will not approve those with unsatisfactory ratings. We recommend you check on your credit rating. Call one of the following agencies to request a copy of your credit report:

- **Experian**: 1.888.397.3742
- **Trans Union**: 1.800.888.4213
- **Equifax**: 1.800.997.2493

It is strongly recommended that you reduce outstanding credit card balances to zero before attending school.
**12 STEP PROGRAM**

Good Financial Habits: A Guide to Achieving Your Dreams

How can you achieve your dreams when faced with the reality of education loan debt?

The following 12 habits can help you realize your financial goals and fulfill your educational and professional dreams. Getting into these habits can be a strategy for success both in-school and after graduation, and allow you to be responsible in financing your education.

1. Identify your goals (personal, professional, and financial) and write them down. Develop strategies for achieving those goals and reassess them periodically.

2. Make informed choices about how to use your scarce new resources.

3. Develop a monthly budget and stick to it. Live below your means and learn to stretch your dollars while in school so that you can afford to live the lifestyle you want once you graduate. Live a lifestyle you can afford.

4. Save a little each month (even if only $5), so that you'll have funds available for emergencies.

5. Keep accurate, well-organized records of your financial activities.

6. Establish and maintain a strong credit history; review your credit report annually.

7. Pay all your bills prior to the due date.

8. Borrow the minimum amount you need to achieve your goals and repay all that you borrow. Also evaluate the impact of borrowing before you borrow. Consider whether you'll be able to afford and repay the loan(s) and will be willing to make the sacrifices necessary to do so. Make adjustments in your borrowing if necessary.

9. Be a well-informed borrower. Understand the terms and conditions of the loan(s) you borrow, as well as your rights and responsibilities as a borrower. Not all loans (nor lenders) are alike; know the differences and borrow wisely.

10. Limit the number of credit cards you have as well as your available credit.

11. Pay your credit card balance in full each month; charge only what you know you can repay when the bill arrives. Better yet, consume with cash, not credit!

12. Be realistic about how much money you'll earn once you graduate; don't count on any immediate financial windfalls.
REPAYING YOUR LOANS

Before you leave school, you must attend an exit counseling session. At that time you will be given detailed information about your loans. You’ll be counseled about your loan obligations, with the emphasis on selecting a repayment plan and budgeting for loan repayment. You’ll also be told about options for postponing repayment, including deferment and forbearance.

Repayment Begins

Repayment of your loan begins six months after the day you leave school or drop below half-time enrollment. The first payment on Direct Subsidized and Direct Unsubsidized Loans is due within 60 days after the grace period expires.

The Direct Loan Servicing Center

Repayment will be simple, because the U.S. Department of Education is your lender and will remain your lender. Your payments will go to the Department's Direct Loan Servicing Center. Although the Department has several Servicing Center locations (with separate addresses and telephone numbers), you'll always have only one Servicing Center to deal with - even if you take out several Direct Loans or transfer from one school to another.

Once you get a Direct Loan, you'll be notified of your Servicing Center location (the telephone number and address will appear on all correspondence and on all monthly statements you receive). The Servicing Center then becomes your point of contact for information about your Direct Loans. You must make sure the Servicing Center always has your correct address and telephone number, and you should contact the Servicing Center if you have any questions about, or problems with, loan repayment.

Repayment Options

There are four ways you can repay a Direct Subsidized Loan or Direct Unsubsidized Loan. Borrowers can choose a plan to fit their financial circumstances and can change plans if their financial circumstances change. If, because of exceptional circumstances, you can't repay your loans using one of the repayment plans, you may be able to work out an alternative repayment plan with your Servicing Center. Such a plan would be provided only on a case-by-case basis.

You'll receive detailed information about repayment options at exit counseling and from your Servicing Center so you can select the plan that's right for you. You'll be told what your monthly repayment amounts would be under each plan. Once you've selected a plan, your Servicing Center will send you a repayment schedule for all your Direct Loans, listing the plan you selected and telling you what your monthly payment will be and when your payments will be due.

Questions about your Direct Loan

If you have questions about your Direct Loan or misplaced the phone number, call this toll-free number for help:

1-800-848-0979

Updated information about Direct Loans is also available on the Direct Loan web site on the Internet at www.dlservicer.ed.gov
The **Office of the Ombudsman** works with student loan borrowers to informally resolve loan disputes and problems.

- Direct Loans—Subsidized and Unsubsidized Direct Student Loans and Direct Consolidation Loans;
- Federal Family Education Loans—Subsidized and Unsubsidized Stafford Loans and FFEL Consolidation Loans;
- Guaranteed Student Loans, SLS Loans; and Perkins Loans

The Office can be reached by any of the methods listed below:

**Internet**:  [http://ombudsman.ed.gov](http://ombudsman.ed.gov)

**Toll Free Telephone**: 1-877-557-2575

**Mail**:  Office of the Ombudsman Student Financial Assistance  
U.S. Department of Education  
Rm. 3012, ROB #3  
7th and D Streets, SW  
Washington, DC 20202-5144
ESTIMATE MONTHLY LOAN PAYMENTS

To ensure affordable student loan payments, consider the amount you'll have to pay back before you start borrowing. Keep in mind that you'll probably be making more money after you graduate, but at the same time you may have some additional start-up expenses for an apartment, a car payment, new clothes, etc. Generally, your monthly student loan payment should be no more than 8% of your monthly salary.

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Principal Balance</th>
<th>Interest Rate</th>
<th>Initial Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>$ 2,627.</td>
<td>4.75%</td>
<td>$ 50.</td>
</tr>
<tr>
<td>Stafford</td>
<td>61,500.</td>
<td>6.80%</td>
<td>756.</td>
</tr>
<tr>
<td>Grad Plus</td>
<td>79,264.</td>
<td>7.90%</td>
<td>1,101.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$143,391.</td>
<td>N/A</td>
<td><strong>$1,907.</strong></td>
</tr>
</tbody>
</table>

This represents the monthly amount payable for a payout of 10 years with fixed interest rates.

Accumulated Financial Aid Debt

- Average debt of all borrowers accumulated in the 26 months program = $94,123.45
- Average total debt of all borrowers (includes undergraduate debt) = $102,022.
- Students borrowing above the average had more undergraduate debt and/or dependent expenses.
CONSUMER INFORMATION

STUDENT RIGHTS

✓ You have the right to know how the budget is developed.
✓ You have the right to know what financial aid programs are available.
✓ You have the right to know the deadline for submitting applications for each of the available financial aid programs.
✓ You have the right to know how financial aid will be distributed, how decisions on that distribution are made, and the basis for these decisions.
✓ You have the right to know how your financial need is determined.
✓ You have the right to know what resources are considered in determining your need.
✓ You have the right to request an explanation of the various programs in your student aid package.
✓ You have the right to know the interest rate on your loans and the repayment terms.
✓ You have the right to know under what circumstances you may be asked to return a portion or all of your financial aid.
✓ You have the right to know how Weill Cornell Medical College determines whether you are making satisfactory academic progress and what happens if you are not.

STUDENT RESPONSIBILITIES

✓ You must complete all application forms, additional documentation, corrections, and/or new information, and submit them on time.
✓ You must read, understand, and keep copies of all forms that you are asked to sign.
✓ You are responsible for knowing when you might be expected to return all or part of your financial aid award.
✓ You are responsible for honoring all agreements that you sign.

REFUND POLICIES

If a student takes a leave of absence or withdraws from the Medical College, financial aid received will be refunded based on a prorated formula.
BORROWER RIGHTS AND RESPONSIBILITIES

As a Direct Loan borrower, you have certain rights and responsibilities. You'll receive a complete list of these when you receive your promissory note. Listed below are some to keep in mind.

You have the right to:

- written information about your loan obligation, including on loan consolidation and a list of your rights and responsibilities as a borrower
- information before you begin repayment on interest rates, loan fees and how they are collected and the balance owed on your loans
- a loan repayment schedule
- an explanation of default and its consequences
- an explanation of the grace period and of federal interest benefits, if you qualify for those benefits
- prepayment of your loan without penalty
- forbearance and deferments, if you qualify (these benefits are not granted automatically; you must request them, and the U.S. Department of Education determines if you qualify)

It is your responsibility to:

- repay the loan according to the loan repayment schedule
- notify the Direct Loan Servicing Center in advance if you will be late making a payment
- notify the Servicing Center of anything that affects your ability to repay or affects your eligibility for deferment or discharge
- notify your school (if you are still enrolled) and the Servicing Center if you or your employer’s name or address changes
- notify the Servicing Center if you fail to enroll for the period covered by the loan; or if you graduate, withdraw from school, begin attending less than half time, or transfer to another school
- attend an exit counseling interview before you leave school
GLOSSARY OF LOAN AND BANK TERMS

A
Adjusted Gross Income: Income after all deductions, such as social security payments, federal, state and local taxes, health and life insurance premium payments, and retirement benefits; also referred to as net income.

B
Borrower: Any “legal entity” who obtains funds from a lender by the extension of credit for a period of time: said borrower signs a “promissory note” as evidence of the indebtedness.

C
Cancellation: Unlike regular consumer loans, the balance of a student loan may be canceled upon the death or disability of the borrower. Student loans may also be canceled in full or in part loan has its own stipulations.

Capitalizing Fee and Interest: Having interest payments added to the principal amount borrowed rather than paying them as they become due in the period between assumption of a loan and its repayment period: doing this increases the principal and thereby adds significantly to the monthly payment during the repayment period.

Cosigner: A second credit-worthy party, who is required to sign a promissory note for a loan with a borrower who has no collateral or credit history; this party, by signing, guarantees that the loan will be repaid if the borrower defaults.

D
Deferment: A period during which the repayment of the principal amount of the loan is suspended as a result of the borrower’s meeting one of the requirements established by law and/or contained in the promissory note. During this period, the borrower may or may not have to pay interest on the loan.

Disclosure Statement: A statement of the actual loan costs, including the interest rate and any additional fees, which is presented to the borrower at the time the loan is made. Your disclosure statement should include the name of your lender, guarantor, and servicer.

F
Forbearance: An agreement to accept a temporary cessation of loan payments, smaller payments than were previously scheduled, or an extension of time for making payments.

G
Grace Period: A period of time that begins when you graduate, leave school, or your enrollment status drops below half-time, whichever comes first, and ends when your first loan payment is due. Interest continues to be deferred on subsidized loans during the grace period.

L
Loan Period: The academic year of portion there of for which the applicant is enrolled and is seeking one or more loans.

M
MPN (Master Promissory Note): This is the legally binding contract between the borrower and the lender of a Federal Stafford Loan. MPN allows a school to make multiple Federal Stafford Loans to a borrower using the single note (up to 10 years).
Originate: Origination includes receiving a loan application, entering that record into a records database, processing the loan application, and sending loan funds (money) to the borrower.

Origination Fee: Fee charged by a bank to process a loan; when charged it is deducted from the principal.

Payout Note: Conversion of the interim note or notes to payout status; at this point, a borrower begins to repay the principal with interest according to a repayment schedule negotiated prior to the issuance of the payout note.

Prepayment: When you make payment before they are due. For most educational loans, that make the loan less expensive, because it will probably shorten the amount of time it takes to repay the loan and because interest only accrues on what you haven’t paid back yet. There is no prepayment penalty for most educational loans when you repay more quickly than required.

Principal: The face value of the loan; the amount upon which interest is charged.

Promissory Note: A legally binding contract between a lender and a borrower which includes all the terms and conditions of the loans and is signed by both parties at the time the loan is made; promissory notes should be signed for every loan negotiated.

Repayment Period: The time over which you have to pay back the loan, any interest that has accrued and capitalized, plus the interest that will accrue while you are making repayments.

Refinancing: Taking out a new loan to repay a loan or loans you already have.

Simple Interest: Interest calculated on the original principal only.

Variable Interest: Rates of interest that are tied to a certain index (depending on the loan) and change periodically as the index changes.

USEFUL COLLEGE FINANCIAL AID GOVERNMENT WEBSITES

American Academy of Physician Assistants
www.aapa.org

Free Application for Student Aid
www.fafsa.ed.gov

Direct Loan Servicing
www.dl.ed.gov

Health Resource and Service Administration
www.hrsa.gov

The Smart Students Guide to Financial Aid
www.finaid.org

Primary Health Care for the Underserved
www.bphc.hrsa.gov

Student Aid on the Web
www.studentaid.ed.gov
# PA 2012 FA Schedule

(Tentative)

<table>
<thead>
<tr>
<th>FAFSA Year</th>
<th>FAFSA</th>
<th>FA Terms</th>
<th>Total Months Per Term</th>
<th>FA Term (Loan Period)</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/01/09-06/30/10</td>
<td>09-10</td>
<td>1</td>
<td>10</td>
<td>Mar 25, - Jan 31,'11 {Bills: 04/10; 08/10}</td>
</tr>
<tr>
<td>07/01/10-06/30/11</td>
<td>10-11</td>
<td>2</td>
<td>8</td>
<td>Feb 01, - Sep 30,'11 {Bills: 02/11; 6/11}</td>
</tr>
<tr>
<td>07/01/11-06/30/12</td>
<td>11-12</td>
<td>3</td>
<td>8</td>
<td>Oct 01,'11 - May 25,'12 {Bills: 10/11; 01/12}</td>
</tr>
</tbody>
</table>

Total Months: 26

---

<table>
<thead>
<tr>
<th>Loan Period</th>
<th>FA Terms</th>
<th>Disbursements Dates</th>
<th>1st Disb</th>
<th>2nd Disb</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>03.25.10 - 01.31.11</td>
<td>1</td>
<td>04/15/10</td>
<td>08/15/10</td>
<td>TENTATIVE</td>
<td></td>
</tr>
<tr>
<td>02.01 - 09.30.11</td>
<td>2</td>
<td>02/15/11</td>
<td>06/15/11</td>
<td>TENTATIVE</td>
<td></td>
</tr>
<tr>
<td>10.01.11 - 05.31.12</td>
<td>3</td>
<td>10/15/11</td>
<td>01/15/12</td>
<td>TENTATIVE</td>
<td></td>
</tr>
</tbody>
</table>
TABLE 2
FEL and Direct Loan Interest Rates Effective July 1, 2009

Fixed Rates for Loans First Disbursed on or After July 1, 2006

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Grade Level</th>
<th>First Disbursed Between July 1, 2008 and June 30, 2009</th>
<th>First Disbursed Between July 1, 2009 and June 30, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidized Loans</td>
<td>Undergraduate</td>
<td>6%</td>
<td>5.60</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td></td>
<td>6.80%</td>
</tr>
<tr>
<td>Unsubsidized Loans</td>
<td>Undergraduate</td>
<td>6.80%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>6.80%</td>
<td></td>
</tr>
<tr>
<td>PLUS Loans</td>
<td>Parent and Grad Student</td>
<td>7.90% for Direct Loans and 8.50% for FFEL</td>
<td></td>
</tr>
</tbody>
</table>

Variable Rates for Loans First Disbursed Between July 1, 1998 and June 30, 2006

These rates were calculated based upon statutory formulas and equal the bond equivalent rate of the 91-day Treasury bills auctioned on May 26, 2009, plus certain statutory percentage add-ons. The 91-day Treasury bills were auctioned at 0.178 percent, rounded to 0.18 percent.

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Loan Status</th>
<th>For the Period July 1, 2008 to June 30, 2009</th>
<th>For the Period July 1, 2009 to June 30, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidized Loans</td>
<td>Repayment or Forbearance</td>
<td>4.21%</td>
<td>2.48%</td>
</tr>
<tr>
<td></td>
<td>In-School, Grace, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Deferment</td>
<td>3.61</td>
<td>1.88</td>
</tr>
<tr>
<td>Unsubsidized Loans</td>
<td>Repayment or Forbearance</td>
<td>4.21%</td>
<td>2.48%</td>
</tr>
<tr>
<td></td>
<td>In-School, Grace, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Deferment</td>
<td>3.61</td>
<td>1.88</td>
</tr>
<tr>
<td>PLUS Loans –</td>
<td>All Statuses</td>
<td>5.01</td>
<td>3.28</td>
</tr>
<tr>
<td>Parent and Grad Student</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

- Interest rates on Stafford and PLUS loans disbursed before July 1, 1998, are calculated using different statutory formulas, percentage add-ons, or both.

- Generally, interest rates on Consolidation Loans are fixed rates calculated based on the weighted average of the loans being consolidated rounded up to the next higher 1/8 percent, not to exceed 8.25 percent.

Last updated/reviewed June 01, 2009
**ELIGIBILITY**

1. **What are the eligibility requirements?**
   You must be enrolled at least half-time in a graduate or professional program (for example, a program that leads to a Master’s Degree or to a law or medical degree) at a school that participates in the William D. Ford Federal Direct Loan (Direct Loan) Program, and must meet all of the other general eligibility requirements for the Federal Student Aid programs. In addition, you must not have an adverse credit history (a credit check will be done).

2. **What is considered to be an adverse credit history?**
   You are considered to have an adverse credit history if you are 90 or more days delinquent on any debt or if, within 5 years of the date of the credit report, you have been the subject of a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a Federal Student Aid debt (for example, a Direct Loan or Federal Stafford Loan).

3. **What are my options if I have an adverse credit history?**
   You may still receive a Direct PLUS Loan if you obtain an endorser who agrees to repay the loan if you do not repay it.

4. **Can I borrow a Direct PLUS Loan to pay for courses required for teacher certification or for admission into a graduate or professional program?**
   No. You must be enrolled in a graduate or professional program.

5. **Can I decline Direct Subsidized/Unsubsidized Loans and use only Direct PLUS Loans to pay for my education?**
   Yes. However, Direct Subsidized/Unsubsidized Loans have some advantages over Direct PLUS Loans. Direct Subsidized/Unsubsidized Loans have a lower fixed interest rate (6.8%) than Direct PLUS Loans (7.9%), and no interest is charged on Direct Subsidized Loans while you are in school at least half-time or during grace and deferment periods. Interest is charged on Direct PLUS Loans during all periods. In addition, Direct Subsidized/Unsubsidized Loans have a 6-month grace period after you leave school during which you are not required to make payments. There is no grace period for Direct PLUS Loans.

**APPLYING**

6. **How do I apply for a Direct PLUS Loan?**
   You must complete the Free Application for Federal Student Aid (FAFSA) and a Federal Direct PLUS Loan Application and Master Promissory Note (PLUS MPN).

7. **Can I cancel a Direct PLUS Loan after I've applied?**
   Before your loan money is disbursed (paid out), you may cancel all or part of the loan by notifying your school. After your loan money is disbursed, you may cancel all or part of your loan within certain timeframes. For details, refer to the Borrower’s Rights and Responsibilities Statement that accompanies your PLUS MPN.

8. **Can the MPN that I signed for my Direct Subsidized/Unsubsidized Loans be used for Direct PLUS Loans?**
   No. You must sign a PLUS MPN.

9. **Can I take out Direct PLUS Loans for myself under a PLUS MPN that I signed for Direct Loans to pay for my child's education?**
   No. You must sign a separate PLUS MPN to borrow for yourself.

**LOAN LIMITS**

10. **How much can I borrow in Direct PLUS Loans?**
    There are no set annual or aggregate limits. You may borrow up to your full cost of attendance, minus any other financial aid you receive (including Direct Subsidized Loans, Direct Unsubsidized Loans, scholarships, and certain fellowships).

11. **Do Direct PLUS Loan amounts count toward the $138,500 Direct Subsidized/Unsubsidized Loan aggregate loan limit for graduate/professional students?**
    No. Only Direct Subsidized/Unsubsidized Loans and Federal Stafford Loans (subsidized and unsubsidized) made through the Federal Family Education Loan (FFEL) Program count toward the $138,500 aggregate.

12. **Am I eligible for a Direct PLUS Loan if I have reached the $138,500 Direct Subsidized/Unsubsidized Loan aggregate loan limit for graduate/professional students?**
    Yes. However, if you have exceeded the $138,500 aggregate, you must either repay the excess loan amount or make satisfactory arrangements to repay it before you can receive any additional Federal Student Aid, including Direct PLUS Loans.

13. **If I have an adverse credit history but cannot find an endorser, can I receive additional Direct Unsubsidized Loan funds?**
    No. If you are not eligible for a Direct PLUS Loan, the regular Direct Subsidized/Unsubsidized Loan annual loan limit for graduate and professional students applies. You may not borrow more than $18,500 (maximum $8,500 subsidized) for an academic year. (Certain health professions students may receive increased Direct Unsubsidized Loan amounts.)

14. **If I am in a health professions program that allows me to receive increased Direct Unsubsidized Loan amounts, can I also receive Direct PLUS Loans?**
    Yes. You may receive Direct PLUS Loans in addition to the increased Direct Unsubsidized Loan amounts.

**INTEREST RATE AND FEES**

15. **What is the interest rate on a Direct PLUS Loan?**
    Direct PLUS Loans have a fixed interest rate of 7.9%. This interest rate will not change throughout the life of your loan.

*Continued on reverse*
16. Is there a loan fee?
Yes. The U.S. Department of Education charges a loan fee of 4% of the principal amount of each Direct PLUS Loan. This fee is deducted proportionately from each disbursement of your loan.

17. Is the Direct Subsidized/Unsubsidized Loan up-front interest rebate also available on Direct PLUS Loans?
Yes. Direct PLUS Loan borrowers receive the same up-front interest rebate repayment incentive (equal to 1.5% of the loan principal amount) that is currently available for Direct Subsidized/Unsubsidized Loan borrowers.

REPAYMENT

18. When do I have to begin repaying a Direct PLUS Loan?
Your first payment will be due within 60 days after the loan is fully disbursed. This will generally be while you are still in school. There is no grace period.

19. Can I postpone payments while I am in school?
Yes. 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 on your Direct PLUS Loan until you graduate or drop below half-time status.

20. How do I obtain an in-school deferment?
You must submit an In-School Deferment Request form to the Direct Loan Servicing Center. (You must apply separately for an in-school deferment on your Direct PLUS Loans, even if you have automatically received an in-school deferment on your Direct Subsidized/Unsubsidized Loans.) You may obtain an In-School Deferment Request form from your school’s financial aid office, or from the Direct Loan Servicing Center. Your school must certify your enrollment status on the deferment request form.

21. Do I need to apply for an in-school deferment each year?
Generally, the school that certifies your deferment request will report your expected graduation date on the form. The in-school deferment on your Direct PLUS Loan will then remain in effect until you graduate or drop below half-time enrollment status, and you will not have to reapply each year.

22. How soon do I have to begin making payments after my in-school deferment ends?
Your first payment will be due within 45 days after the deferment end date. The Direct Loan Servicing Center will notify you 60 days before your deferment ends.

23. Can I postpone payments on a Direct PLUS Loan during the grace period on my Direct Subsidized/Unsubsidized Loans?
If you are unable to make payments on your Direct PLUS Loan after you leave school and your in-school deferment ends, you may request a forbearance that will allow you to temporarily postpone payments. You will have to explain why you are unable to make payments. To request a forbearance, contact the Direct Loan Servicing Center.

24. Is interest charged during a deferment or forbearance?
Yes. Interest is charged on a Direct PLUS Loan beginning on the date of the first loan disbursement, and it continues to be charged during periods of deferment or forbearance. You may either pay the interest as it accrues (the Direct Loan Servicing Center will send you a quarterly interest statement), or you may allow the interest to be capitalized (added to your loan principal balance) at the end of the deferment or forbearance. Capitalization increases the total loan amount that you must repay.

25. What repayment plans are available?
You will be able to choose from a variety of repayment plans that are designed to meet your individual needs. The Direct Loan Servicing Center will provide you with information on available repayment plans.

26. How much will I have to pay each month?
Your monthly payment amount on a Direct PLUS Loan will vary depending on the repayment plan that you choose and how much you borrowed. The table below shows estimated monthly payment amounts under the Standard Repayment Plan (fixed monthly payments over a 10-year repayment period) at various debt levels, based on the Direct PLUS Loan interest rate of 7.9%.

<table>
<thead>
<tr>
<th>Direct PLUS Loan Amount Owed When You Enter Repayment</th>
<th>Standard Repayment Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monthly Payment</td>
</tr>
<tr>
<td>$10,000</td>
<td>$121</td>
</tr>
<tr>
<td>$20,000</td>
<td>$242</td>
</tr>
<tr>
<td>$30,000</td>
<td>$362</td>
</tr>
<tr>
<td>$40,000</td>
<td>$483</td>
</tr>
</tbody>
</table>

You can obtain estimated monthly payment amounts for different debt levels or for other repayment plans by contacting the Direct Loan Servicing Center.

CONSOLIDATION

27. Can I consolidate my Direct PLUS Loans with my other student loans? If so, when can I consolidate?
You may consolidate your Direct PLUS Loans with your other eligible student loans into a single consolidation loan after you leave school. Note that the repayment period for a consolidation loan begins as soon as the loan is made – there is no grace period. Therefore, if you want to consolidate your Direct PLUS Loans with your other student loans that have a grace period, you should wait to do so until shortly before the end of the grace period on the other loans.

DIRECT LOAN SERVICING CENTER

28. How do I contact the Direct Loan Servicing Center?
Contact the Direct Loan Servicing Center at 1-800-848-0979 (TTY 1-800-848-0983) or online at www.dl.ed.gov.
Visit the website or call to get loan account information, request a deferment or forbearance, download a deferment or forbearance request form, change repayment plans, make online payments, set up automatic payments, and much more.