



Princeton Parent Loan Program

*An Education Loan for
Parents of Princeton Students*

2009-10

Princeton University
Princeton Parent Loan Program
Office of the Treasurer
New South Building
P. O. Box 35
Princeton, New Jersey 08543-0035

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Dear Parent:

As you consider the best way to pay the student bill for the 2009–10 academic year, we want to take this opportunity to make you aware that Princeton offers a unique long-term financing program, called the Princeton Parent Loan (PPL) Program, that can provide funds for four years' attendance with repayment made over 14 years. The PPL, which allows families to borrow to pay their share of Princeton's costs, is a beneficial financing option for parents seeking to reduce their monthly college payments to a more manageable level. The PPL offers interest rates (both fixed and variable) that in the past have proven to be favorable and a convenient application process. By using the University's creditworthiness to secure loan funds, interest rates under the PPL historically have been below current market rates (see chart on next page). Unfortunately, the exact interest rates cannot be provided to you until August 15. If after learning of the interest rates you choose not to proceed with the PPL, you may withdraw your application without penalty.

In most cases parents need to complete only one application to be approved for four years. Approval for four years levels the monthly installment throughout the entire enrollment while producing significant interest savings. To be considered, applications **MUST** be received by the established filing date. In the PPL, Princeton is the lender (the loan will not be sold or transferred to a financial institution), and your repayment will be made to Princeton. That said, Princeton funds the PPL through a participating bank, and, therefore, it is essential for both new loans and loans previously approved and due for new advances (for example, funds for sophomores, juniors, and seniors) to be drawn at the same time.

Before choosing any loan program, including the PPL, we encourage you to meet with a financial aid counselor to determine which loan program(s) work best for you.

ELIGIBILITY

You are eligible for the PPL if you are the parent or guardian of a Princeton undergraduate student, have an income of less than the established maximum (\$500,000), and are creditworthy. The application (included with this booklet) asks you to provide information needed to evaluate your credit history and your ability to meet the repayment term. We require information and loan document signatures from both parents if there is joint ownership of property and/or two incomes involved. A credit application must be submitted, accompanied by the most recent federal tax return, including **ALL** tax schedules used to complete the tax return. Self-employed applicants must provide two years' federal tax returns, including all schedules. An application that does not include a completed tax return will not be processed. **NOTE:** If you have not filed a 2008 tax return, it will not be possible for us to consider your application.

If your family income is greater than the identified limit but you would like to apply for the PPL on an exception basis, please attach an explanation of your special circumstances to the application form. These circumstances might include having more than one child in college, high medical expenses, or a documented decrease in income compared with the tax return.

If you are not a U.S. citizen or a permanent resident, you may still be able to borrow, but our ability to enforce the loan contract in your country is a factor that we will consider as we evaluate your application.

LOAN AMOUNTS

The PPL is designed to help parents pay their share of Princeton's costs more easily. The loan limit for each family will be set at the amount remaining to be paid after other resources earmarked for educational expenses have been considered. For financial aid students, the maximum amount that can be borrowed is normally equal to the expected parental contribution as outlined in the aid award letter. For non-aid students, the PPL limit is the yearly cost of attendance that remains after outside scholarships have been considered. The cost of attendance, or student budget, includes tuition, fees, and room and board as well as an allowance for books and personal expenses. The worksheet included with this booklet will help you to determine the loan amount suitable for you. Student budget figures for the upcoming academic year are provided on the worksheet.

LOAN TERMS AND REPAYMENT

You may apply for a parent loan at any time during the student's period of enrollment, but applications must reach the Office of the Treasurer by the established filing date for each semester. For newly admitted freshmen, the date for the fall term is **June 30**, while it is **July 31** for returning students. **These dates are firm.** The deadline for loans for the spring semester is January 1 for all students. Loans cannot be approved retroactively. Your loan may be established to cover the projected borrowing for the years remaining in the student's degree program. You may request an increase over the original loan amount if your need to borrow rises. However, you will be required to complete a new application form to determine your creditworthiness for the higher amount. If the student withdraws from the University after the loan has been approved or the terms of the contract are not met, future advances of the PPL will be canceled and payments will continue at the current monthly rate.

Your PPL is credited to the student bill each semester. Disbursements are made on August 15 for the fall term and on January 15 for the spring. Monthly payments begin on September 1 of the first year in which borrowing takes place. The repayment period is determined by adding 10 years to the student's remaining enrollment period. The normal repayment periods are:

- 14 years (168 months) for freshmen
- 13 years (156 months) for sophomores
- 12 years (144 months) for juniors
- 11 years (132 months) for seniors

INTEREST RATES

There are two different interest rate options from which to choose.

Variable rate. This loan will have a changeable interest rate based on the London Interbank Offered Rate (LIBOR) and includes an administrative component. Interest will be adjusted every six months (in September and in February) for the life of the loan. Twice each year you will be notified of the new rates and will receive new payment coupons that reflect the current rate.

Fixed-term rate. Under this option the loan amount established for each year carries an interest rate that remains fixed for the life of the loan. Rates will be set yearly in August and will be based on the U.S. Treasury 30-day index, including an administrative component. Payment coupons will be provided to you to facilitate payment. If you elect a fixed PPL to cover each year of the student's undergraduate education, you will actually have four separate interest rates, one for each year that a loan was credited to the student's account. These individual interest rates will not change during the 10-year repayment period.

To give you a sense of the monthly obligation you will incur under the two PPL options, a sample repayment schedule, showing representative interest rates, is included with this booklet.

	2008-09		2007-08		2006-07	
Parent Loan Type	Interest Rate	Fees	Interest Rate	Fees	Interest Rate	Fees
PRINCETON PARENT LOAN						
Fixed Rate	4.88%	None	5.76%	None	6.24%	None
6 Month Variable Fall	3.95%	None	6.25%	None	6.33%	None
6 Month Variable Spring	2.59%	None	4.66%	None	6.23%	None
NJCLASS LOAN (Fixed Rate, 2 Plans)						
Immediate Repayment Plan	7.62%	2%	6.25%	2%	6.40%	2%
Deferred Repayment Plan	--	--	6.55%	2%	6.70%	2%
FEDERAL PLUS LOAN						
Fixed Rate	8.5%	4%	8.50%	4%	8.50%	4%
Variable Rate	--	--	--	--	--	--

HOW TO APPLY

PPL application materials are included with this booklet. If you would like to request a loan, the following items should be returned to the Princeton Parent Loan Program, Parent Loan Office, Princeton University, P. O. Box 35, Princeton, New Jersey, 08543-0035:

1. The completed application form. If your income exceeds the established maximum, attach an explanation of your special circumstances.
2. The complete and most recent federal income tax return. Business owners should include along with Schedule C a financial and operating statement for the past two years.
3. Applications must be complete in order to comply with the filing deadline.

The Undergraduate Financial Aid Office will review the student budget and other resources available to pay for educational expenses in order to set the maximum amount one may borrow. The Parent Loan section of the Princeton University Office of the Treasurer will perform a credit analysis and make the final decision on loan eligibility. This process normally takes four weeks.

You can also choose to visit our website at www.princeton.edu/parentloans to view the parent loan pamphlet and to obtain the parent loan application form. A printed copy of the loan application must be completed, signed, and submitted along with the requested documents for loan processing.

Frequently Asked Princeton Parent Loan (PPL) Program Questions

Question

Must you borrow for four years, or can you borrow one year at a time?

Answer

It is recommended that you borrow for the full remaining term of enrollment (four years in the case of freshmen). Borrowing each year requires a new application, and approval is contingent on information provided on the current application. A commitment to a specific amount for the entire enrollment makes planning easier for you. Anticipated borrowing can be canceled at any time, providing you with flexibility. More significantly, as shown in the following table, annual borrowing ultimately requires larger monthly payments, and a larger balance outstanding that can adversely affect your credit approval, and you will also pay considerably more interest.

Example: a single \$40,000 loan at a fixed rate of 7.5 percent

Annual amount borrowed	Number of years	Total amount borrowed	Repayment term	Monthly payment	Total finance charge
\$10,000	4	\$40,000	168 months	\$339.27	\$16,985.31
<i>Compared with borrowing each year:</i>					
\$10,000 for	1	\$10,000	168 months	\$ 94.55	\$ 5,882.12
\$10,000 for	1	\$10,000	156 months	\$ 98.70	\$ 5,393.37
\$10,000 for	1	\$10,000	144 months	\$103.59	\$ 4,914.90
\$10,000 for	1	\$10,000	132 months	\$109.44	\$ 4,443.88
		\$40,000		\$406.28	\$20,634.27

As this example indicates, borrowing four separate loans increases the finance charge by \$3,648.96. Furthermore, while borrowing individual loans reduces the monthly payment for the first three years (the difference is only \$42.43 per month in the third year), you will pay an additional \$67.01 per month (20 percent) for the remaining 11 years. The reason for these differences is that borrowing for four years permits the calculation of a 168-month plan with level payments throughout. Since interest is calculated on only the amount outstanding, payments made early in the relationship result in a larger portion of each installment being applied to the principal, which produces the interest savings.

Question

If you borrow for four years and the rates increase, can you change from a fixed loan to a variable loan, or vice versa, and then refinance?

Answer

Once a contract is signed at either a fixed or a variable rate, that contract will not be changed for the funds advanced, and there will not be a refinancing of existing loans. It is, however, possible to change loan types for funds not yet advanced. This process will require the signing of new contracts, etc.

Question

If you contract for four years up-front, is interest paid on the full amount of the loan when payments start?

Answer

Interest is paid on only that portion of the loan that has actually been advanced. The annual amount to be disbursed is advanced each August 15 and January 15 when student accounts are due. Thus, for a total annual advance of \$10,000, interest is due on \$5,000 beginning in August and the second \$5,000 in January.

Question

Is a check issued for the loan?

Answer

No check is issued for the approved loan amount. The annual loan amount is credited directly to the student account and reduces the total payments due the University.

Question

If you borrow one year at a time, can you choose a different rate each year, either fixed or variable?

Answer

If a parent decides to borrow on an annual basis, the option to choose either a fixed or a variable rate is available.

Question

Is the interest paid on the loan tax deductible?

Answer

The Taxpayer Relief Act of 1997 provides the opportunity for qualified individuals who paid interest on educational loans to obtain a tax credit. There are limitations on the amount of the credit, the eligible household income level, and other factors, which make it essential that you consult with your tax accountant or attorney to determine your personal eligibility.

Question

Is there a penalty charge for prepaying the loan?

Answer

No penalty is charged for prepaying the loan.

Question

If you borrow for four years, can you prepay each year if you are able to, and will the remainder of the disbursements automatically continue? If so, will the monthly payment decrease or stay the same?

Answer

If a parent borrows the annual amount needed for four years initially, the annual amount can be prepaid without penalty. The disbursements contracted for in subsequent years will automatically be made unless the borrower notifies the Parent Loan Office that he or she wishes that the loan be canceled. Upon written request, no further disbursements on the loan will be made. If the loan continues, a new monthly payment that recognizes the lower-than-anticipated current balance will be calculated. The term of the loan will not change, so the result should be smaller monthly payments.

Question

If the student's aid changes after the contract is signed, how does this affect the PPL?

Answer

If the student's financial aid is increased subsequent to PPL approval, the amount of the increased aid (provided the PPL covered all outstanding charges) should produce a credit balance on the student account. Modest aid increases will not affect the PPL account, and surplus funds are available for refund. If there is a change in the family's finances that significantly affects financial aid, the PPL for that academic year will be reduced in direct proportion to the increase in financial aid. The program is designed to fund only the resources expected of the family, so when those expectations are reduced due to additional aid, the funds available from the PPL are also reduced.

Question

Are monthly statements automatically provided on a PPL account?

Answer

Monthly statements are not automatically issued on PPL accounts. However, a payment history will be provided upon request. Payment is made by coupon, and we provide the payment coupons and the return envelopes.

Princeton Parent Loan Program Application

Auth # PL

Applicant's name Mr. Mrs.
(last, first, middle) Ms.

Co-applicant's name Mr. Mrs.
(last, first, middle) Ms.

Social Security number

Social Security number

Student's name

First

Middle initial

Student's anticipated graduation year

Student's Social Security number

Current academic year

First loan Additional loan amount for enrolled student

The total amount that may be financed is the annual student budget at the University less financial aid. Parents should use the Loan Amount Worksheet enclosed with this application to help determine their request. **Calculations will be verified by the Office of Undergraduate Financial Aid, and a loan may not exceed the eligible amount they certify. All amounts should be reported in U.S. dollars.**

Amount requested: \$ _____ per year for _____ years

Interest rate option: Variable Fixed Total amount requested: \$ _____

A complete copy of the parent's or parents' most recent income tax return (both returns should be submitted if the parents file separately) must accompany this application. **Applications received without the entire tax return will be returned. It is required that all personal and financial information found in the following sections A, B, and C be filled out.**

All applications submitted by a husband and a wife are considered to be a joint application, and approved loans are established as a joint loan. We do not anticipate any exceptions to this.

When completed, detach and mail this four-page application and related material in the enclosed envelope to:

Princeton University
Princeton Parent Loan Program
Office of the Treasurer
New South Building
P. O. Box 35
Princeton, New Jersey 08543-0035

Section A Information regarding applicant

Full name
(last, first, middle initial)

Birthdate

Current address

City State Zip
Years there Self-employed: Yes No

Current employer Years there

Address

E-mail

Home telephone Work telephone

Position or title

Name of supervisor

Previous employer Years there

Previous employer's address

Number of dependents Ages

Number in college

Current gross salary or commission \$ per

Other yearly income Source (please identify)

\$ Interest

\$ Dividends

\$ Alimony

\$ Rent

\$

\$

Is any income listed in this section likely to be reduced before the credit requested is paid off? (If yes, explain below.)

Yes No

Section B Information regarding joint applicant

Full name
(last, first, middle initial)

Birthdate

Current address

City State Zip
Years there Self-employed: Yes No

Current employer Years there

Address

E-mail

Home telephone Work telephone

Position or title

Name of supervisor

Previous employer Years there

Previous employer's address

Number of dependents Ages

Number in college

Current gross salary or commission \$ per

Other yearly income Source (please identify)

\$ Interest

\$ Dividends

\$ Alimony

\$ Rent

\$

\$

Is any income listed in this section likely to be reduced before the credit requested is paid off? (If yes, explain below.)

Yes No

Section C

Asset and debt information

Please take the time needed to provide accurate, complete information in the requested format. Applications that are not properly completed create processing delays.

Assets owned

Any application that includes joint property requires a joint signature.

Outstanding debts

Include charge accounts, installment contracts, credit cards, rent, mortgages, etc. A failure to identify all current debts may result in denial of your loan application.

DESCRIPTION OF ASSET	CURRENT VALUE	CREDITOR	ORIGINAL DEBT	PRESENT BALANCE	MONTHLY PAYMENT
1) Cash	\$				
2) Real Estate (location, date acquired)					(P & I only)
a)	\$		\$	\$	\$
b)	\$		\$	\$	\$
c)	\$		\$	\$	\$
3) Automobiles (make, model, year)					
a)	<input type="checkbox"/> Leased <input type="checkbox"/> Owned	\$	\$	\$	\$
b)	<input type="checkbox"/> Leased <input type="checkbox"/> Owned	\$	\$	\$	\$
c)	<input type="checkbox"/> Leased <input type="checkbox"/> Owned	\$	\$	\$	\$
4) Other Property (boat, motorcycle, etc.)	<input type="checkbox"/> Leased <input type="checkbox"/> Owned	\$	\$	\$	\$

Other Assets	
Savings Bonds	CURRENT VALUE
a)	\$
b)	\$
Vested Retirement Income	
a)	\$
b)	\$
Marketable Securities (issue type, number of shares)	
a)	\$
b)	\$
c)	\$
d)	\$
e)	\$
f)	\$
g)	\$
h)	\$
Tax-exempt Securities	
a)	\$
b)	\$
c)	\$
Other*	
a)	\$
b)	\$
c)	\$

Other Debts			
Credit Cards (type/issuing bank)	ORIGINAL BALANCE	PRESENT BALANCE	MONTHLY PAYMENT
a)	\$	\$	\$
b)	\$	\$	\$
c)	\$	\$	\$
d)	\$	\$	\$
e)	\$	\$	\$
f)	\$	\$	\$
Credit Union, Educational, Other Loans			
a)	\$	\$	\$
b)	\$	\$	\$
Other Debts			
a)	\$	\$	\$
b)	\$	\$	\$

Additional Annual Expenses		
	ANNUAL	MONTHLY
Automobile insurance	\$	\$
Life/Health insurance	\$	\$
State/Local income tax	\$	\$
Property taxes	\$	\$
Utilities	\$	\$
Rent (if applicable)	\$	\$
Other	\$	\$

*Personal property will not be considered unless an appraisal is included.

Asset and debt information

(continued)

Are you a comaker, endorser, or guarantor on any loan or contract? Yes No

If "yes," then for whom? To whom?

Are there any unsatisfied judgments against you? Yes No Amount \$

If "yes," then to whom owed?

Have you ever been declared bankrupt? Yes No If "yes," then where? Year

Application checklist

To facilitate the processing of your application, all requested information must be provided, with particular emphasis placed upon the essential points listed below. Any application that does not include the essential information will be returned. Please review the completed application to be certain you have provided these essential elements.

1. The amount requested multiplied by the number of years requested equals the total amount requested.
2. The selection of either the variable- or the fixed-interest-rate option.
3. The *complete* tax return for the past year (including appropriate tax schedules).
4. A signature by the applicant and the co-applicant.

I certify that everything I have stated in this application is correct to the best of my knowledge. I understand you will retain this application whether or not it is approved. You are authorized to check my credit and employment history, and I authorize my creditors and employers to respond to questions about their experience with the applicant(s).

Applicant's Signature	Date	Co-applicant's Signature	Date
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This additional space may be used to provide any additional information you consider relevant to your application.

Loan Amount Worksheet

This worksheet will help you calculate the annual loan amount that is appropriate for you. Please complete all items that apply to you. The worksheet is for your information only and need not be submitted with the application.

2009-10 Student Budget

Tuition	\$	35,340.00
Room		6,340.00
Board		5,340.00
Eating club, if applicable		_____
Books, supplies, and personal expenses	\$	3,600.00
Basic budget		50,620.00
Additional expenses (please describe)		_____

Total student budget	\$	_____

2009-10 Student Resources

Aid Students:

These figures can be found in the student's 2009-10 award letter. If you have not received the 2009-10 award, use last year's aid.

Total scholarships and grants from Princeton and outside sources	\$	_____
Total student loans	\$	_____
Campus job allowance	\$	_____
Summer savings expectation	\$	_____
Total student resources	\$	_____

Non-aid Students:

Scholarships and grants from outside sources	\$	_____
----------------------------------------------	----	-------

Your Princeton Parent Loan Request

Total student budget	\$	_____
Minus total student resources	\$	_____
Equals maximum suggested PPL	\$	_____

Sample Repayment Schedule

Representative Fixed Rate

<i>Actual rate will be established each September.</i>	Annual Amount Borrowed	Total Amount Borrowed	Monthly Payment of Principal and Interest (5.76%)	Total Finance Charges
Freshmen 168 Months 8 Equal Advances	\$ 1,000.00	\$ 4,000.00	\$ 31.76	\$ 1,304.64
	5,000.00	20,000.00	158.81	6,522.34
	10,000.00	40,000.00	317.62	13,044.56
	15,000.00	60,000.00	476.44	19,566.15
	20,000.00	80,000.00	635.25	26,088.43
	25,000.00	100,000.00	794.06	32,610.77
	30,000.00	120,000.00	952.88	39,133.11
Sophomores 156 Months 6 Equal Advances	\$ 1,000.00	\$ 3,000.00	\$ 25.73	\$ 989.45
	5,000.00	15,000.00	128.67	4,945.52
	10,000.00	30,000.00	257.35	9,890.56
	15,000.00	45,000.00	386.02	14,836.08
	20,000.00	60,000.00	514.71	19,780.29
	25,000.00	75,000.00	643.38	24,725.81
	30,000.00	90,000.00	772.04	29,672.16
Juniors 144 Months 4 Equal Advances	\$ 1,000.00	\$ 2,000.00	\$ 17.64	\$ 735.39
	5,000.00	10,000.00	88.22	3,675.11
	10,000.00	20,000.00	176.44	7,350.22
	15,000.00	30,000.00	264.44	11,025.33
	20,000.00	40,000.00	352.88	14,700.44
	25,000.00	50,000.00	441.10	18,375.55
	30,000.00	60,000.00	529.32	22,050.66
Seniors 132 Months 2 Equal Advances	\$ 1,000.00	\$ 1,000.00	\$ 9.07	\$ 404.14
	5,000.00	5,000.00	45.37	2,034.37
	10,000.00	10,000.00	90.75	4,067.86
	15,000.00	15,000.00	136.12	6,102.23
	20,000.00	20,000.00	181.49	8,136.60
	25,000.00	25,000.00	226.86	10,017.97
	30,000.00	30,000.00	272.23	12,205.34

Using the \$1,000.00 amount permits parents to calculate quickly the monthly payment for any amount borrowed. For example, an annual loan of \$5,000.00 is approximately 5 times greater than the \$1,000.00 base calculation. So in the freshman example, 5 times the monthly payment amount produces a monthly payment of approximately \$158.80. A loan of \$11,400.00 creates a factor of 11.4 times the monthly payment of \$31.76, or \$362.06 per month.

Sample Repayment Schedule

Representative Variable Rate

Actual rate will be established each September and February.

	Annual Amount Borrowed	Total Amount Borrowed	Monthly Payment of Principal and Interest (4.66%)	Total Finance Charges
Freshmen	\$ 1,000.00	\$ 4,000.00	\$ 30.09	\$ 1,027.15
168 Months	5,000.00	20,000.00	150.49	5,032.73
8 Equal Advances	10,000.00	40,000.00	300.98	10,065.46
	15,000.00	60,000.00	451.48	15,397.26
	20,000.00	80,000.00	601.97	20,130.92
	25,000.00	100,000.00	752.42	25,462.72
	30,000.00	120,000.00	902.96	30,794.52
Sophomores	\$ 1,000.00	\$ 3,000.00	\$ 24.36	\$ 776.82
156 Months	5,000.00	15,000.00	121.82	3,882.92
6 Equal Advances	10,000.00	30,000.00	243.64	7,765.84
	15,000.00	45,000.00	365.47	11,648.28
	20,000.00	60,000.00	487.28	15,531.21
	25,000.00	75,000.00	609.10	19,414.12
	30,000.00	90,000.00	730.92	23,297.04
Juniors	\$ 1,000.00	\$ 2,000.00	\$ 17.63	\$ 522.58
144 Months	5,000.00	10,000.00	88.18	2,611.16
4 Equal Advances	10,000.00	20,000.00	176.36	5,222.32
	15,000.00	30,000.00	264.56	7,832.49
	20,000.00	40,000.00	352.72	10,444.64
	25,000.00	50,000.00	440.90	13,055.80
	30,000.00	60,000.00	529.08	15,666.96
Seniors	\$ 1,000.00	\$ 1,000.00	\$ 9.64	\$ 263.45
132 Months	5,000.00	5,000.00	48.21	1,316.94
2 Equal Advances	10,000.00	10,000.00	96.42	2,633.88
	15,000.00	15,000.00	144.63	3,950.82
	20,000.00	20,000.00	192.84	5,267.76
	25,000.00	25,000.00	241.05	6,584.70
	30,000.00	30,000.00	289.26	7,901.64

Nondiscrimination Statement

In compliance with Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and other federal, state, and local laws, Princeton University does not discriminate on the basis of age, race, color, sex, sexual orientation, gender identity, religion, national or ethnic origin, disability, or status as a disabled or Vietnam-era veteran in any phase of its employment process, in any phase of its admission or financial aid programs, or other aspects of its educational programs or activities. The vice provost for institutional equity and diversity is the individual designated by the University to coordinate its efforts to comply with Title IX, Section 504 and other equal opportunity and affirmative action regulations and laws. Questions or concerns regarding Title IX, Section 504 or other aspects of Princeton's equal opportunity or affirmative action programs should be directed to the Office of the Vice Provost for Institutional Equity and Diversity, Princeton University, 205 Nassau Hall, Princeton, NJ 08544 or (609) 258-6110.