

BORROW WISELY

Your child should first explore scholarships, grants, employment opportunities and other financial aid that does not need to be paid back. Next, consider federal loans for students and parents. EdWise®, the financial planning tool at www.edwise.org, can help you calculate how much you can afford to borrow and repay, what your payments will be, and more.

When it comes time to repay your loans, keep in mind that if you fall behind in your payments, your delinquency will be reported to the national credit reporting agencies. A damaged credit rating will make it harder and more expensive to get a loan later should you want to finance a car, a house or more education.

If you allow your loan to go into default, your wages may be taken from you, your tax refunds could be seized, you could be charged hefty collection costs and more.

You can take steps to temporarily postpone or reduce your payments to avoid delinquency and the consequences of default. If you are having problems making your payments, ask your lender about a deferment or forbearance, or other options.

LOAN REPAYMENT CHART

You'll be better off if you borrow conservatively, budget wisely and plan ahead. Knowing the monthly payments for the amount you borrow is a great start.

INTEREST RATE		8.50%	
TOTAL AMOUNT BORROWED	NO. OF PAYMENTS	MONTHLY PAYMENT	TOTAL INTEREST
\$3,000	70	\$55	\$816
\$5,000	120	\$62	\$2,439
\$8,000	120	\$99	\$3,903
\$10,000	120	\$124	\$4,879
\$16,000	120	\$198	\$7,806
\$20,000	120	\$248	\$9,756
\$25,000	120	\$310	\$12,195
\$35,000	120	\$434	\$17,074
\$50,000	120	\$620	\$24,392
\$100,000	120	\$1,240	\$48,783



P.O. Box 419045
Rancho Cordova, CA 95741-9045

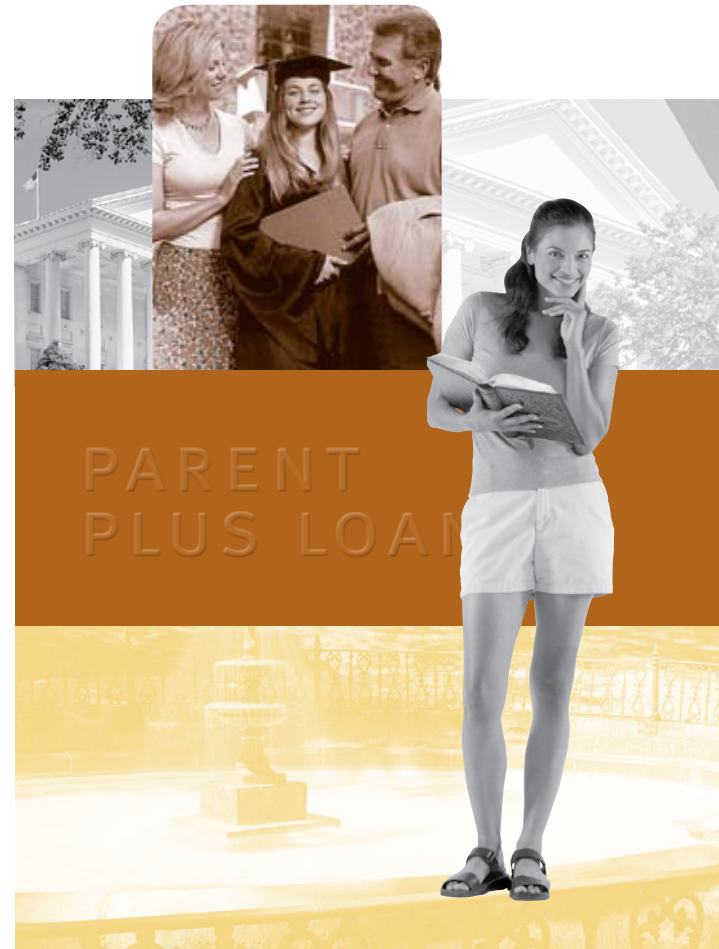
Toll free 877.2EDFUND
(877.233.3863)
Borrowers

Toll free 888.22FFELP
(888.223.3357)
Schools/Lenders

www.edfund.org

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Federal **PARENT PLUS** loans to help pay for your child's college education





PARENT PLUS LOANS AT A GLANCE

Like many parents today, you may be wondering if you can afford to send your child to college. If you still fall short after tapping into grants, scholarships, student loans and other financial aid, you may want to consider a federal PLUS loan for parents.

Parent PLUS loans are offered by the federal government to help parents and stepparents pay for their children's undergraduate education, including tuition, fees, books, housing, food and even reasonable transportation and personal expenses.

PLUS loans are made by banks, credit unions and other lenders under the Federal Family Education Loan Program. Your college's financial aid office will have a list of participating lenders.

Remember, you always have the right and ability to select the lender of your choice.

THE BASICS OF PARENT PLUS LOANS

You may borrow up to the total cost of attendance, minus any other financial aid your child may receive.

WHO QUALIFIES?

- ▶ You and your child must be U.S. citizens or eligible non-citizens and have a valid Social Security number.
- ▶ Your child must be a dependent and enrolled at least half time at a qualifying school. Generally, your child will be considered a dependent student if he or she is not married, is under 24 years of age, has no dependents, is not a veteran of the U.S. Armed Forces and is not on active duty in the military.

CREDIT ELIGIBILITY REQUIREMENTS

You cannot:

- ▶ have any debts that are delinquent 90 days or more
- ▶ have any defaulted loans, outstanding tax liens, unpaid judgments, or any bankruptcy, foreclosure or wage garnishment within the past five years.

If you cannot meet the credit check, you may still be able to receive a PLUS loan if you know someone who can and who is willing to endorse your loan. Also, in very narrow circumstances, a foreclosure may not disqualify you.

FEATURES

Interest Rate:

- ▶ Fixed at 8.5 percent for the life of the loan
- ▶ Begins to accrue immediately. Up to \$2,500 of the interest you pay each year may be tax deductible. See your tax advisor to learn more or go to www.irs.gov/publications/p970/index.html.

Fees:

- ▶ You may have to pay an origination fee of up to 3 percent and a federal default fee of up to 1 percent.
- ▶ Some lenders may offer reduced interest rates and fees, so shop around.

Repayment:

- ▶ You can begin repayment within 60 days of your loan's last disbursement, or
- ▶ You can defer payment until your child ceases to be enrolled at least half time. Interest will accrue during the time you defer payment.
- ▶ Typically, you'll have up to 10 years to repay and a choice of four repayment plans.

Disbursement:

- ▶ PLUS loan funds are sent to your child's college and disbursed in one or more installments. Before or with the first disbursement, your lender will give you a loan disclosure statement with important information about your loan. Be sure to read it carefully.

APPLYING FOR A PLUS LOAN

- ▶ You must complete the Federal PLUS Loan Master Promissory Note, available from your college's financial aid office or your lender. In addition, your college may ask your child to complete the Free Application for Federal Student Aid, the FAFSA.
- ▶ Before receiving a PLUS loan, carefully read the promissory note and your legal and financial rights and responsibilities as a borrower.
- ▶ If your child changes colleges, you will need to reapply for a new loan at the new school.