



# Alaska Family Education Loan (FEL) 2017/2018 Application and Promissory Note COSIGNER AGREEMENT PACKET

## Loan Terms and Conditions

The Alaska Commission on Postsecondary Education (ACPE) services the education loans owned by the Alaska Student Loan Corporation (ASLC). Loans made under this application are governed by Alaska law including Alaska Statutes 14.43.710 - 750 and Alaska Regulations 20 AAC 15.510-590 and 20 AAC 15.910-15.990, as amended from time to time.

### A. Eligibility Requirements

**In order to qualify for this loan, a borrower must:**

1. be a U.S. citizen or an eligible non-citizen, and an Alaska resident;
2. not be delinquent or have ever defaulted on a prior education loan, and within the preceding five years not have had an education loan written off for any reason except for discharge in bankruptcy;
3. not be past due in an Alaska child support obligation;
4. not have a status at the time of application for a loan, or disbursement of the funds, that would prevent repaying the loan as it becomes due;
5. have complied with any applicable military selective service registration requirements under the Military Selective Service Act.

**In order to qualify for a loan, a student for whom you are borrowing must:**

1. be a U.S. citizen or an eligible non-citizen, and an Alaska resident;
2. attend an eligible postsecondary institution;
3. be enrolled full-time in a career vocational-technical program or an associate, baccalaureate, or graduate degree program;
4. be a student in academic good standing, as defined by the institution of attendance;
5. not be delinquent or have ever defaulted on a prior education loan and within the preceding five years not have had an education loan written off for any reason except for discharge in bankruptcy;
6. not be past due in an Alaska child support obligation;
7. have complied with any applicable military selective service registration requirements under the Military Selective Service Act;
8. be a spouse, child, step child, foster child, or grandchild of the borrower; and
9. meet all other requirements under AS 14.43.710.

### B. Credit Assessment/Eligibility Checks:

ACPE will review your credit history, and your Social Security Number will be matched against the Alaska Department of Revenue, Child Support Enforcement Division's database, and other required databases, to ensure you are eligible. To qualify for the FEL, you must not have a credit history that demonstrates chronic inability or unwillingness to pay an extension of credit. If you do not qualify, you will be informed in writing of the reason for the denial and given an opportunity to add a cosigner to your application.

### C. Fees:

ACPE charges no origination fees. If your loan becomes past due in payment, you may be responsible for late fees, collection agency fees, and/or legal fees.

## IMPORTANT

**Before borrowing, always use grants, scholarships, and other funds that do not have to be repaid. This is not a federal loan and does not have the same repayment options.**

**Failure to timely repay this loan may result in, but is not limited to:**

- adverse reports to consumer reporting agencies
- additional costs to you for collection and accrued interest
- forfeiture of deferment rights
- seizure of your Alaska Permanent Fund Dividend
- denial of renewal of Alaska occupational or professional license
- administrative wage garnishment
- lien on property
- a judgment in a court of law and/or legal or collection action

**REMEMBER—Under current loan terms, after four years of borrowing, monthly payments can be as much as \$500 or even greater at graduate loan maximums.**

### D. Interest:

The FEL has a fixed interest rate of 5.75%. Interest begins to accrue when funds are sent to the school. Interest accrues during in-school, repayment, and forbearance periods. Accrued and unpaid interest is capitalized (added to the principal balance) at various times. Generally, interest is capitalized any time your loan changes from a non-repayment status, such as forbearance periods, to a repayment status. Payments go first to accrued interest, then to the principal balance.

### E. Annual Percentage Rate (APR):

The APR is the yearly cost of borrowing money, shown as a percent of the amount you borrowed. The APR is calculated based on the loan's unpaid interest, principal balance and the remaining months to repay. For this reason, the APR may be different from the interest rate that is being charged on your loan balance.

This Table Represents Estimated Rates	Interest Rate	APR
Principal Loan Amount \$10,000	5.75%	5.75%

*The APR in this example assumes a principal loan amount of \$10,000, a repayment term of 10 years, and no origination fee.*

**Federal law requires all lenders to provide this information about important credit protections available to members of the Armed Forces and their dependents.** In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged. **To receive this information verbally, contact us at 800-441-2962.**

#### **F. Cosigner:**

An eligible cosigner is required if you are under 17 years of age, do not meet the credit requirements, or have defaulted on a prior education loan with ACPE. If you elect to add a cosigner, that person will be responsible for the loan even in the event you meet the credit conditions independently. ACPE will notify the cosigner of periods of delinquency, deferments granted, or any repayment agreement that will change the amount due on the loan.

#### **G. Disbursement of Loan Funds:**

ACPE will send funds to the school's financial aid office. Your loan will be disbursed in equal installments based on the start date of the school's academic terms and the student's enrollment period. Funds for allowable expenses, but not owed directly to the school, may be released to the student.

#### **H. Allowable Uses of Loan Funds:**

This loan may be used for the student's tuition and program-related costs; room and board (living expenses); books; supplies; and allowance for transportation, based on the school's published budget.

#### **I. Enrollment Intensity:**

Enrollment intensity refers to whether the student attends on-time or full-time, as defined by the school. The school's financial aid office is required to certify the student's enrollment intensity, and the loan amount is based on the student's enrollment intensity.

##### **On-time Attendance:**

An undergraduate student enrolled in a minimum of fifteen (15) semester credit hours or equivalent per academic term.

##### **Full-time Attendance:**

- a) An undergraduate student enrolled in a minimum of twelve (12) semester credit hours or equivalent per academic term;
- b) A graduate student enrolled in a minimum of nine (9) semester credit hours or equivalent per academic term; or
- c) A student enrolled in a career education program of at least thirty-(30) clock hours per week for a minimum of six (6) weeks.

##### **Flight School:**

A student enrolled in a flight school program must log a minimum of 17 hours per month or 51 hours for a three-month period.

#### **J. Loan Maximums:**

You may receive up to the amount of your annual eligibility, as certified by the school, subject the loan maximums described below.

*Note: The loan amount may be different from the amount disbursed, due to changes in your eligibility, enrollment or academic standing. Financial aid staff are not agents of ACPE and have no authority to change the terms and conditions of this Promissory Note.*

#### **Undergraduate Students:**

- On-time enrollment - up to \$14,000
- Full-time enrollment - up to \$12,500

#### **Graduate Students:**

- Full-time enrollment - up to \$15,000

#### **Career, Technical Education and Flight Programs:**

Up to \$10,000.

#### **Cumulative Loan Maximums:**

- Undergraduate study (including career/technical/flight) - \$56,000
- Graduate study - \$60,000
- Combined total - \$87,000

A borrower who receives Family Education Loans on behalf of more than one student and has borrowed up to the cumulative maximum may receive additional loans if the current total principal balance owed, including the new loan amount, does not exceed the cumulative maximum.

#### **K. Repayment:**

A repayment schedule will be established when the second disbursement is sent to the school. Generally, you must repay the loan in monthly installments of at least \$50 per month for up to 10 years. Payments can be as much as \$500 or greater depending on the total amount borrowed. The repayment term may be extended in qualifying situations, which also increases the total amount to repay.

#### **L. Americans With Disabilities Act Compliance:**

Otherwise qualified individuals shall not, based on a disability, be discriminated against or excluded from participation in, or the benefits of, the services, programs or activities of ACPE. Please notify ACPE if you need a disability accommodation.

#### **M. Information Sharing and Privacy Act Notice:**

Information you provide in this application will be used to verify your identity; to determine eligibility; to service the loan; to maintain current contact information; and to collect on delinquent or defaulted loans. This information may be furnished during the life of the loan to holders of this and other ACPE Alaska education loans made to you; to postsecondary schools where the student is enrolled or is accepted for enrollment; to guarantee agencies; to government agencies or private parties who may be able to provide information necessary for the collection of the loan or to assist in the servicing or collection of the loan; or as needed to contractors and other third parties involved in servicing the loan.

Disclosure of your Social Security Number (SSN) is required as a condition for participation in the loan program and as allowed under Section 7(a) (2) of the Privacy Act of 1974 (Pub. L. 93-579). The SSN will be used to verify your identity, and although not used as the account number, may be used to identify account holders throughout the life of the loan.

ACPE may use your SSN to access state or federal databases and other resources to determine your eligibility for administrative action or administrative garnishment in cases of default.

ACPE and any of their contractual servicers, including debt collectors, will use all phone numbers, including cell phone numbers you provide, in the servicing of this loan. By providing ACPE or any of its servicers with a telephone number, including a cell number, you are giving permission for any of these parties to call you on that number, including calls placed by automated dialing systems leaving virtual messages.

*A copy of ACPE's Privacy Policy is available on our website.*