



## IMPORTANT LOAN INFORMATION for CREDIT BASED LOAN ALTERNATIVES

2012-2013

TU SCHOOL CODE 003185

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### Important Loan Information for Credit Based Loan Alternatives

Credit based loans are available for students who need additional funding. The parent of a dependent student may apply for a Direct Parent PLUS Loan from the Department of Education or the dependent student may borrow a private/alternative credit based loan in the student's name. An independent student only has the option to apply for a private alternative loan.

**DIRECT PARENT PLUS LOAN:** A FAFSA must be filed on behalf of the student (listing TU's school code 003185) before TU can determine eligibility for a Direct Parent PLUS loan. Only a parent (or a stepparent whose income was supplied on the FAFSA) can apply for this loan. To request a PLUS loan, parents go to [studentloans.gov](http://studentloans.gov), click "Request Direct PLUS loan" and select Parent PLUS. PLUS loans are administered by the Department of Education, and approval is based on the absence of adverse credit within the last five years, not credit worthiness. The Department of Education will run a credit check and notify the parent and the TU Office of Student Financial Services of the credit decision. If the PLUS loan is denied, the student has the option of accepting an additional unsubsidized Stafford loan in the amount of \$4,000 for freshman and sophomores or \$5,000 for juniors and seniors. If the PLUS loan is later approved due to a credit appeal or an approved endorser, the additional unsubsidized Stafford loan will be cancelled. If approved with an endorser, the PLUS eMPN cannot be used for multiple PLUS loans, but is only good for the academic year or term the endorsed loan was approved for by the Department of Education. PLUS loans have a fixed interest rate of 7.9%. There will be a 4% fee deducted from each disbursement, and interest will begin accruing at the time of disbursement. Funding will not credit the student's account earlier than the first day of class each semester. Repayment begins immediately.

**PRIVATE / ALTERNATIVE LOANS:** Applicants must complete and submit a separate online loan application to apply for preapproval to initiate the loan process. Private/Alternative loans are administered by lending institutions and are based on credit worthiness. Interest rates will vary depending on your credit score and the usage of a co-signer. Co-signers can be used to either reduce the interest rate or help obtain the loan due to credit problems. Contact the chosen lender for information regarding eligibility requirements, terms, benefits and repayment. The TU website will give you a current and comprehensive list of commonly used lenders. Go to <http://www.utulsa.edu/admission-and-financial-aid/undergraduate-financial-aid/Loan-Information/private-loans.aspx> for this listing. Complete a private/alternative loan application electronically with the lender of your choice. Be prepared to wait a minimum of thirty days to receive a private/alternative loan. The lender will communicate with you via email or mail, requesting multiple documents as they guide you through their application process.

#### In Summary:

- 1-Choose if you want a Direct Parent PLUS loan or a Private/Alternative loan
- 2-If you choose a Direct Parent PLUS loan, then complete the PLUS loan request process and the PLUS eMPN at [studentloans.gov](http://studentloans.gov)
- 3-If you choose a Private/Alternative loan, then complete the private loan application electronically with the lender of your choice

This information was prepared based on the best information available at the time it was printed (01/2012). However, all information is subject to change without notice or obligation.

## **Direct Parent PLUS Loan Frequently Asked Questions**

- 1. What is a “Parent PLUS Loan?”** Parents with the absence of adverse credit within the last five years can use the Direct Parent PLUS Loan program to help pay for educationally related costs, including but not limited to tuition, room/board, books, fees and miscellaneous personal expenses. Eligibility is not contingent upon financial need. This loan must be repaid.
  
- 2. How much can the parent borrow?** The maximum amount the parent may borrow is the difference between the student’s cost of attendance and all other aid that the student will receive. The maximum includes miscellaneous expenditures, which adds up to more than the cost of TU’s tuition, room and board. Parents may borrow less than what is on the award letter. Awards received after the Direct Parent PLUS loan eligibility is determined could adjust your loan.
  
- 3. What is an “electronic Master Promissory Note?”** To receive the first Direct Parent PLUS loan, the parent borrower will complete an electronic PLUS Master Promissory Note (eMPN), which is retained and updated by the Department of Education and is used for multiple loans throughout the student’s education at TU. If the parent is borrowing through the Direct Parent PLUS Loan program for more than one student, a separate PLUS eMPN will be completed for each student. If the Direct Parent PLUS loan is approved with an endorser, the PLUS eMPN cannot be used for multiple loans but is only good for the academic year or term the endorsed loan was approved for by the Department of Education. The parent borrower electronically “signs” the PLUS eMPN at [studentloans.gov](http://studentloans.gov) using the parent’s PIN received from the Department of Education. If the parent does not have a PIN, one can be requested at [pin.ed.gov](http://pin.ed.gov).
  
- 4. How do we receive the Direct Parent PLUS Loan funds?**  
The Direct Parent PLUS loan is electronically credited to the student’s TU Bursar account. Typically, one half of the student’s total aid for the academic year will be credited during the first week of fall classes. The remaining aid will be credited the first week of spring classes. The TU Bursar’s Office processes refunds to students who have money remaining on their Bursar accounts after all current charges have been paid. Since your student’s cost of attendance for determining financial aid eligibility includes personal and miscellaneous expenses, the refund can be used for any associated educational expenses.
  
- 5. What is the interest rate?** The Direct Parent PLUS loan is an unsubsidized loan. Interest begins to accrue when the first loan disbursement is sent to TU. The Direct Parent PLUS loan interest is fixed at 7.9%.
  
- 6. How will the parent repay the Direct Parent PLUS Loan?** Repayment on the PLUS loan begins once the loan is fully disbursed. The first payment will be due 60 days after the final disbursement. The borrower selects the repayment plan that fits their financial circumstances. Repayment plans can be changed at any time, without penalty, by contacting the PLUS loan servicer.
  
- 7. Is it ever possible to postpone the repayment of the Direct Parent PLUS Loan?** Yes, if the student is enrolled at least half-time, the parent can request a deferment for their Direct Parent PLUS loan. The interest will still accumulate during this time and will be capitalized if not paid by the parent borrower during the deferment.