



### Loan Programs

Borrowers and student beneficiaries of loans must be Presbyterian Church (U.S.A.) members.

Applications are found on our website at [www.pcusa.org/financialaid](http://www.pcusa.org/financialaid)

Applications are released on April 15.

#### **Undergraduate/Graduate Student Loans**

Range of Annual Award: up to \$3,000  
PCUSA Cap for Undergraduates: \$15,000  
Deadline: August 15

#### **Parent Loans**

Range of Annual Award: up to \$5,000  
PCUSA Cap for Parent: \$20,000  
Deadline: August 15

#### **Transformational Leadership Debt Assistance (TLDA) With Loan Forgiveness**

Range of Annual Award: \$3,000- \$5,000  
PCUSA Cap for TLDA: \$15,000  
Deadline: Rolling 50 awards per year

### Introduction

The Presbyterian Church (U.S.A.) provides loans to church members who are students through a student loan program, a parent loan (for dependent students), a loan for theological education with debt forgiveness, and a continuing education loan for pastors. The loan programs are funded with donor restricted gifts and sustained by repayment. The Office of Financial Aid for Studies manages the lending process and directs the work of partners contracted to provide loan administration, billing, and default collection services.

### Application

Application is required on an annual basis. New applicants can download the application from the website. Renewal applicants will be emailed in April and provided with instructions.

Applications are used to:

- Collect contact information from the borrower, co-signer (if required), and references.
- Establish eligibility for award through verification of eligibility requirements.
- Execute Master Promissory Note and other consent notifications required for lending.

### Process

Loans are processed within a week of receiving the complete application. A credit report is requested for the borrower and/or co-maker. Loans are normally processed in weekly batches. Approved loans are responded to by email. The disclosure statement must be acknowledged and all parties to the loan must indicate if they wish to accept the loan under the terms offered.

Upon receipt of the signed disclosure/consent form, the Office of Financial Aid for Studies schedules disbursement of the loan and faxes the information to the institution receiving funds on behalf of the student. Student and Parent loans are always disbursed to an accredited institution college or university. Transformational Leadership Debt Assistance are disbursed to loan servicing agencies. Payment is never made directly to a borrower.

When the loan is disbursed, PCUSA notifies the Kentucky Higher Education Student Loan Corporation (KHESLC). KHESLC is responsible for maintaining the loan and periodically checks enrollment. KHESLC also provides disclosures, annual privacy policy notices, and billing services. Using PCUSA's policies, KHESLC manages all aspects of loan administration post disbursement until the loan is paid-in-full or returned to PCUSA in default.

# PCUSA Educational Loans Guidelines

## Partnership

PCUSA Educational Loans are managed by [Financial Aid for Studies](#) in the [Theology Worship & Education](#) (FAS). FAS is responsible for administration of the loan program and supervision of the work of third parties engaged by the Presbyterian Church (U.S.A.) to provide services.

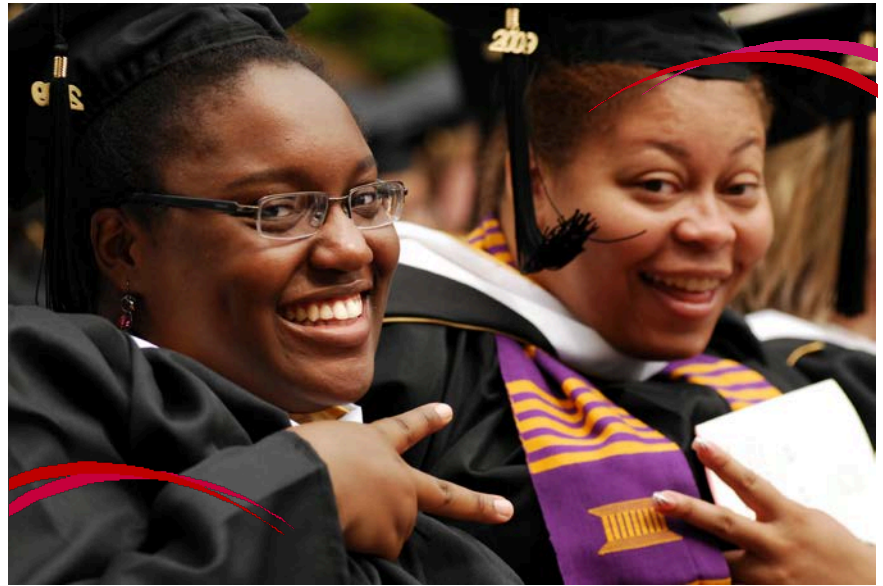
The Office of Financial Aid for Studies makes the loan budget, drafts all documents required in the lending process including applications, promissory notes, correspondence, and transaction requests. The Office of Financial Aid for Studies is responsible for directing the collection policies for PCUSA educational loans.



Loan servicing is contracted to the [Kentucky Higher Education Student Loan Corporation \(KHESLC/The Student Loan People\)](#) since 2003. KHESLC maintains loan information, bill borrowers, and collects payment on PCUSA educational loans. KHESLC also processes all deferment and forbearance requests made by PCUSA student loan clients.

[Williams & Fudge](#) is contracted to collect loans defaulted since June 2006. PCUSA's low interest rate and the in-school deferment for student loans are made possible by repayment. KHESLC's diligence in keeping our default rate low has been outstanding, but sometimes KHESLC is unable to find or persuade a borrower to work with them. After the loan is 180 days past due, Williams & Fudge may be asked to take over the account.

Our newest partner in the delivery of educational loans is [CLC, Inc.](#), providing financial counseling services to borrowers. Applicants, borrowers, and co-signers receive up to two months of free financial counseling provided by the Presbyterian Church (U.S.A.). We strongly encourage borrowers to use these services.



## Use of Loan Proceeds

PCUSA Educational Loans are to be used for the expenses of the student applicant or student beneficiary's education and may not exceed cost of attendance when added to all other forms of aid the student benefits from. PCUSA Educational Loans can be used to replace loans with higher interest rates, but may not be used to replace grants or scholarships.

## Records

The Presbyterian Church (U.S.A.) maintains Master Promissory Notes (MPN) and loan files in paper and electronic form for up to five years after the loan is paid in full. Incomplete/Ineligible application materials are destroyed at the conclusion of the awarding cycle for the academic year. Completed applications that are declined or refused by borrower are held for one year and destroyed.

KHESLC and Williams & Fudge maintain payment records for loans assigned to their agencies for billing purposes.

## Terms

The interest rate for educational loans is established on the Master Promissory Note the borrower signs when they enter the program for the first time. It is a fixed rate. Interest rates are reviewed annually by the Office of Financial Aid for Studies, and are set for the academic year prior to publication of applications for the academic year.

Loan Fees up to 4% are authorized on all Educational Loan MPNs except the TLDA Loan Forgiveness note. Loan fees are applied at disbursement. The application for the academic year will note what the loan fee is for the year (not to exceed 4%).

PCUSA loans must be repaid in 10 years (120 monthly payments). The minimum monthly payment will not be less than \$25. There is no penalty for pre-payment.

## Report Change of Address:

<http://gamc.pcusa.org/ministries/financialaid/update-contact-information/>

## Managing Your Loan

When does your loan enter repayment? What is your monthly payment? What do you do if you are being billed and you can't make payments? These are all questions that borrowers should be able to answer.

## Your Account at KHESLC (The Student Loan People)

Visit [www.kheslc.com](http://www.kheslc.com) or [www.thestudentloanpeople.com](http://www.thestudentloanpeople.com) to view your account. You'll need to register as a new user. From the website you can view your account, check your payment history, update your address, and obtain forms for deferment/forbearance. You can also make payments on the site.

To speak to **KHESLC/The Student Loan People** customer service call toll-free: 800-893-8220.

It is our expectation that borrowers will contact KHESLC when they:

- Are attending less than half-time,
- Are no longer attending.
- Change name or address

## Grace

Grace periods occur when the borrower is not expected to make a payment in a period in which repayment triggering event has occurred. For example, student loan borrowers are required to be enrolled at least half-time to be eligible for in-school deferment. A six-month *grace* period begins with the date your enrollment became less than half time.

KHESLC will start billing you when the grace period ends. Borrowers can pay by check through the mail, by visiting the website, or by calling customer service.

## Repayment

After the grace period expires, your loan enters repayment. You are expected to make monthly payments based on the terms of your note. KHESLC/The Student Loan People, will send a statement monthly. Whether you receive a statement or not, the borrower (and co-signer) is responsible for making payments and/or contacting KHESLC to update contact information.

Undergraduate/Graduate Student Loans have co-signers. Co-signers share responsibility for the loan with the borrower and also receive a statement monthly.

Mail	Web
Kentucky Higher Education Student Loan Corporation PO Box 24328 Louisville, KY 40224-9927	<a href="http://www.kheslc.com">www.kheslc.com</a>
	<b>Pay by Phone (Toll Free)</b>
	800-693-8220

Borrowers who enroll in EFT receive a .5% reduction to the interest rate on their PCUSA student or parent loan. Borrowers can select their EFT payment date. Consider it one less thing that you have to remember to do, and schedule your payment by automatic payment from your account to KHESLC.

If your loan payment is not made by the due date, KHESLC will apply late charges authorized in your Master Promissory Note.

## Privacy

The PCUSA Student Loan Privacy Policy is the maintained on our website at:

[www.pcusa.org/edloan/privacy.pdf](http://www.pcusa.org/edloan/privacy.pdf)

## Financial Responsibility

Borrowers are presumed to be reliable unless:

- They are in default or past due on a significant element of debt such as an educational loan, auto loan, mortgage, or revolving credit account.
- The credit report for borrower or co-signer has unpaid collections, public records, delinquent accounts, or write-offs to bad debt.
- There is a pattern of late payments over one or more accounts in the previous twelve months.
- The borrower or cosigner has been late in making payments on PCUSA student loans they are a party to.
- The borrower has excessive educational debt, as defined by PCUSA.
  - Undergraduate total educational debt must be below \$25,000
  - Graduate student educational debt must be below \$50,000
  - Theological Student Loan (Forgiveness) educational debt must be below \$75,000

Educational Debt is reported by one or more of the following sources:

- the student
- credit bureau
- the student's college/university/seminary as a portion of the student's award for the academic year.

**Note:** Parent borrower's educational debt is not considered under the debt cap, but may be considered as a part of the borrower's payment history.

## Credit Reporting

KHESLC reports student loan activity to the credit reporting agencies; your student or parent loans are reported for borrower and co-signer.

## Remedies

Sometimes you can't make your payment. PCUSA provides relief to borrowers experiencing difficulties. We offer short term deferments to address immediate and short term problems. Short term deferment can be requested without documentation and lasts 1-3 months. Short term deferment cannot be extended.

Borrowers can apply for deferment granted in six month increments based on eligibility. The loan must be paid current and the Borrower must complete a deferment request application with supplemental documentation required to support the Borrower's deferment condition. The deferment/forbearance request form is available from KHESLC. KHESLC will notify the Borrower in writing if the deferment has been approved.

**Until the deferment/forbearance, Alternative Repayment request is approved; the Borrower must continue to make payments and is responsible for any late fees that accrue.**

The Borrower may request deferment or forbearance during periods of unemployment, financial hardship, or temporary disability. Alternative payment plans is used to help borrowers who can't make their monthly payment, but can make a payment.

## Limits

- Borrowers have 18 months of deferment, forbearance, and alternative repayment plan time to use
- KHESLC will re-amortize the loan to insure that it can be repaid within the allotted 120 months minus the deferment/forbearance/Slow Pay time used

## Forgiveness/Death or Disability

In the event of the borrower's death PCUSA will forgive the principal balance of the loan, accrued interest and any late fees or collection costs.

In the event of the borrower's permanent disability PCUSA will forgive 20% of the principal balance of the loan each year starting in the fifth year of the disability and terminating in the tenth year by writing off the remaining principal, accrued interest, and late charges. KHESLC may use generally accepted standards for the administration of federal student loans to determine permanent disability; if the borrower is a church worker determined to be disabled by Board of Pensions, the Board of Pensions determination shall prevail.

## Forgiveness/Special Conditions

Transformational Leadership Debt Assistance is offered with specific loan forgiveness provisions incorporated in the Master Promissory Note for service in a part-time and/or temporary pastoral position. PCUSA provides no other loan forgiveness in consideration of service.

*Presbyterian Church (U.S.A.) educational loans are renewable resources, sustained by the faithful repayment of loans by hundreds of students. Administrative expenses are met by interest and fee payments.*

## Definitions

**Forbearance**—the loan accrues interest; no payment is due. Interest must be paid or accrued and added to the principal balance of the loan.

**Deferment**—the loan does not accrue interest, no payment is due.

**Alternative Repayment Plans or Slow Pay** is a debt management tool that may be used as an alternative to forbearance or deferment, or following a period of forbearance or deferment.