Frequently Asked Questions (FAQs) for the Dreamers Graduate Loan Program

If you have questions beyond these FAQs, support is available. For questions on the eligibility of the loan program, email **dreamersgradloan@socialfinance.org**. For questions about the application process, email Funding U at **dreamers@funding-u.com** or call 404-777-5520.

Eligibility

What are the eligibility requirements for students?

To receive a loan through the Dreamers Graduate Loan Program, you must:

- Have DACA or TPS immigration status
- Be enrolled at least half-time in an **eligible degree program** at an **eligible institution**, including co-terminal or 4+1 degree programs[1]
- Have a Social Security Number. If you do not have this at the time of applying for a loan, we can assist you in getting one.
- Be a resident of an eligible state[2]

What graduate degree programs are eligible?

A key tenet of the program is to identify graduate degrees that prepare students for in-demand jobs with starting salaries high enough to support the debt burden. Eligible degrees have historical average debt-to-income ratios less than or equal to 15%. For a full list of eligible graduate degrees, please click **here.**

Which institutions are eligible?

To ensure that students who receive loans are attending institutions that have strong outcomes, eligible institutions must have historic Cohort Default Rates[3] (CDRs) averaging less than or equal to 8% for the most recent five cohorts. Partner institutions of select scholarship programs (TheDream.US, Equal Chance for Education, Golden Door Scholars) with a historic CDR between 8-12% may also be eligible. For a full list of eligible institutions, please click **here**.

What are the credit requirements for this program?

We understand that Dreamers may not have strong FICO scores or other credit indicators. To ensure this program helps Dreamers achieve their professional goals, **this loan program will not use credit scores to determine eligibility**.

Students must pass a credit history check, which includes the following credit knockout criteria:

- Default on any past loan
- Eleven (11) or more instances of accounts/trades that have ever gone >90 days past due
- Collection items/liens/judgments >$500 (except medical)

[1] If a borrower is currently enrolled in an eligible program at the time of application, the borrower must have a cumulative graduate school GPA greater than or equal to 3.0 and a current semester GPA greater than or equal to 2.0.

[2] The following states are ineligible: Alaska, Idaho, Kentucky, Maine, Mississippi, Montana, Nevada, New Hampshire, North Dakota, Rhode Island, South Dakota, Wyoming and Washington DC. Please note that these restrictions are based on the state of the student's primary residence, not the state where the student is planning to attend graduate school.

[3] Cohort Default Rates (CDRs) are the percentage of a school's borrowers who enter repayment on federal Direct Loan Program loans during a federal fiscal year (October 1–September 30) and default before the end of the second following fiscal year.

- Involvement in any current or prior bankruptcy proceedings
- Open, active, or unresolved public record item
- Charged off account with an account balance greater than $500
- With limited exceptions, any past due/collections accounts will need to be resolved before approving.

Students also must have a **student loan debt-to-income ratio less than or equal to 35%**, which includes current and expected future graduate loans as well as existing undergraduate student debt. The purpose of this threshold is to ensure students are only taking on manageable student debt supported by their expected post-graduate incomes for their degree program.

Do I need a cosigner?

Students are not required to have a cosigner for the Dreamers Graduate Loan Program.

I have previously been denied a private student loan. Am I eligible for this loan program?

The eligibility for this loan program is different from other private loans offered. If you have been denied a private student loan previously, you may still be eligible for this loan program provided you meet all other eligibility requirements.

I currently have other loan obligations. Am I eligible for this loan program?

A key principle of this loan program is to ensure that students only take on manageable student debt supported by the expected post-graduate income for their degree program.

As part of the eligibility requirements, students must have a **student loan debt-to-income ratio less than or equal to 35%**, which includes current and expected future graduate loans as well as any existing undergraduate student debt.

Other debt obligations outside of student loans, such as mortgages, auto loans, or medical debt, do not by themselves make a student ineligible for this loan program. Students, however, must pass a credit history check, which is reviewed against several credit knockout criteria included in the '*What are the credit requirements for this program?*' section above.

Do I need to have been accepted into a graduate program prior to applying for the loan?

Yes, the application process requires you to know which institution you will be attending. If approved, loans will be disbursed directly to the institution's financial aid office.

Is there an income eligibility requirement?

There is no income requirement for this loan program.

Loan Terms

How much can I borrow?

This loan program is intended to cover up to the total cost of attendance for graduate degree programs. However, the actual loan amount will vary by degree program and by student need. The minimum loan amount is $5,000, though this may vary based on state-specific regulations. Maximum loan amounts are subject to annual and total loan caps, which vary by degree program and are based on expected post-graduate debt-to-income ratios to ensure that students can sustainably manage their debt burden upon graduation:

- Annual Program Cap (per loan): This is the maximum loan amount available per year.
- Total Program cap (lifetime limit): This is the maximum lifetime loan amount or the maximum loan amount an individual can take out for over the course of their graduate degree program.

For details on the program loan caps, please refer to the **list of eligible degree programs**.

Financial education resources available on the **loan program website** can help students determine the total amount they should borrow. We strongly advise students to exhaust other non-repayable funding sources first and only use loans as a last resort.

Do I need to apply for a new loan for each year of my graduate education?

Yes. For each year you require financial support from the loan program, you need to submit a separate application.

What can I use loan funds for?

Loan funds can be used towards the cost of attendance for any eligible graduate degree program. The cost of attendance is set by your institution for your specific degree program on either a semester or annual basis. It typically includes tuition, fees, room and board (or equivalent living expenses), books, supplies, transportation, and other education-related expenses.

What will the term (length) of the loan be?

The loan term, or repayment period, will be either **10 or 20 years**.

Loan terms are designed to ensure that projected loan payments do not represent a disproportionate share of projected earnings. You do not choose your loan term. Instead, it is determined based on your expected post-graduate debt-to-income ratio. For borrowers whose expected post-graduation debt-to-income ratio is less than or equal to 17%, the loan term will be 10 years. For borrowers whose expected post-graduation debt-to-income ratio is greater than 17%, the loan term will be 20 years.

There is a 6-month grace period after graduation before the loan term begins and payments on loans become due.

What will the interest rate of the loan be?

The interest rate on this private loan is based on the federal Grad PLUS loan program's Annual Percentage Rate (APR). APRs refer to the actual yearly costs of funds over the term of a loan, including any fees or additional costs associated with the transaction but does not take compounding into account. In the Dreamers Graduate Loan Program, the interest rate is equal to the APR, since there are no other fees or costs charged to borrowers to take out a loan.
For the 2024-2025 academic year, the APR for this Loan Program is 10.00%, which the borrower would pay in interest annually for the loan once the 6-month post-graduation grace period ended. This is lower than many private loans and much lower than credit card interest rates.
Loan Program APRs will be reset each year to match APR changes for the federal Grad PLUS loan program, which means that the APR for loans taken out for the 2025-2026 academic year and subsequent years may differ from the APR for loans taken out for the 2024-2025 academic year.

When does interest begin to accumulate on a loan?

Interest begins to accrue once a loan is disbursed. However, some loans may be disbursed in multiple installments, depending on an institution's specific payment periods. In this case, interest accrual for portions of the loan may begin at different times. For example, if an institution requires one disbursement of a loan for the fall semester in September and another disbursement for the spring semester in February, only the portion of the loan disbursed in September will begin to accrue interest in September. The portion of the loan disbursed in February will not start accruing interest until February.

How does loan capitalization work?

During the in-school period, interest will continue to accrue and will be capitalized (added to the loan's principal balance) at the end of the in-school period. In addition, if the borrower's loan enters deferment (postponement) deferment for other reasons (e.g., for temporary hardship, administrative forbearances, military service, medical residency, or disasters), interest will likewise continue to accrue on a daily simple interest basis and will be capitalized (i.e., added to the principal loan balance) at the deferment period.

When interest capitalizes, it adds to the amount of interest that accrues on the loan principal over the life of the loan and the amount the borrower must repay. See the Loan Program's **Glossary of Key Loan Terms** for more detail.

Applying for the loan

How does the loan application work?

The Dreamers Graduate Loan Program application process will work as follows for the 2024-2025 academic year:

1. Eligible students accepted into and enrolled in an eligible graduate program for the 2024-25 Academic Year can apply for a loan through Funding U once the application opens in May 2024.
2. Students receive a preliminary decision on their loan application after submitting their application.
3. The originator, Funding U, communicates with the student’s institution to verify enrollment and that the loan amount requested is in line with the school’s cost of attendance less any other grant aid received. Please note that some degree programs may have annual loan caps that are less than the cost of attendance.
4. Once the loan is certified by your institution, Funding U will send you a Promissory Note that outlines the terms and conditions of your loan. This is a legally binding contract. Please read it carefully to ensure you understand the obligations of taking out a loan through this program.
5. After the Promissory Note is signed, Funding U will disburse loans directly to your institution on the requested date(s). Any remaining funds after a student's balance is settled with the institution will be forwarded to the student by either the university or the loan originator (typically, by your institution).

Is there an application deadline?

There is no deadline to apply for the Loan Program, which is open year-round. However, you are encouraged to apply as soon as you know you will need financial support for graduate school to ensure that funding is disbursed in time for tuition payment deadlines.

While there is no deadline, the loan application may be unavailable for a for a brief period in the April-May timeframe when the new application season kicks off.

What documentation does a student need to file for the loan?

The following documentation is required:

- Documentation to confirm DACA or TPS Status, such as a work authorization card
- Social Security number (SSN)
- Acceptance letter
- Tuition bill (if available)
- Financial aid award letter (if applicable)
- Driver’s license or state ID

Can students refinance previous loans with this loan program?

We are currently unable to offer students the option of refinancing any existing student loans or loans obtained through other means via this loan program. The loan program will only originate new loans.

Repayment

Do I have to pay interest while enrolled in school?

While in school, borrowers will have two options:

1. Make $25 monthly minimum payments. Borrowers who choose this option will have the ability to move to full deferment without any penalty or adverse credit impact should they find themselves unable to make the $25 payment while still in school.
2. Full deferment while in-school with a 6-month grace period post-graduation, during which no payments are required.

Students are free to pay the accrued interest (or any amount towards their loan) while in-school should they choose, but this is in no way a requirement. There is no pre-payment penalty at any time during the life of your loan.

Can I pay off my loan early?

The Loan Program has no pre-payment penalty, so you are welcome to make larger payments than you owe each month or pay off the entire loan balance early. Paying off your loan balance sooner than later will also reduce the amount of interest that you owe, since interest will no longer accrue once your loan is paid off.

What impact will this loan have on my credit score and report?

Loans will affect your credit score the same way any other loan would impact credit score. Failure to make the required payments on time or failure to repay the loan in full, including interest, within the specified loan term may have lasting financial implications. Additional information about repayment and the consequences of failing to repay is available on the **Loan Program Website**.