

The Student Loan Process

Student and Parent	Iowa Student Loan
Student and parent complete the Free Application for Federal Student Aid (FAFSA), which determines the set amount they will need for college.	Iowa Student Loan borrows money by issuing bonds to investors. None of these bonds are obligations of the state. It uses these funds to buy guaranteed student loans made by Iowa lenders and to issue private student loans, which carry no state or federal guarantees.
Student applies and is accepted to a college, which sends an award letter. The award letter tells the student the amount of grants, scholarships and government guaranteed loans for which they are eligible, and the amount they need to pay from other personal sources.	Iowa Student Loan contracts with Iowa lenders to purchase student loans and provide local servicing of those loans. These services are supplied by Iowans. Iowa Student Loan does not outsource our work to others.
Student and parent accept the award letter, complete a student loan application online and inform the college about the lender they want to use for their government guaranteed loans.	Iowa Student Loan makes known to students, parents and colleges the availability of the loan products available at hundreds of local lenders who partner with Iowa Student Loan, including private loans.
College certifies the amount of government guaranteed loans for which the student is eligible and transmits this information to Iowa Student Loan on behalf of its partner lenders.	Iowa Student Loan receives certification information on behalf of its partner lenders, and forwards the certification to the state guarantor, who grants the loan guarantee on behalf of the federal government.
The college receives funds on behalf of the student and applies the proceeds against student bills, providing any additional balance to the student.	Iowa Student Loan transfers money from its serviced lenders to the college.
	Iowa Student Loan buys individual loans from its partner lenders and works directly with the student as loans are repaid.
If the student and family cannot pay their share of the cost of college with personal funds or other financial aid or loans, they consider federal PLUS loans or private loans with no government guarantee.	Iowa Student Loan promotes the PLUS loans of its lenders and supplies PLUS pre-approval for parents so they know if they will qualify for PLUS loans.
If a parent is unable or unwilling to get a PLUS loan and the student is unable to get more federal Stafford loans, the parent or student may apply for a private student loan to meet their obligations.	Iowa Student Loan, its College Planning Center and the college counsel students to avoid over-borrowing and to use all available government-guaranteed loans before using private loans.
Parents or students with remaining need for funds apply for the Iowa Student Loan private Partnership loan.	Iowa Student Loan asks the college to certify the amount of parent's and/or student's eligibility for the Private Partnership loan to ensure they do not borrow more than they need for college.