

PACE Parent Loans

****NEWSFLASH** WE FINALLY HAVE A PLAN!!!** The company that provides us with our PACE subsidy program has been busy thinking outside the box. The new process for PACE lending is actually easier in many ways for our families. Please read below for information on how to set up your PACE parent loan.

(07/24/2008)

If the PACE loan has appeared on your award letter, it is because you have an outstanding academic record in high school or college. Your family has been offered this loan as a way to finance the balance due on your account. This loan is similar to the Parent Loan for Undergraduate Students (PLUS), but has an added interest subsidy benefit.

The PACE is one option you may use to pay for the remainder of the cost of the college. As an alternative to the PACE loan, families may also opt to pay the remaining amount owed directly to Southwestern via cash, check or credit card.

Please indicate whether or not you would like to accept or decline the PACE loan offer by sending a direct e-mail to the [Office of Financial Aid](#). Include in the body of the e-mail the first and last name of the parent who will be signing the loan application.

If you do not send an e-mail of the loan's acceptance to the Office of Financial Aid, no further action will be taken to place the PACE loan on your account.

IF THIS IS YOUR FIRST YEAR AT SOUTHWESTERN, the parent signing the loan application must complete additional steps to set up the PACE loan for the first time.

Instructions for Setting Up A PACE Loan

STEP 1
[Choose Your Lender](#)

STEP 2
[Receive Credit Approval](#)

STEP 3
[Complete Master Promissory Note](#)

STEP 4
[Receive Your Funds](#)

STEP 1: Choose Your Lender

Your parents are welcome to choose any lender that participates in the Federal PLUS loan program. They may also choose from Southwestern

College's [Preferred Lender List](#).

When your parents have made their choice, e-mail it to the [Office of Financial Aid](#) with "PLUS Lender Choice" in the subject line. *This step is very important to the processing of the PLUS loan.* No action will be taken to set up the PLUS loan or release the funds to your account until a lender has been chosen.

STEP 2: Receive Credit Approval

PACE loans are not guaranteed by the Federal government. Consequently, before a parent can be approved for a PACE loan, they must pass a credit approval. To verify your parent's credit history, the lender involved will perform a credit history check for the parent listed on the application.

Occasionally, there are instances where parent's are not approved for a PACE loan. When parents are denied a parent loan, they have one of three options. First, they may appeal the denial decision by contacting the lender. Second, they may be given the opportunity to apply with an endorser (co-signer). And third, Southwestern can open up limited additional Stafford loan eligibility for the student to replace some or all of the parent loan.

STEP 3: Complete Master Promissory Note (MPN)

Once your parents have chosen a lender and e-mailed their choice to the Office of Financial Aid, Southwestern College will send their biographical information to the lending institution for the credit approval. Once credit approval is obtained, the lender will set up the loan and promissory note.

When the loan is ready to sign, your parents will be directed to a website where they can complete their promissory note (MPN). If you have not received anything within 5 business days after you have chosen your lender, please contact the [Office of Financial Aid](#).

STEP 4: Receive Your Funds

After the paperwork is in place, ProEducation Solutions will prepare the funds to be released to Southwestern College via electronic funds transfer. Depending on the time of the semester, you should expect to see the funds applied to your account within one week of their release by the bank.

Please note that during peak periods (the beginning of each semester), two to three weeks may pass before you see the funds applied.

Prior to delivering the funds to Southwestern College, lenders will remove a Federally mandated 3% loan fee from the loan principle. For example, if your loan is for \$3,000, Southwestern will actually receive \$2,910. This fee is not considered part of the interest that is subsidized by the college.

Payment on these loans begins approximately 30 days after the second

disbursement of the loan (typically late February or early March of the academic year).

How does the subsidy work?

Southwestern will report your loan and disbursement information to ProEducation Solutions, Inc. ProEducation Solutions will calculate the interest subsidy by estimating the amount of interest that would normally accrue on each account each month assuming that the parent makes their regularly scheduled monthly payments on time.

Once the interest is calculated, a monthly report will be sent to Southwestern College and proper payment for each account will be forwarded to the servicer of the parent loan. Southwestern's payment and the borrower's payment will work together to pay down the loan.