



Office of Student Financial Aid
208 Calvin Hall
Iowa City, Iowa 52242-1315
319-335-1450
financial-aid@uiowa.edu
www.uiowa.edu/financial-aid

Summer 2008 Parent PLUS Loan Information

(Please provide this to your parent)

One of the goals of the University of Iowa Office of Student Financial Aid (OSFA) is to insure that families are fully aware of all sources of financial aid.

Because parents occasionally need to consider additional resources in funding their student's education, we have offered the Federal Direct PLUS (Parent) Loan **eligibility** on the award notification. Generally, the PLUS Loan offers terms and conditions that are more advantageous than most private loan offerings.

PLUS Loan Features

The PLUS Loan is a federal loan and is available to the parents of dependent undergraduate students. It features a low fixed interest rate and long-term repayment options. While parents of all income levels are eligible, a credit check is done by the Federal Direct Loan Servicer. PLUS Loans feature the following:

- **Borrowing limits:** Parents may borrow up to the summer cost of attendance minus any other summer aid received by the student.
- **Fees:** All PLUS Loans are subject to fees of 4% that are withheld from the amount received. There is a 1.5% interest rebate (fees less rebate is 2.5%--the total amount withheld from the loan.) Fees are deducted from the loan proceeds at the time funds are disbursed. Example: \$2,000 loan amount less 2.5% in fees, equals \$1,950 loan disbursement.
- **Disbursement:** After the PLUS Loan has been approved and is ready to disburse, the OSFA will release the funds to the University Billing Office who will apply the funds to the student's U-bill. Any excess PLUS Loan funds (any loan funds over and above what is used for contract charges on the student's U-bill) will be refunded to the parent.

Exact terms of the disbursement will be sent by the Federal Direct Loan Servicer to your parent on a disclosure statement.

In accordance with new federal regulations, University of Iowa policy requires that all excess financial aid refunds from the student's U-bill be electronically deposited to a financial institution account. This policy also covers refunds from PLUS Loans to parents. Parent PLUS Loan borrowers should print a direct deposit authorization from the University Billing website:

www.uiowa.edu/ubill

- **Repayment** begins within 60 days after the loan funds for the year are fully disbursed.

OVER

Application Process for a PLUS Loan

This application process must be completed each summer and/or academic year.

1. The PLUS Loan amount on the award notification is the maximum PLUS amount that a parent can borrow.
2. **The parent borrower must request the PLUS Loan each summer and/or academic year by completing the separate *Request for PLUS (Parent) Loan* form and returning it to the OSFA.**
 - **If parents are divorced or separated** and more than one parent wants to borrow the PLUS, complete a separate form for each parent. The total amount between both parents cannot exceed the PLUS Loan amount on the front of the award notification.
 - **If parents are married**, generally only one parent will borrow the PLUS because if both parents request the PLUS, repayment on both loans will begin at the same time.
3. After the OSFA receives the PLUS request form, if the parent borrower **has not** previously completed a Master Promissory Note (MPN), the OSFA will mail the promissory note.

If the parent borrower **has** previously completed a MPN, in most cases, no promissory notes will be sent because there is already an MPN on file. If the parent borrower used an endorser, new notes are required and will be sent to the parent.

The MPN serves only as a promissory note. **It does not automatically generate the PLUS Loan for future years. Parent borrowers must complete a *Request for PLUS (Parent) Loan* form each summer or academic year.**

The PLUS MPN is parent-to-student specific and valid for ten years except for parents who use an endorser. Credit checks will be performed with each loan request.

4. We encourage parents to only borrow the loan money that they need.

PLUS Repayment Information

The PLUS Loan is a serious financial obligation which must be repaid. Please remember the following:

- The interest rate on PLUS Loans is a fixed rate of 7.9%.
- The minimum monthly payment on a PLUS Loan is \$50 per loan, but could be higher depending on the amount you borrow.
- Repayment of the PLUS Loan **is not deferred** until after the student graduates. Repayment begins 60 days after the PLUS Loan is fully disbursed.

Additional Information

For more details about the PLUS Loan, see the Department of Education web site at:

www.ed.gov/offices/OSFAP/DirectLoan/pubs/parentbasics.pdf



Office of Student Financial Aid
 208 Calvin Hall
 Iowa City, Iowa 52242-1315
 319-335-1450
 financial-aid@uiowa.edu
 www.uiowa.edu/financial-aid

Summer 2008 Request for PLUS (Parent) Loan
 (This form is not to be completed by graduate/professional students.)

Complete this form **after** receiving the award notification from the Office of Student Financial Aid (OSFA). The award notification will indicate the maximum amount of your parents' PLUS Loan eligibility.

Upon receipt of this form, if the parent borrower has not previously completed a Master Promissory Note (MPN), the OSFA will mail the promissory note to the parent. **If the parent borrower has previously completed a MPN, in most cases, no promissory notes will be sent because there is already an MPN on file.** If the parent used an endorser, new notes are required and will be sent to the parent.

You will receive information from the federal processor confirming your loan request after our office processes this loan request form, if you have an MPN on file or after you submit the completed MPN. You will not receive further confirmation of this loan from The University of Iowa.

Please print clearly.

_____ Student's Name

_____ Student's Social Security Number

Parent Borrower Information	
Provide parent information for the parent who is borrowing the loan. Only one parent may fill out this request. If more than one parent wants to borrow on the student's behalf, they must each fill out a separate request and the repayment on both loans would begin 60 days after the loan has been disbursed. The minimum payment for each loan would be \$50 and both parents would be making a payment on their loan at the same time. If only one parent takes out a loan, there would be only one loan to repay.	
Parent's Social Security Number	_____
Parent's Name	_____
Parent's Address	Street: _____ City: _____ State, ZIP: _____
Parent's Telephone Number	() - _____
Parent's Drivers License Number	_____
State That Issued Parent's Drivers License	_____
Parent's Date of Birth	_____
Parent's Citizenship	<input type="checkbox"/> United States Citizen <input type="checkbox"/> Eligible Noncitizen--If eligible noncitizen, Alien Registration Number: A _____
Amount of PLUS Loan Requested for Summer 2008 (This cannot exceed the award amount listed on the student's award notification unless the student is canceling other types of aid.)	_____
Parent's E-mail Address	_____

Submit this completed form to the University of Iowa Office of Student Financial Aid. If you would like to fax the completed form to our office, our fax number is 319-335-3060.

_____ Parent's Signature

_____ Date