

LUTHER COLLEGE

Student Name _____

I.D.# _____

2008-09 PARENT LOAN APPLICATION (PLUS)

Parent applicant only: Please complete the following information and submit this form to the Financial Aid Office. A credit check will be performed on all applicants. The federal servicer will send further information and instructions to those applicants not approved. If you are a first time PLUS Loan borrower at Luther College, you will be notified of how to complete a Master Promissory Note. Parents who have borrowed under the Direct PLUS Loan Program in previous years will not be required to complete a new promissory note.

The Financial Aid Office recommends that you borrow for the full academic year. Disbursements will be credited to the student's account in two equal payments - at the beginning of each semester. When determining the amount you need to borrow, be sure to adjust for the 2.5% origination fee, which will be withheld by the processor.

Applications for the 2008-09 academic year will not be processed until after **June 1, 2008**.

Please complete the following:

Parent Information (borrower): (Only one parent should complete this section).

Borrower Name _____ S.S.# _____ - _____ - _____
(Last) (First) (Middle Initial)

Permanent Address _____
(Street) (City) (State) (Zip)

Date of Birth _____ Are you a U.S. Citizen? _____ Alien Registration Number _____

Home Phone # (____) _____ Cell Phone # (____) _____ College Grade Level of Student _____

Are you currently in default on any Federal student or parent loans? _____ (yes/no)

Loan period (check one): _____ Academic year _____ Semester I _____ Semester II _____ J-Term _____ Summer 09

Loan Amount Requested \$ _____ **Do not leave blank.**

In the event this loan creates an overpayment on the account, would you like the refund made to the student instead of to you?
___ Yes ___ No

I consent to the U. S. Department of Education and its agents obtaining a report of my credit record and using the information from that report in determining whether to make a Direct PLUS Loan to me.

Borrower Signature

Date

Borrower Email Address

SC08PLAP

Financial Aid Office 563.387.1018 P 800.458.8437 P 563.387.2241 F finaid@luther.edu

Luther College 700 College Drive Decorah, Iowa 52101-1045 www.luther.edu

What Is A PLUS Loan? PLUS Loans are designed to supplement financial aid that your dependent student receives and provide a simple solution for paying education expenses. Parents who share in the responsibility of financing a college education will help reduce the debt burden of their student. Luther is a Direct Lending School, which means that you borrow from the Department of Education, and it will not be necessary for you to go through a bank. Luther College facilitates the paperwork for you. The current interest rate on the Federal Direct PLUS Loan is a fixed **7.9%**. Repayment begins 60 days after the loan is fully disbursed. The standard repayment term is ten years. Other repayment terms include graduated, extended (up to 25 years), and income contingent.

PLUS vs. Private Education Loans - Terms for PLUS Loans are set by the federal government and are the same for all applicants. Private loans are a form of consumer debt just like car and home mortgage loans. They differ by lender and may have a range of loan terms based on the applicant's creditworthiness. Private loans often have a more detailed application process, more stringent eligibility criteria, limited repayment options, and variable rates with potentially high interest rate caps. Interest rates for many private education loans change frequently as determined by the volatility of indices such as Prime or LIBOR. One of the best strategies in financing an education is to select a loan that offers a fixed interest rate, such as the PLUS Loan.

How Much Can I Borrow? Luther encourages smart borrowing. Although you are eligible to borrow up to the total cost of college, including travel and personal expenses, less any financial assistance the student is receiving, we recommend that you borrow only what you need.

You may want to consider using Luther's interest-free Monthly Payment Plan as a short-term financing option in combination with the PLUS Loan to minimize your overall debt. For information on Luther's Monthly Payment Plan, go to financialservices.luther.edu or refer to the Admitted Student Guide.

If you need assistance in determining the amount you should borrow, please contact the Financial Aid Office.

What Happens If I Am Denied?

If you are denied a PLUS Loan, you have two options:

- Reapply for your PLUS Loan using an eligible cosigner; or
- Allow your student to borrow additional unsubsidized Stafford Loan funds now available because of your PLUS Loan denial. The student could borrow additional loans of no more than \$4,000 per year as a freshman or sophomore and \$5,000 per year as a junior or senior.

Student Loan Interest Deduction - Some or all of the interest paid on your PLUS Loan may be tax deductible. Consult IRS Publication 970 at www.irs.gov or check with your tax preparer for more information about higher education tax benefits and to determine your eligibility.

Deferment - You may request to have the payments deferred until the student graduates, however interest will accrue and be added to the principal quarterly. If you choose this option, we suggest that you pay the interest quarterly.

PRIVACY DISCLOSURE NOTICE

The privacy Act of 1974 (5U.S.C.552a) requires that the following notice be provided to you. The authority for collecting the information requested on this form is §451 et sec. of the Higher Education Act of 1965, as amended. Your disclosure of this information is voluntary. However, if you do not provide this information, you cannot be considered for a Direct PLUS Loan. The information on this form will be used to determine your eligibility for a Direct PLUS Loan. The information in your file may be disclosed to third parties as authorized under routine uses in the Privacy Act notices called "Title IV Program Files" (originally published on April 12, 1994, Federal Register, Vol. 59 p. 17351) and "National Student Loan Data System" (originally published on December 20, 1994, Federal Register, Vol. 59 p. 65532) Thus, this information may be disclosed to federal and state agencies, private parties such as relatives, present and former employers and creditors, and contractors of the department of Education for purposes of administration of the student financial assistance program, for enforcement purposes, for litigation where such disclosure is compatible with the purposes for which the records were collected, for use by federal, state, local, or foreign agencies in connection with employment matters or the issuance of a license, grant or other benefit, for use in any employee grievance or discipline proceeding in which the Federal Government is a party, for use in connection with audits or other investigations, for research purposes, for purposes of determining whether particular records are required to be disclosed under the Freedom of Information Act, and to a Member of Congress in response to an inquiry from the congressional office made at your written request.

Because we request your social security number (SSN), we must inform you that we collect your SSN on a voluntary basis, but section 484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) provides that in order to receive any grant, loan, or work assistance under the Title IV of the HEA, a student must provide his or her SSN. Your SSN is used to verify your identity, and as an account number (identifier) throughout the life of your loan(s) so that data may be recorded accurately.

**Mail this application to: Financial Aid Office, 700 College Drive, Decorah, IA 52101
Or fax to: 563-387-2241**