

# 2009-2010 PLUS Loan for Parents

Dear Parent:

Financing a college education can be a daunting task. Information about borrowing options can be confusing and intimidating. Our recommended lenders can provide you with clear, relevant and nonthreatening information regarding the Federal PLUS Loan for Parents. This is a government-backed loan for parents of dependent, undergraduate students. This loan is often used to help assist parents of all income levels in financing the cost of their child's education. If you qualify, you are eligible to borrow up to the total Cost of Attendance, minus other financial aid the student may receive.

**Qualifications:**

The PLUS Loan is available to parents of dependent, undergraduate students attending school at least half-time. An eligible parent borrower is a dependent student's natural or adoptive mother or father. The spouse of a parent who has remarried is an eligible borrower if his/her income and assets were taken into consideration when completing the Free Application for Federal Student Aid (FAFSA). Borrowers must be U.S. citizens or eligible residents. Loan approval is subject to credit criteria established by the U.S. Department of Education and your lender. A credit report will be obtained from a national credit bureau once you submit the attached PLUS Preapproval form to your lender.

**Borrowing Limits:**

Parents may apply up to the total Cost of Attendance at ABAC, minus other financial aid your student receives. You should only apply for the amount you absolutely need.

**Interest Rates:**

For loans disbursed on or after July 1, 2006, the interest rate is fixed at 8.5%.

**Fees:**

All PLUS Loans are subject to a 3% origination fee and a 1% Federal Default Fee, which may be assessed by the guarantor.

**Disbursement:**

PLUS Loan proceeds are sent directly to the College and are generally disbursed in equal amounts at the beginning of each school term. The funds are sent via Electronic Funds Transfer (EFT), or in some cases, by checks made co-payable to the College and the parent. If a check is sent, it will be forwarded to you for endorsement. You will then need to return the check to ABAC.

**Repayment:**

You are required to apply for a PLUS Loan each academic year that funding is needed. Repayment of your PLUS Loan begins within 60 days after the final disbursement. The maximum repayment period is 10 years. The minimum monthly payment is \$50.00. Please see the back of this document for sample monthly payments.

Our recommended lenders have made a commitment to offer efficient and quality service to their borrowers from origination of the loan through its repayment.

This document provides you with detailed instructions for completing the preapproval process. If you have any questions, contact the Office of Financial Aid at 229.391.4910.

We look forward to assisting you in financing your child's education at ABAC.

Sincerely,

ABAC Office of Financial Aid

# PLUS Loan Preapproval Program

If you are considering borrowing a PLUS Loan, we recommend that you participate in the Federal PLUS Loan preapproval program. This process allows you to quickly determine if your credit history is satisfactory to borrow under the PLUS Loan program. If you do not qualify, this process allows you to pursue other options. Simply complete the preapproval application and fax or mail it to the ABAC Financial Aid Office. Federally mandated credit checks are required for all PLUS Loans and a credit report will be obtained from a national credit bureau.

The PLUS Loan for Parents:

- Can be used to supplement your child's Federal Stafford Loan funding or cover up to the full cost of attendance (COA) less other financial aid.
- Is not dependent on income or assets, but a credit check is required.
- Has a fixed interest rate of 8.5%.
- Does not require collateral or cosigner.
- Payments may be postponed up to 48 months, during economic hardship.
- Prepayment can be made at any time without penalty.
- The loan will be forgiven in full in the event of total and permanent disability of the borrower or death of the borrower or student.

Federal guidelines regulate the primary features of the student loan programs, such as interest rates and repayment terms. However, there are differences in the services that lenders provide, including a variety of repayment options. It is recommended that you borrow all of your loans from one lender to simplify the repayment process. Lenders use various servicers and secondary markets; therefore, if you change lenders, your loans may end up at several sites resulting in multiple payments and correspondence to different sources. Please make sure not to borrow more than is absolutely necessary. Take the time now to make the right decision.

Provided below are the names of our lenders from whom our students and their families have received excellent service. It is not necessary to have a prior relationship with a lender to borrow a PLUS Loan. We feel you will be best served by choosing one of these lenders. The following lenders have been placed on our lender list based on borrower benefits, customer service and prior lending to ABAC students and parents. Neither Abraham Baldwin Agricultural College nor the ABAC Office of Financial Aid benefits in any way from your lender choice.

Lender	Lender Code	PLUS Borrower Benefits*
Edamerica 800.337.1009 www.edamerica.net	831453	<ul style="list-style-type: none"> <li>• 0.25% interest rate reduction with auto-debit with continuous on-time payment.</li> <li>• Interest only or postponement of payment options available</li> <li>• One point of contact.</li> <li>• Over 20 years of expertise concentrating solely on student loans.</li> <li>• Fast and easy online application with instant credit decision.</li> </ul>
Georgia Student Finance Authority (GSFA) 800.505.4732 www.gacollege411.org	822573	<ul style="list-style-type: none"> <li>• 0.25% interest rate reduction with auto-debit during repayment.</li> </ul>
Regions Bank 800.858.7822 http://studentloans.regions.com	810612	<ul style="list-style-type: none"> <li>• 0.25% interest rate reduction for auto-debit as long as the borrower's monthly payment is successfully deducted from the borrower's bank account.</li> </ul>
SunTrust 888.889.5191 www.suntrusteducation.com	824135	<ul style="list-style-type: none"> <li>• 0.25% interest rate reduction for making payments using auto-debit.</li> <li>• 24/7 loan application and account access online at www.nelnet.com.</li> <li>• Toll-free access to helpful Nelnet Advisors: 1.877.804.3603.</li> <li>• Flexible repayment options.</li> </ul>
Wachovia Education Finance 800.338.2243 www.wachovia.com	830005	<ul style="list-style-type: none"> <li>• Dedicated PLUS counselors available to resolve credit issues.</li> <li>• Postponed payments for up to five years while their student is enrolled at least half-time (borrower must request annually).</li> <li>• With Wachovia you'll get high quality service throughout your borrowing experience</li> <li>• One place for all your financial needs.</li> </ul>

\*Borrower benefits are subject to change. The benefits listed above are valid as of the printing of this application. Contact the lender directly for details pertaining to current incentives.

# Federal PLUS Loan Preapproval Application

The Federal PLUS Loan program is designed to enable the parents of a dependent student to borrow a loan to pay the education expenses of students who are enrolled at least half-time (6 hours). Before eligibility can be determined, the student and parent(s) must file the Free Application for Federal Student Aid (FAFSA).

## Student Information

Last Name: \_\_\_\_\_ First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_

SS#: \_\_\_\_\_ ABAC ID #: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

## Parent Information

Last Name: \_\_\_\_\_ First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_

SS#: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone #: \_\_\_\_\_ Driver's License #: \_\_\_\_\_ State of License: \_\_\_\_\_

## Requested Loan Period

Please select a loan period.

- |   |   |
|---|---|
| <input type="checkbox"/> Fall & Spring: 8/09 - 5/10   | <input type="checkbox"/> Fall Only: 8/09 - 12/09  |
| <input type="checkbox"/> Spring & Summer: 1/10 - 8/10 | <input type="checkbox"/> Spring Only: 1/10 - 5/10 |
| <input type="checkbox"/> Summer Only: 5/10 - 8/10     |   |

## Requested Loan Amount

The amount I request is: \$ \_\_\_\_\_ per year

## Selecting a Lender

Please select ONE lender from the list below.

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Edamerica (831453) | <input type="checkbox"/> GSFA (822573)     | <input type="checkbox"/> Regions Bank (810612) |
| <input type="checkbox"/> SunTrust (824135)  | <input type="checkbox"/> Wachovia (830005) | <input type="checkbox"/> Other _____           |

## Funds Disbursement

**Please note that these funds will be electronically transferred to the student's account. However, the parent is still responsible for paying the full amount of the loan back to the guarantor.**

I authorize the lender indicated above to obtain a current copy of my credit report to make a preliminary credit determination of whether I would qualify for a PLUS Loan at this time. I also authorize the release of my credit evaluation results to Abraham Baldwin Agricultural College. Please consider a faxed copy of my signature proper authorization. I understand the preliminary credit determination is valid for 90 days. If there are loan proceeds available after the student's bill for tuition and fees has been satisfied, I hereby authorize Abraham Baldwin Agricultural College to allow the student to use these proceeds to purchase books and supplies at the ABAC Bookstore, to purchase meal plans from ABAC Dining Services, to pay rent at ABAC Place or ABAC Lakeside. Any remaining balances after these fees have been settled may be disbursed in a refund check made payable to the student.

STATEMENT OF EDUCATIONAL PURPOSE: I certify that I will use any funds I receive under this loan program only for expenses related to the student's study at Abraham Baldwin Agricultural College.

Parent Signature: \_\_\_\_\_ Date: \_\_\_\_\_

- Please check here if you would like ABAC to process an Unsubsidized Stafford Loan upon PLUS denial.

### For Lender Use Only

The above applicant has been:  Preapproved  Denied

Lender/Agent Signature: \_\_\_\_\_ Date: \_\_\_\_\_

# Questions About PLUS Loan Payments

**Q:** When do I start repaying my PLUS Loan?

**A:** Payments of principal and interest begin within 60 days after the date of the final disbursement. The minimum monthly payment is \$50.00 with a maximum repayment period of 10 years.

**Q:** What happens when I borrow a second PLUS Loan? Will my payments increase?

**A:** When you borrow a second and subsequent PLUS Loan(s), your loans will be combined into one loan account so you can make one payment for multiple PLUS Loans. As a result, your total loan balance and monthly payments will increase. For example:

Year	Loan Amount	Total Principal Borrowed	Estimated Monthly Payment*
Freshman	\$5,000	\$5,000	\$62
Sophomore	\$5,000	\$10,000	\$124

## Sample Repayment Chart

Original Loan Amount	Number of Payments	Estimated Monthly Payment**	Recommended Annual Salary***
\$5,000	120	\$62	\$9,299
\$10,000	120	\$124	\$18,598
\$15,000	120	\$186	\$27,897
\$20,000	120	\$248	\$37,196
\$30,000	120	\$372	\$55,794
\$40,000	120	\$496	\$74,391
\$50,000	120	\$620	\$92,989
\$60,000	120	\$744	\$111,587

\*\*Minimum payment of \$50.

\*\*\*Recommended annual figures based on 8 percent of income available for student loan repayment. Generally, manageable student loan payments range between 5 and 15 percent of income.

