

PLEASE READ CAREFULLY !

ACTION REQUIRED !

Dear Student:

The student loans displayed on your financial aid award letter are generally the maximum amounts of federal student loans which you, the student, may borrow this academic year, based on your educational costs.

Please contact us well in advance of registration if you wish to reduce the amount you are borrowing by paying more in cash. Or if you are a dependent student who wishes to further decrease your payment to the University by using the Federal PLUS Parent loan, please contact us right away.

1. To receive these loans, you must learn about your rights and responsibilities by reading the enclosed materials. Additional information about Federal Student loans is also available at www.mum.edu/consumer
2. Go to www.StudentLoans.gov (SIGN IN using your FAFSA PIN) to fill out the Master Promissory Note (MPN) for “subsidized/Unsubsidized” federal student loans. You must do this before you will be able to complete your initial semester registration at the University.
3. Additional forms may also be enclosed. Bring them with you to your initial University registration. You will be required to complete these forms before you will be able to register.
4. Please contact us for any questions or clarifications, at (641) 472-1156 or fnaid@mum.edu.
5. Once you begin borrowing, you must notify your lenders within ten days of any address change.

Please be aware that these are legal loans that must be repaid. Repayment begins six to nine months after your enrollment status drops below half-time.

We look forward to meeting you and assisting you to obtain your college education!

Sincerely,

Bill Christensen
Director of Financial Aid

Federal Student Loans

How much am I borrowing? – Each loan program has a separate Master Promissory Note (MPN). The MPN will cover all amounts of loans under that loan program during all your years of study while you attend Maharishi University of Management. The amounts you are borrowing are specified on your financial aid award letter each year. You will also be confirming the loan amount at each semester registration. In addition, when the loan is disbursed you will be notified so that you have the right to cancel the loan, if you choose to pay cash instead.

What is the difference between subsidized and unsubsidized loans? – Subsidized loans do not accumulate interest while you are enrolled at least halftime in college. Unsubsidized loans accrue interest while you are in school.

How much is the interest? – The interest rate is fixed at 5% for Perkins loans. Federal Direct Stafford Subsidized loans for undergraduates have a fixed interest rate of 4.5%, and 6.8% for graduate students. Federal Direct Stafford Unsubsidized loans have a fixed interest rate of 6.8% .

Examples of subsidized loans: Federal Perkins, and Federal Direct Stafford Subsidized

Examples of unsubsidized loans: Federal Direct Stafford Unsubsidized, Federal Direct PLUS, and private educational loans.

Do I have to pay the interest on unsubsidized loans while I am in school? – Do *not* check the box on the MPN if you want to have the *choice* whether to pay the interest while you are in school, or to allow the interest to accumulate while you are in school.

What is the source of the loan funds? – Federal student loan funds are authorized by congress and regulated by the US Department of Education. Federal Perkins loans are administered at Maharishi University of Management's Perkins Office, while Federal Direct Stafford loans are administered at the US Department of Education's Direct Loan Servicing Center.

What will my payments be? – The amount will vary depending on how much you borrow. Below is a sample repayment chart based on maximum federal student loans for a dependent student attending four years, and repaying in ten years:

Federal Perkins Loan (5% interest)	\$12,400	\$130/month
Federal Direct Stafford Unsubsidized Loan (4.5% interest)	\$19,000	\$198/month
Federal Direct Stafford Unsubsidized Loan (6.8% interest)	\$ 8,000	\$ 92/month

Can the loans be consolidated? – When you graduate you may take out a new loan which combines all your former federal loans into one new loan. In addition, you may choose from a variety of repayment options, such as repayment which is based on your income, with forgiveness of outstanding balance after ten to twenty five years.

Maharishi University of Management maintains a Code of Conduct regarding student loans, which can be viewed at http://www.mum.edu/consumer/loan_conduct.html

Loan Disbursement Process

1. The loan amounts displayed on your Award Letter is the amount which is disbursed to the school. Some loans have additional fees which are kept by the lender before the loan is disbursed. These fees increase the amount you are borrowing. Examples of loans with additional fees are Federal Direct Stafford loans (0.5%) and Federal Direct PLUS loans (2.5%).
2. The amount listed on the award letter is the amount available to be applied toward the University charges. If the total amount of available financial aid exceeds the University charges, your award letter will display the amount of cash you will receive to use toward your educational expenses, such as books and other expenses.
3. We will provide instructions to you about which loan forms are required and where they are submitted. We will also contact you if any additional information or clarification is required.
4. After you have registered and begun attending classes, we will activate the disbursements, if you have completed all the other financial aid requirements, and credit the funds to Student Accounts, where your University charges and your disbursed financial aid is itemized.
5. If your award letter says “Refund after payment of charges,” this is the amount you are scheduled to receive after all the financial aid has been disbursed. If your award letter says “Payment by student,” then you must make tuition payments, and you will not have loan funds for books or other living expenses.
6. It usually takes two weeks after your initial semester registration for the semester financial aid to be disbursed to Student Accounts, provided you have already met all the financial aid requirements which we have asked of you.
7. If there is a credit balance after the disbursement of all the semester financial aid, a check made out to you will be usually be available at the end of your first course (50% of your expected refund). The remaining 50% of your expected refund is available after you have started attending courses totalling at least 12 units (full time).
8. You may pick up your refund check at the Enrollment Center.
9. Your federal student loans will be reported to, and tracked by, the National Student Loan Data System (NSLDS) which is accessible to you, as well as to guaranty agencies, eligible lenders, and eligible institutions of higher education as authorized users of NSLDS. Your access is through the use of your FAFSA pin, at www.nsls.ed.gov