

A Comparison of Available Payment Options

	Direct PLUS Loan	Private Alternative Loan	Tuition Payment Plan
Borrower	Loan is made to the parent of an eligible student.	Loan is made to the student; however, a credit worthy co-borrower is typically required and equally liable.	Payment can be made by anyone. This is not a loan.
Credit Requirement	Borrowers must pass credit evaluation, which will assess your credit for adverse credit history.	Borrowers must pass a comprehensive credit check.	None.
Annual Loan Limit	Cost of attendance minus financial aid.	Cost of attendance minus financial aid.	None.
Aggregate Loan Limit	None.	Varies by lender.	N/A
Interest Rate	Rate set yearly fixed at 6.84% from July 1, 2015 to June 30, 2016.	Variable and fixed rates based on lender and borrower credit score.	N/A
Fees	Fees fixed at 4.272%	Fees vary by lender and credit score of borrower and/or co-borrower. Fees typically run 0% to 9%.	A \$35 fee due each semester
Deferment and Forbearance	Wide selection of federal deferment and forbearance options available.	Forbearance options vary by lender.	N/A
Repayment Period/Terms	Repayment may begin as early as 60 days after the final disbursement of the loan; however, parents may elect to defer payment while student is enrolled in school at least half time. Repayment period may be 10 to 25 years in length based on amount owed and repayment options.	Payment may be deferred while the student is enrolled at least half time; interest begins to accrue at time of first disbursement. Repayment period varies by lender and amount owed. Standard repayment period is 10 years.	The amount due each semester after financial aid has been applied will be split into equal monthly payments. The payment plan will need to be renewed each semester prior to billing due date.
Death and Disability	Loan can be discharged upon death of the borrower or dependent student or if the borrower becomes totally and permanently disabled.	Loans may be insured against death or disability.	These are handled on a case-by-case basis.



Student Financial Services

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PAYING YOUR BALANCE

YOUR GUIDE TO PAYMENT OPTIONS AT THE UNIVERSITY OF REDLANDS

INSIDE:

- ▶ Direct PLUS Loan basics
- ▶ Applying for the Direct PLUS Loan: step-by-step
- ▶ Private Alternative Loans
- ▶ Monthly Payment Plan
- ▶ A comparison of available payment options

The University of Redlands provides several options for covering your student account balance. Families may choose to pay by semester, sign up for a payment plan or apply for a Direct PLUS Loan or alternative loan. The Student Financial Services Office offers this guide to assist you in determining which option is the best fit for helping you cover your educational expenses.

A Guide to the Federal Direct PLUS Loan for Parents

DIRECT PLUS LOAN FOR PARENTS: THE BASICS

The Direct PLUS Loan program offers a fixed-rate, low-interest payment option to parents of dependent undergraduate students. Provided you have completed a Free Application for Federal Student Aid (FAFSA) and received and accepted all of your eligible aid as described in your award letter, the Parent PLUS Loan is a great option to cover any remaining costs. PLUS Loans are not based on financial need. As a parent, you may apply for the loan up to your student's cost of attendance (COA) minus any other aid received for the year.

Interest rates and fees:

Interest rates are fixed for the life of the loan and are set yearly by Congress. For the period of July 1, 2015 to June 30, 2016, the interest rate is 6.84%. The Direct PLUS Loan is subject to an origination fee of 4.272%. Please plan to request your yearly Direct PLUS Loan to include the fees as described below. Interest accrues on the Direct PLUS Loan from the date of disbursement and during all eligible periods of forbearance.

Direct PLUS Loan credit check:

To receive the Direct PLUS Loan, you must pass a credit evaluation. Using the online process below, you should know within minutes if you have been approved. To meet the credit worthiness requirements, an applicant cannot be 90 days or more delinquent on the repayment of any debt, the subject of a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment or write-off of a Title IV debt during the last five years. Credit checks are good for 180 days. In order to avoid multiple inquiries into your credit, please wait to apply for the Direct PLUS Loan until after April 1, 2016. If a parent does not pass the credit check, the student may borrow additional unsubsidized loan money up to \$4,000 for freshman and sophomores and \$5,000 for juniors and seniors. Borrowers who receive a credit denial have the opportunity to appeal the decision with the Department of Education or obtain an endorser who does not have an adverse credit history.

Repayment options:

Payments on the Direct PLUS Loan will begin 60 days after the final disbursement of the loan. Parents may be eligible for deferment options based on the enrollment status of the dependent student on whose behalf the Direct PLUS Loan was obtained. Borrowers may elect to suspend payment while their student is enrolled in school at least half time or during the six-month period after the dependent student ceases to be enrolled at least half time. Parent borrowers must contact their loan servicer to request a deferment based on the dependent student's enrollment status. If a Direct PLUS Loan borrower requests a deferment, the servicer will confirm the student's enrollment status available in either the Direct Loan Servicing System or the National Student Loan Data System (NSLDS). Parents may be asked to provide additional enrollment documentation from the student's school to the servicing center.

APPLYING FOR THE DIRECT PLUS LOAN:

A STEP-BY-STEP PROCESS

To receive the Direct PLUS Loan, you must pass a credit evaluation. Using the process below, you should know within minutes if you have been approved.

Step 1: Accurately estimate the amount you will need to cover your student's balance. In general, you can obtain a good estimate by using this formula: Cost of Attendance (COA) – Estimated Aid = Estimated Direct PLUS Loan. Loans are divided between two semesters, so make sure you borrow enough for the whole year.

Step 2: Once you have decided on your Direct PLUS Loan amount, divide by 0.957 to account for fees charged by the federal government.

Example: You have calculated that you need a Direct PLUS Loan for \$10,000 to cover education costs. Your requested loan amount should actually be \$10,450 to net the \$10,000 ($\$10,000 \div 0.957 = \$10,450$ requested Direct PLUS Loan amount).

Step 3: To start the Direct PLUS Loan application online, please go to www.redlands.edu/sfs/plus, where you will be redirected to the federal website. You will use your FSA ID (the same as used to sign the FAFSA) to complete the Direct PLUS Loan application. Upon credit approval, you will then be required to complete the Master Promissory Note (MPN).

The MPN is a legal agreement you sign with the Department of Education in order to apply for and receive Direct PLUS Loan funds. You are only required to complete the MPN once and may choose to renew the Direct PLUS Loan each year. The requirement to renew the Direct PLUS Loan is the yearly completion of the Direct PLUS Loan application at www.redlands.edu/sfs/plus.

All loan disbursements are applied to your student's University of Redlands student account at the beginning of each semester. Funds are divided evenly between fall and spring semesters. If you have applied for additional funds to cover indirect costs, your refund will be sent to the person indicated on the application (parent or student) within 14 days of the disbursement.

Cost of Attendance

The estimated direct full-year cost for a full-time undergraduate student living on campus with the standard meal plan is \$60,050.

Additionally, you may choose to cover indirect costs such as books, supplies and transportation. On average, indirect costs are approximately \$5,000.

Loan Repayment Estimator

Balance at Repayment	5%		6.84%		8.25%		10.50%	
	Payment	Months	Payment	Months	Payment	Months	Payment	Months
\$5,000	\$53	120	\$58	120	\$61	120	\$67	120
\$10,000	\$106	120	\$115	120	\$123	120	\$135	120
\$20,000	\$212	120	\$230	120	\$245	120	\$270	120
\$40,000	\$424	120	\$461	120	\$491	120	\$540	120

Private Alternative Loans

PRIVATE ALTERNATIVE LOANS: THE BASICS

Private loans are available to students from private banks and other lending institutions. These loans are not part of the federal loan program and can be more expensive for the borrower than federal loans. Because private loans are not guaranteed by the federal government, they must be insured privately. This extra cost is often passed on to the borrower in the form of higher fees and interest rates.

To apply for an alternative loan, students must submit to a credit check by the lender. In most cases, students must have a good credit history and a low debt-to-income ratio. A co-signer may be required for students without adequate credit. Students with a co-signer, in general, have a higher rate of approval and lower fee and interest rate structures. Because alternative loans are provided by a wide variety of lenders, terms and conditions may vary.

It is important to ask the right questions when borrowing from an alternative provider. Student Financial Services offers a tool that can be used to compare multiple alternative loan options, available at www.redlands.edu/sfs/paymentoptions. When comparing your options, consider the following:

Annual Percentage Rate (APR)

The APR is the annual cost of your loan, including interest, fees and other charges. If the rate is variable, the APR will change frequently during the life of the loan. The APR should not be the sole determining factor used in your loan choice. Carefully consider all of the loan terms when you choose to borrow.

Repayment

For most loans, students will enter repayment after graduation, though you should confirm the repayment provisions with your lender. If your education costs require that you borrow larger amounts, consider using a lender that offers longer repayment plans or options for repayment that will allow you flexibility. Ask your lender if you may pay the loan off early at your own discretion and if there are fees assessed for pre-payment.

Loan Fees

It is important that you know if there are loan fees charged. If there are loan fees added, you should know when. If the fees are charged at the time of disbursement, they may be deducted from the loan amount you receive. Alternatively, lenders may add the fees to the balance at the time of repayment.

Interest Rate

It is important to know what your interest rate is. Also, you should know the base of the interest rate used—prime rate or London Interbank Offer Rate (LIBOR)—and how each fluctuates.

Interest Capitalization

Consider whether you have the option to pay or not to pay the interest while in school. You can save money if you opt to make interest payments while in school. Any unpaid interest may be capitalized (added to your principal balance). Understand when the interest is capitalized. If the interest is capitalized quarterly or annually, it will cost you more than if it was only capitalized once at repayment. Interest rates may be variable or fixed for the life of the loan. Make sure you know if your rate will change, how often and if there is a cap.

Repayment Incentives

Lenders may reward you by reducing the interest rate when you make a specified number of consecutive monthly payments on time or when you sign up for automatic payments. Remember that offering repayment incentives does not mean that the loan has the most competitive terms. The lender may choose not to offer incentives and instead offer a lower interest rate and fee schedule to save you more money over time.

CHOOSING YOUR ALTERNATIVE LENDER

If you have decided to apply for an alternative loan, consider using the loan comparison tool to evaluate the above terms and conditions at www.redlands.edu/sfs/paymentoptions. The University takes great care in identifying the best possible loan options for students and reevaluates the options on a yearly basis. **If you do not wish to choose from a recommended lender, you are under no obligation to do so and may contact any alternative lender of your choice. Make sure, however, to evaluate their products using the criteria given.**

Monthly Payment Plan

The University of Redlands partners with Higher One to provide the option of a monthly payment plan to our students and families in the College of Arts and Sciences. This monthly payment plan is not a loan and does not charge interest. Families can use the payment plan to spread the cost of tuition and fees over equal monthly payments. There is a set-up fee of \$35 due with the first payment each semester. For more information, visit www.redlands.edu/sfs/paymentoptions.