

Once you are out of school, you likely will have additional questions about your federal student loan repayment options. Your situation may change so it is important to be aware of your options. Please review the following list of tips for successful loan repayment.

Top 10 Tips for Successful Loan Repayment:

1. **Know your Federal Student Loan servicer.** This is the company that handles the billing and other services on your federal student loan. Go to nslds.ed.gov to see who is servicing each of your student loans, what your repayment amount is, and what your monthly payment will be. If you have multiple servicers you may want to consider consolidating your loans with one servicer.
2. **Keep your contact information current.** Always keep your loan servicer updated with any change of address, phone number and email address.
3. **Create an online account with your Federal Student Loan Servicer.** With online access you can easily view your loans, change your repayment plan, make payments, and update your contact information.
4. **Save money using automatic debit.** This is the easiest way to ensure your loans are getting paid on time; you may also qualify for an interest rate reduction by doing so. Contact your Federal Student Loan Servicer regarding the best ways to do so.
5. **Select the right repayment plan.** You have a wide range of repayment options for your federal student loans, including Income-Based Repayment. If your current monthly payment amount does not fit into your budget there are additional options to lower and/or temporarily suspend payments. Please check with your Federal Student Loan Servicer
6. **Seek help at the first sign of trouble.** Financial problems have a tendency to worsen if they are not addressed promptly. They also do not go away by ignoring them. Contact your loan servicer at the first sign that you are unable to make a payment and to explore all the options that are available to federal student loan borrowers.
7. **Use deferment and forbearance only as a last resort.** Postponing payments can cost you extra if unpaid accrued interest is added to the loan balance. Use deferment and forbearance sparingly and only when an alternative payment program does not meet your current needs.
8. **Start right with on-time payments.** Making on-time payments on your student loans can help you build and maintain a good credit rating. Develop good repayment habits right from the start.
9. **Pay a little extra each month.** Paying just a few extra dollars of principal each month can go a long way toward helping you pay off your loans faster.
10. **Do not ignore calls from your loan servicer.** They are trying to assist you. Do not default on your loan! Avoiding the issue does not make your loan go away but rather may reduce some of the options available to you.

We currently have partnered with three Loan Default Management companies, listed below, to help provide you with additional service. If you happen to be contacted at some time by one of the three companies listed, rest assured that they are working with us to help provide you with great service and loan solutions. We urge you take the call and allow them to help you however they can. Remember, you have options!

Our two partner companies are:

1. **I3 Group**
2. **Loan Science**

STUDENT LOAN EXIT COUNSELING

I understand the following information regarding my student loan(s):

1. I am obligated to repay all of my loan(s), even if I do not complete the program, am unable to obtain employment, or am otherwise dissatisfied with the education or other services received. Although payment coupons or billing statements may be sent as a convenience, not receiving them does not relieve me of my obligation to repay my loans.
2. I must repay my loan(s) with all accrued interest and deducted fees.
3. I have a maximum of 10 years, under the Standard Repayment Plan, to repay my loans(s). (Repayment terms may be extended if I change my repayment plan to another option such as income sensitive, graduated or extended repayment, income contingent repayment, income-based repayment, qualify for a forbearance and/or deferment, and/or consolidate my loan(s)).
4. I may prepay all or part of my loan without penalty, depending on my repayment plan.
5. The minimum monthly payment for each loan is \$50.00 under the Standard Repayment Plan, but may be more or less depending on which repayment plan that I select. If I do not request a particular repayment plan, my loans will be in the Standard Repayment plan.
6. The interest rate for each loan is specified in my promissory note. I understand the use and implications of my Master Promissory Note.
7. I have received a sample repayment plan, explanation of all of the loan repayment plans available to me, the name and address information for the school and the name and address to party in which loan payments should be sent.
8. I must notify my lender, in writing, within 10 days if I:
 - Change my name
 - Change my address
 - Change my employer
 - Withdraw from school
 - Transfer to another school
 - Change my telephone number
 - Change my references
 - Change my graduation date
 - Enroll less than half-time
9. I will be notified, in writing, if my loan(s) is transferred to a new holder. I must direct all future correspondence to that new holder.
10. If I qualify for a deferment of my loan payments, I must contact my lender to apply.
11. If I do not qualify for a deferment, and am unable to make payments, I may request forbearance from the holder of my loan(s). Forbearance is a lender option; it is not an entitlement.
12. For all Direct Loan questions, I must contact the Direct Loan Servicing Center at (800) 848-0979 or TTY (800) 848-0983.
13. My loan information is available to me online at www.NSLDS.ed.gov or by calling the Federal Student aid Information Center at (800) 4-FED-AID.
14. I may also contact the FSA Ombudsman office at (877) 557-2575 or <http://studentaid.ed.gov/repay-loans/disputes/prepare> if I am unable to resolve any loan issues that I am unable to resolve by contacting my school, lender, agencies, or any other offices directly involved.
15. I have reviewed a debt management plan, and understand the importance of developing a budget based on my minimum anticipated salary.
16. If I fail to repay my student loan(s), I will be considered in default with the following results:
 - It will be reported to a National Credit Bureau and have a negative effect on my credit rating.
 - The entire unpaid amount, including interest, may become due and payable immediately.
 - I will be ineligible to receive any additional federal or state financial aid funds.
 - My federal income tax refunds will be withheld until the loan, interest, and fees are paid in full.
17. If I pay qualifying interest on my federal student loans during a tax year, I may be eligible to deduct some or all of the interest from my federal income tax liability. See IRS Publication 970 at www.irs.ustreas.gov for more information.

I have read this form and understand the meaning and intent of the information. I have received loan counseling including repayment options and debt management information.

Student Signature

Date

Student ID

Campus

SUPPLEMENTAL DATA SHEET

(Personal & Confidential)

STUDENT NAME _____

SOCIAL SECURITY NUMBER _____

DATE OF BIRTH _____

DRIVER'S LICENSE NUMBER _____ STATE _____

LOCAL ADDRESS

STREET ADDRESS _____

CITY/STATE/ZIP _____

PHONE (_____) _____

PERMANENT ADDRESS (IF DIFFERENT)

STREET ADDRESS _____

CITY/STATE/ZIP _____

PHONE (_____) _____

PARENTAL INFORMATION

MOTHER'S NAME _____

STREET ADDRESS _____

CITY/STATE/ZIP _____

PHONE-DAY (_____) _____ PHONE-EVE (_____) _____

FATHER'S NAME _____

STREET ADDRESS _____

CITY/STATE/ZIP _____

PHONE-DAY (_____) _____ PHONE-EVE (_____) _____

Student Signature

Date

Student ID

Campus

IF MARRIED, COMPLETE THIS SECTION

SPOUSE'S NAME _____
ADDRESS _____
CITY/STATE/ZIP _____
PHONE-DAY () _____ PHONE-EVE () _____

SPOUSE'S PARENT'S NAME(S) _____
ADDRESS _____
CITY/STATE/ZIP _____
PHONE-DAY () _____ PHONE-EVE () _____

BROTHERS AND SISTERS

If you have brothers and/or sisters who do not live with either you or with your parents, complete this section; if more than two, continue on a separate sheet of paper.

NAME _____
ADDRESS _____
CITY/STATE/ZIP _____
PHONE-DAY () _____ PHONE-EVE () _____

NAME _____
ADDRESS _____
CITY/STATE/ZIP _____
PHONE-DAY () _____ PHONE-EVE () _____

REFERENCE INFORMATION

Provide two adult references at different addresses than those listed above who will know where you are. **These references must be different from those you provided on your student loan application(s).**

REFERENCE #1

NAME _____ ADDRESS _____
CITY/STATE/ZIP _____ PHONE () _____
RELATIONSHIP (FRIEND, AUNT, ETC.) _____

REFERENCE #2

NAME _____ ADDRESS _____
CITY/STATE/ZIP _____ PHONE () _____
RELATIONSHIP (FRIEND, AUNT, ETC.) _____

Student Signature

Date

Student ID

Campus

Repayment Plans

There are four main repayment plans for Federal education loans, consisting of Standard Repayment and three alternatives. Each of the alternatives has a lower monthly payment than Standard Repayment, but this extends the term of the loan and increases the total amount of interest repaid over the lifetime of the loan.

All six plans are available for student loans, but only the first three plans are available for parent loans. You can change repayment plans at any time after you begin repaying your loan.

STANDARD REPAYMENT:

- Under this plan you will pay a fixed monthly amount for a loan term of up to 10 years.
- Depending on the amount of the loan, the loan term may be shorter than 10 years.
- There is a \$50 minimum monthly payment.
- Highest monthly payment, may have least interest.

EXTENDED REPAYMENT:

- This plan is like standard repayment, but allows you to stretch repayment terms to up to 25 years (not including forbearance/deferment time), depending on the total amount borrowed.
- Stretching out the payments over a longer term reduces the amount of each payment, but increases the total amount repaid over the lifetime of the loan.
- You must have more than \$30,000 in loan debt.
- You can combine an extended plan with graduated payments, which will lower your payments even further but will increase your overall costs even more.

GRADUATED REPAYMENT

- Starts off with lower payments, which gradually increase every two years.
- You must repay your loan in full within 10 years (not including forbearance/deferment time).
- The monthly payment can be no less than 50% and no more than 150% of the monthly payment under the standard repayment plan.
- The monthly payment must be at least the interest that accrues, and must also be at least \$25.

INCOME-CONTINGENT REPAYMENT:

- Only from the U.S. Department of Education.
- Payments under the income contingent repayment plan are based on the borrower's annual income and the total amount of debt. (if married, spouses income is included)
- There is a \$5 minimum monthly payment (Can be \$0, anything over 0 is rounded up to \$5.00).
- Monthly payments are adjusted each year as the borrower's income changes.
- The loan term is up to 25 years. At the end of 25 years, any remaining balance on the loan will be discharged; time spent in deferment or forbearance does not count. The write-off of the remaining balance at the end of 25 years is taxable under current law.
- If your payments don't cover the interest, unpaid interest is capitalized once a year. However, this capitalization is capped at 10% of the original loan amount. Any additional unpaid interest continues to accumulate but is not compounded.
- The interest rate is fixed for the lifetime of the loan, and is not variable.
- Due to the way the income contingent repayment plan treats interest, it is not advisable to prepay a loan in the income contingent repayment plan.
- If your income is very low, your payment may be \$0. Or, your payment may be lower than your monthly accrued interest. As time goes on, your loan continues to grow.

INCOME SENSITIVE REPAYMENT: (alternate to the ICR)

- As an alternative to income contingent repayment, FFELP lenders offer borrowers income-sensitive repayment, which pegs the monthly payments to a percentage of gross monthly income, between 4% and 25%. A debt-to-income ratio is used by some lenders to ensure that the monthly payment is at least the interest that accrues.
- The loan term is 10 years, fixed percentage of gross monthly income, between 4% and 25%. The percentage is determined by the borrower and the resulting monthly payment must be greater than or equal to the interest that accrues.
- **Borrowers must reapply for income sensitive repayment each year.**
- **Required to provide a copy of income tax returns and/or W-2 statements every time you apply for income sensitive repayment.**

Decreases the monthly payment, is limited to a ten year repayment term, it increases the size of the rest of the monthly payments to compensate. (This will also increase the total amount of interest paid over the lifetime of the loan)

INCOME BASED REPAYMENT (IBR)

- The monthly payment amount is adjusted annually, based on changes in annual income and family size.
- Must provide a copy of income tax returns and/or W-2s annually.
- Income-based repayment is based on the adjusted gross income during the prior tax year.
- Caps the monthly payments at a percentage of the borrower's discretionary income, which is based on the borrower's income and family size, not the total amount borrowed.
- Only available for federal student loans, such as the Stafford, Grad PLUS and consolidation loans. It is not available for Parent PLUS loans or for consolidation loans that include Parent PLUS loans.
- Available in both the Direct Loan program and the federally-guaranteed student loan program, and loan consolidation is not required.
- IBR is not available for Perkins loans or for private student loans.
- 15% of your monthly discretionary income, where discretionary income is the difference between adjusted gross income (AGI) and 150% of the [federal poverty line](#).
- **There is no minimum monthly payment.**
- The maximum repayment period is 25 years.
- The IBR program is best for students who will be pursuing public service careers and borrowers with high debt and low income.
- To initially qualify for the IBR Plan, you must have a partial financial hardship. You are considered to have a partial financial hardship if the monthly amount you would be required to pay on your eligible loans under a Standard Repayment Plan with a 10-year repayment period is more than the monthly amount you would have to repay under the IBR Plan.
- **YOU MAY PAY MORE INTEREST. The faster you repay your loans, the less interest you pay. Because a reduced payment in IBR generally extends your repayment period, you may pay more total interest over the lifetime of the loan.**
- **YOU MUST SUBMIT ANNUAL DOCUMENTATION to set your payment amount each year; your lender needs updated information about your income and family size. If you do not provide the documentation, your payment reverts to the standard 10-year repayment amount.**

You can get more information about these plans and also calculate your estimated repayments under each plan by going to the [Student Loans.gov](https://studentloans.gov) site

<https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action>

Income-Based Repayment (IBR) Monthly Loan Payment							
Annual AGI	Family Size						
	1	2	3	4	5	6	7
\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$20,000	\$47	\$0	\$0	\$0	\$0	\$0	\$0
\$25,000	\$109	\$39	\$0	\$0	\$0	\$0	\$0
\$30,000	\$172	\$102	\$32	\$0	\$0	\$0	\$0
\$35,000	\$234	\$164	\$94	\$24	\$0	\$0	\$0
\$40,000	\$297	\$227	\$157	\$87	\$16	\$0	\$0
\$45,000	\$359	\$289	\$219	\$149	\$79	\$10	\$0
\$50,000	\$422	\$352	\$282	\$212	\$141	\$71	\$0
\$55,000	\$484	\$414	\$344	\$274	\$204	\$134	\$64
\$60,000	\$547	\$477	\$407	\$337	\$266	\$196	\$126
\$65,000	\$609	\$539	\$469	\$399	\$329	\$259	\$189
\$70,000	\$672	\$602	\$532	\$462	\$391	\$321	\$251
\$75,000	\$734	\$664	\$594	\$524	\$454	\$384	\$314
\$80,000	\$797	\$727	\$657	\$587	\$516	\$446	\$376

\$85,000	\$859	\$789	\$719	\$649	\$579	\$509	\$439
\$90,000	\$922	\$852	\$782	\$712	\$641	\$571	\$501
\$95,000	\$984	\$914	\$844	\$774	\$704	\$634	\$564
\$100,000	\$1,047	\$977	\$907	\$837	\$766	\$696	\$626

Loan Term for Extended/Graduated Repayment

For extended and graduated repayment, the following chart shows how the maximum loan term depends on the amount borrowed.

Loan Balance	Maximum Loan Term
Less than \$7,500	10 years
\$7,500 to \$9,999	12 years
\$10,000 to \$19,999	15 years
\$20,000 to \$39,999	20 years
\$40,000 to \$59,999	25 years
\$60,000 or more	30 years

Comparing Repayment Plans

The following table compares each of the major repayment plans with standard ten year repayment. As the table illustrates, increasing the loan term reduces the size of the monthly payment but at a cost of substantially increasing the interest paid over the lifetime of the loan. For example, increasing the loan term to 20 years may cut about a third from the monthly payment, but it does so at a cost of more than doubling the interest paid over the lifetime of the loan. This table is based on the unsubsidized Stafford Loan interest rate of 6.8%.

Repayment Plan and Loan Term	Reduction in Monthly Payment	Increase in Total Interest Paid
Extended Repayment - 12 years	12%	22% (factor of 1.22)
Extended Repayment - 15 years	23%	57% (factor of 1.57)
Extended Repayment - 20 years	34%	118% (factor of 2.18)
Extended Repayment - 25 years	40%	184% (factor of 2.84)
Extended Repayment - 30 years	43%	254% (factor of 3.54)
Graduated Repayment	50% initial payment 38% average reduction	89% (factor of 1.89)
Income Contingent Repayment (Salary = initial debt, 4% annual raise)	41% declining to 33% 37% average reduction	178% (factor of 2.78)

For example, suppose you borrow a total of \$20,000 at 6.8% interest. The following table shows the impact of switching from standard 10 year repayment to 20 year extended repayment.

Repayment Plan and Loan Term	Monthly Payment	Total Interest Paid
Standard Repayment - 10 years	\$230.16	\$7,619.31
Extended Repayment - 20 years	\$152.67	\$16,639.74
Difference	\$77.49 reduction	\$9,020.43 increase

Borrower's Rights and Responsibilities Statement

Important Notice: This Borrower's Rights and Responsibilities Statement provides additional information about the terms and conditions of the loan you will receive under the accompanying Federal Direct Consolidation Loan (Direct Consolidation Loan) Application and Promissory Note (Note). **Please keep a copy of the Note and this Borrower's Rights and Responsibilities Statement for your records.**

In this document, the words "we," "us," and "our" refer to the U.S. Department of Education. The word "loan" refers to your Direct Consolidation Loan.

1. The William D. Ford Federal Direct Loan Program. The William D. Ford Federal Direct Loan (Direct Loan) Program includes the following types of loans, known collectively as "Direct Loans":

- Federal Direct Stafford/Ford Loans (Direct Subsidized Loans)
- Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans)
- Federal Direct PLUS Loans (Direct PLUS Loans)
- Federal Direct Consolidation Loans (Direct Consolidation Loans)

The Direct Loan Program is authorized by Title IV, Part D, of the Higher Education Act of 1965, as amended.

Direct Loans are made by the U.S. Department of Education. Our Direct Loan Servicing Center services, answers questions about, and processes payments on Direct Loans. We will provide you with the Direct Loan Servicing Center's address and telephone number.

2. Laws that apply to this Note. The terms and conditions of loans made under this Note are determined by the Higher Education Act of 1965, as amended (20 U.S.C. 1070 *et seq.*) and other applicable federal laws and regulations. These laws and regulations are referred to as "the Act" throughout this Borrower's Rights and Responsibilities Statement. State law, unless it is preempted by federal law, may provide you with certain rights, remedies, and defenses in addition to those stated in the Note and this Borrower's Rights and Responsibilities Statement.

NOTE: Any change to the Act applies to loans in accordance with the effective date of the change.

3. Direct Consolidation Loan identification numbers. Depending on the type(s) of federal education loan(s) that you choose to consolidate, your loan may have up to two individual loan identification numbers. However, you will have only one Direct Consolidation Loan and will receive only one bill.

3a. The subsidized portion of your loan ("Direct Subsidized Consolidation Loan") will have one loan identification number representing the amount of the following types of loans that you consolidate:

- Subsidized Federal Stafford Loans
- Direct Subsidized Loans
- Subsidized Federal Consolidation Loans
- Direct Subsidized Consolidation Loans
- Federal Insured Student Loans (FISL)
- Guaranteed Student Loans (GSL)

3b. The unsubsidized portion of your loan ("Direct Unsubsidized Consolidation Loan") will have one identification number representing the amount of the following types of loans that you consolidate:

- Unsubsidized and Nonsubsidized Federal Stafford Loans
- Direct Unsubsidized Loans
- Unsubsidized Federal Consolidation Loans
- Direct Unsubsidized Consolidation Loans
- Federal PLUS Loans (for parents or for graduate and professional students)
- Direct PLUS Loans (for parents or for graduate and professional students)
- Direct PLUS Consolidation Loans
- Federal Perkins Loans
- National Direct Student Loans (NDSL)
- National Defense Student Loans (NDSL)
- Federal Supplemental Loans for Students (SLS)
- Parent Loans for Undergraduate Students (PLUS)
- Auxiliary Loans to Assist Students (ALAS)
- Health Professions Student Loans (HPSL)
- Health Education Assistance Loans (HEAL)
- Nursing Student Loans (NSL)
- Loans for Disadvantaged Students (LDS)

4. Adding eligible loans to your Direct Consolidation Loan. You may add eligible loans to your Direct Consolidation Loan by submitting a request to us within 180 days of the date your Direct Consolidation Loan is made. (Your Direct Consolidation Loan is "made" on the date we pay off the first loan that you are consolidating.) After we pay off any loans that you add during the 180-day period, we will notify you of the new total amount of your Direct Consolidation Loan and of any adjustments that must be made to your monthly payment amount.

If you want to consolidate an additional eligible loan after the 180-day period, you must apply for a new Direct Consolidation Loan.

5. Loans that may be consolidated. *General.* Only the federal education loans listed in Items 3a and 3b of this Borrower's Rights and Responsibilities Statement may be consolidated into a Direct Consolidation Loan. You may only consolidate loans that are in a grace period or in repayment (including loans in deferment or forbearance). At least one of the loans that you consolidate must be a Direct Loan Program loan or a Federal Family Education Loan (FFEL) Program loan.

Defaulted loans. You may consolidate a loan that is in default if (a) you first make satisfactory repayment arrangements with the holder of the defaulted loan, or (b) you agree to repay your Direct Consolidation Loan under the Income Contingent Repayment Plan (see Item 10).

Existing consolidation loans. Generally, you may consolidate an existing Direct Consolidation Loan or Federal Consolidation Loan into a new Direct Consolidation Loan only if you include at least one additional eligible loan in the consolidation. However, you may consolidate a Federal Consolidation Loan into a new Direct Consolidation Loan without including an additional loan if the Federal Consolidation Loan is delinquent and has been submitted by the lender to the guaranty agency for default aversion, or if the Federal Consolidation Loan is in default. In such cases, you must agree to repay the new Direct Consolidation Loan under the Income Contingent Repayment Plan or, effective July 1, 2009, the Income-Based Repayment Plan. Effective July 1, 2008, you may also consolidate a single Federal Consolidation Loan into a new Direct Consolidation Loan for purposes of using the public service loan forgiveness program described in Item 16 of this Borrower's Rights and Responsibilities Statement.

6. Information you must report to us. Until your loan is repaid, you must notify the Direct Loan Servicing Center if you:

- Change your address or telephone number;
- Change your name (for example, maiden name to married name);
- Change your employer or your employer's address or telephone number changes; or
- Have any other change in status that would affect your loan (for example, if you received a deferment while you were unemployed, but have found a job and therefore no longer meet the eligibility requirements for the deferment)

7. Interest rate. The interest rate on your Direct Consolidation Loan will be the **lesser** of the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher one-eighth of one percent, OR 8.25%. We will send you a notice that tells you the interest rate on your loan.

The interest rate on a Direct Consolidation Loan is a fixed rate. This means that the interest rate will remain the same throughout the life of your loan.

8. Payment of interest. We charge interest on a Direct Consolidation Loan from the date the loan is made until it is paid in full or discharged, including during periods of deferment or forbearance. However, we do not charge interest on the subsidized portion of a Direct Consolidation Loan ("Direct Subsidized Consolidation Loan" – see Item 3a.) during deferment periods.

If you do not pay the interest as it is charged during the periods described above, we will add the interest to the unpaid principal amount of your loan at the end of the deferment or forbearance period. This is called "capitalization." Capitalization increases the unpaid principal balance of your loan, and we will then charge interest on the increased principal amount.

The chart below shows the difference in the total amount you would repay on a \$15,000 Direct Unsubsidized Consolidation Loan if you pay the interest as it is charged during a 12-month deferment or forbearance period, compared to the amount you would repay if you do not pay the interest and it is capitalized.

	If you pay the interest as it is charged...	If you do not pay the interest and it is capitalized...
Loan Amount	\$15,000	\$15,000
Capitalized Interest for 12 months (at the maximum rate of 8.25%)	\$0	\$1,238
Principal to be Repaid	\$15,000	\$16,238
Monthly Payment (Standard Repayment Plan)	\$146	\$158
Number of Payments	180	180
Total Amount Repaid	\$26,209	\$28,359

In this example, you would pay \$12 less per month and \$2,150 less altogether if you pay the interest as it is charged during a 12-month deferment or forbearance period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

9. Repayment incentive programs. A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. Under a repayment incentive program, the interest rate we charge on your loan may be reduced. Some repayment incentive programs require you to make a certain number of payments on time to keep the reduced interest rate. For Direct Consolidation Loans, the following repayment incentive program may be available to you:

Interest Rate Reduction for Electronic Debit Account Repayment

Under the Electronic Debit Account (EDA) repayment option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us. EDA helps to ensure that your payments are made on time. In addition, you receive a 0.25 percent interest rate reduction while you repay under the EDA option. We will include information about the EDA option in your first bill. You can also get this information on the Direct Loan Servicing Center's web site, or by calling the Direct Loan Servicing Center's toll-free telephone number (the web site address and telephone number are provided on all correspondence that the Direct Loan Servicing Center sends you).

The Direct Loan Servicing Center can provide you with more information on other repayment incentive programs that may be available.

Note: Another repayment incentive program, the up-front interest rebate, is available on Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans. The rebate is equal to a percentage of the loan amount, and is the same amount that would result if the interest rate on the loan were lowered by a specific percentage. To permanently keep an up-front interest rebate, a borrower must make each of the first 12 required monthly payments on time when the loan enters repayment. If you consolidate a Direct Loan on which you received an up-front interest rebate before you permanently earn the rebate (the correspondence you received about your loan will tell you if you received a rebate), you will have to make the first 12 required monthly payments on your Direct Consolidation Loan on time to keep the interest rebate. You will lose the rebate if you do not make all of your first 12 required monthly payments on time. If you lose the rebate, we will add the rebate amount back to the principal balance on your loan account. This will increase the amount that you must repay.

10. Repaying your loan. Your first payment will be due within 60 days of the first disbursement of your Direct Consolidation Loan unless your loan is in a

deferment or forbearance period. The Direct Loan Servicing Center will notify you of the date your first payment is due.

You must make payments on your loan even if you do not receive a bill or repayment notice. Billing information is sent to you as a convenience, and you are obligated to make payments even if you do not receive a bill or notice.

You may choose one of the following repayment plans to repay your loan:

- **Standard Repayment Plan** – Under this plan, you will make fixed monthly payments and repay your loan in full within 10 to 30 years (not including periods of deferment or forbearance) from the date the loan entered repayment, depending on the amount of your Direct Consolidation Loan and the amount of your other student loan debt as listed in Section C2 of your Note (see the chart below). Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period.
- **Graduated Repayment Plan** – Under this plan, your payments will be lower at first and will then increase over time, usually every two years. You will repay your loan in full within 10 to 30 years (not including periods of deferment or forbearance) from the date the loan entered repayment, depending on the total amount of your Direct Consolidation Loan and the amount of your other student loan debt as listed in Section C2 of your Note (see the chart below). No single payment under this plan will be more than three times greater than any other payment.

Maximum Repayment Periods Under the Standard and Graduated Repayment Plans	
Total Education Loan Indebtedness	Maximum Repayment Period
Less than \$7,500	10 years
\$7,500 to \$9,999	12 years
\$10,000 to \$19,999	15 years
\$20,000 to \$39,999	20 years
\$40,000 to \$59,999	25 years
\$60,000 or more	30 years

- **Extended Repayment Plan** – You may choose this plan only if (1) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998, or on the date you obtained a Direct Loan Program loan on or after October 7, 1998, and (2) you have an outstanding balance on Direct Loan Program Loans that exceeds \$30,000. Under this plan, you may choose to make either fixed or graduated monthly payments and will repay your loan in full over a repayment period not to exceed 25 years (not including periods of deferment or forbearance) from the date your loan entered repayment. If you choose to make fixed monthly payments, your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. If you choose to make graduated monthly payments, your payments will start out lower and will then increase over time, generally every two years. Under a graduated repayment schedule, your monthly payment must at least be equal to the amount of interest that accrues each month, and no single payment will be more than three times greater than any other payment.
- **Income Contingent Repayment Plan** – Under this plan, your monthly payment amount will be based on your adjusted gross income (and that of your spouse if you are married), your family size, and the total amount of your Direct Loans. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that has accrued on your loan unless you request a forbearance. As your income changes, your payments may change. If you do not repay your loan after 25 years under this plan, the unpaid portion will be forgiven. You may have to pay income tax on any amount forgiven.
- **Income-Based Repayment Plan (effective July 1, 2009)** – Under this plan, your required monthly payment amount will be based on your income during any period when you have a partial financial hardship. Your monthly payment amount may be adjusted annually. The maximum repayment period under this plan may exceed 10 years. If you meet certain requirements over a specified period, you may qualify for cancellation of any outstanding balance on your loans. **NOTE:** Direct Consolidation Loans that repaid parent Direct

PLUS Loans or parent Federal PLUS Loans may not be repaid under the Income-Based Repayment Plan.

If you can show to our satisfaction that the terms and conditions of these repayment plans are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

If you do not choose a repayment plan, we will choose a plan for you in accordance with the Act.

You may change repayment plans at any time after you have begun repaying your loan. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month.

Except as provided by the Act for payments made under the Income-Based Repayment Plan, we apply your payments and prepayments in the following order: late charges and collection costs first, outstanding interest second, and outstanding principal last.

When you have repaid your loan in full, the Direct Loan Servicing Center will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

11. Late charges and collection costs. If you do not make any part of a payment within 30 days after it is due, we may require you to pay a late charge. This charge will not be more than six cents for each dollar of each late payment. If you do not make payments as scheduled, we may also require you to pay other charges and fees involved in collecting your loan.

12. Demand for immediate repayment. The entire unpaid amount of your loan becomes due and payable (on your Note this is called "acceleration") if you:

- Make a false statement that causes you to receive a loan that you are not eligible to receive; or
- Default on your loan.

13. Defaulting on your loan. Default (failing to repay your loan) is defined in detail in the "Promissory Note" section on page 4 of your Note. If you default:

- We will require you to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal tax refund or other federal payments, and/or garnish your wages so that your employer is required to send us part of your wages to pay off your loan.
- We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.
- We will also report your default to national credit bureaus (see Item 14).

14. Credit bureau notification. We will report information about your loan to one or more national credit bureaus. This information will include the disbursement dates, amount, and repayment status of your loan (for example, whether you are current or delinquent in making payments).

If you default on a loan, we will also report this to national credit bureaus. We will notify you at least 30 days in advance that we plan to report default information to a credit bureau unless you resume making payments on the loan within 30 days. You will be given a chance to ask for a review of the debt before we report it.

If a credit bureau contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the credit bureau with a prompt response.

15. Deferment and forbearance (postponing payments). If you meet certain requirements, you may receive a **deferment** that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a **forbearance**. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Deferment

You may receive a deferment while you are:

- Enrolled at least half-time at an eligible school;
- In a full-time course of study in a graduate fellowship program;
- In an approved full-time rehabilitation program for individuals with disabilities;
- Unemployed (for a maximum of three years; you must be conscientiously seeking, but unable to find, full-time employment); or

- Experiencing an economic hardship (including Peace Corps service), as determined under the Act (for a maximum of three years);
- Serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency, and if you are serving on or after October 1, 2007, for the 180-day period following the demobilization date for your qualifying service.

Effective October 1, 2007, if you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while enrolled at an eligible school, or within 6 months of having been enrolled, you are eligible for a deferment during the 13 months following the conclusion of the active duty service, or until the date you return to enrolled student status, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal Family Education Loan (FFEL) Program before July 1, 1993. If you meet this requirement, you may receive a deferment while you are:

- Temporarily totally disabled, or unable to work because you are required to care for a spouse or dependent who is disabled (for a maximum of three years);
- On active duty in the U.S. Armed Forces, on active duty in the National Oceanic and Atmospheric Administration (NOAA), or serving full-time as an officer in the Commissioned Corps of the Public Health Service (for a combined maximum of three years);
- Serving in the Peace Corps (for a maximum of three years);
- A full-time paid volunteer for a tax-exempt organization or an ACTION program (for a maximum of three years);
- In a medical internship or residency program (for a maximum of two years);
- Teaching in a designated teacher shortage area (for a maximum of three years);
- On parental leave (for a maximum of six months);
- A working mother entering or re-entering the workforce (for a maximum of one year); or
- While the student for whom you borrowed a PLUS loan is dependent and is enrolled at least half-time at an eligible school, or is in an approved full-time rehabilitation training program for individuals with disabilities.

You may receive a deferment based on your enrollment in school on at least a half-time basis if (1) you submit a deferment request form to the Direct Loan Servicing Center along with documentation of your eligibility for the deferment, or (2) the Direct Loan Servicing Center receives information from the school you are attending that indicates you are enrolled at least half-time. If the Direct Loan Servicing Center processes a deferment based on information received from your school, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active military duty or qualifying National Guard duty during a war or other military operation or national emergency, your representative) must submit a deferment request form to the Direct Loan Servicing Center, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if the Direct Loan Servicing Center confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan. The Direct Loan Servicing Center can provide you with a deferment request form that explains the requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from the Direct Loan Servicing Center's web site at <http://studentaid.ed.gov/repay-loans/deferment-forbearance>

If you are in default on your loan, you are not eligible for a deferment.

You are responsible for paying the interest on a Direct Unsubsidized Consolidation Loan during a deferment period. You are not responsible for paying the interest on a Direct Subsidized Consolidation Loan during a deferment period.

Forbearance

We will give you a forbearance if: You are serving in a medical or dental internship or residency program, and you meet specific requirements;

- You are serving in a national service position for which you receive a national service education award under the National and Community Service Act of 1990 (AmeriCorps);
- You qualify for partial repayment of your loans under the Student Loan Repayment Program, as administered by the Department of Defense.
- You are performing service that would qualify you for loan forgiveness under the teacher loan forgiveness program that is available to certain Direct Loan and FFEL program borrowers; or
- The total amount you owe each month for all of the student loans you received under Title IV of the Act is 20 percent or more of your total monthly gross income (for a maximum of three years).

In addition, we may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship or illness.

To request a forbearance, contact the Direct Loan Servicing Center. The Direct Loan Servicing Center can provide you with a forbearance request form that explains the requirements for the type of forbearance you are requesting. You may also obtain forbearance request forms and information on forbearance eligibility requirements from the Direct Loan Servicing Center's web site at <http://studentaid.ed.gov/repay-loans/deferment-forbearance>

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;
- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (we do not capitalize interest charged during this period); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

You are responsible for paying the interest on your entire Direct Consolidation Loan during a forbearance period.

16. Discharge (having your loan forgiven). We will discharge (forgive) your Direct Consolidation Loan if:

- The Direct Loan Servicing Center receives acceptable documentation of your death. We will also discharge the portion of a Direct Consolidation Loan that repaid one or more Direct PLUS Loans or Federal PLUS Loans obtained on behalf of a student who dies.
- Your loan is discharged in bankruptcy. However, federal student loans are not automatically discharged if you file for bankruptcy. To have your loan discharged in bankruptcy, you must prove to the bankruptcy court, in an adversary proceeding, that repaying the loan would cause undue hardship.
- We determine that you are totally and permanently disabled (as defined in the Act), based on a physician's certification, and you meet additional requirements during a 3-year conditional discharge period. During that period, your earnings from work must not exceed the poverty line amount for a family of two, and you must not receive any additional loans under the Direct Loan, FFEL, or Federal Perkins Loan programs. You may not receive a discharge due to total and permanent disability based on a condition that existed before you received any of the loans that you consolidated, unless a doctor certifies that the condition substantially deteriorated after the loan was made.

In certain cases, we may also discharge all or a portion of your Direct Consolidation Loan if:

- One or more Direct Loan Program, FFEL Program, or Federal Perkins Loan Program loans that you consolidated was used to pay for a program of study that you (or the dependent student for whom you borrowed a PLUS loan) were unable to complete because the school closed;
- Your eligibility (or the eligibility of the dependent student for whom you borrowed a PLUS loan) for one or more of the Direct Loan Program or FFEL Program loans that you consolidated was falsely certified by the school;
- Your eligibility for one or more of the Direct Loan Program or FFEL Program loans that you consolidated was falsely certified as a result of a crime of identity theft; or
- The school did not pay a required refund of one or more Direct Loan Program or FFEL Program loans that you consolidated.

We may forgive a portion of your Direct Consolidation Loan that repaid Direct Subsidized or Direct Unsubsidized Loans you received after October 1, 1998, or subsidized or unsubsidized Federal Stafford Loans you received under the FFEL program after October 1, 1998 if you teach full time for five consecutive years in certain low-income elementary and/or secondary schools and meet certain other qualifications, and if you did not owe a Direct Loan or FFEL program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998.

A public service loan forgiveness program is available that provides for the cancellation of the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments (after October 1, 2007) on those loans under certain repayment plans while you are employed in certain public service jobs.

To request a loan discharge based on one of the conditions described above (except for discharges due to death or bankruptcy), you must complete an application that you may obtain from the Direct Loan Servicing Center or from the Direct Loan Servicing Center's web site at <http://www.studentaid.ed.gov/>.

In some cases, you may assert, as a defense against collection of your loan, that the school did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if the school's act or omission directly relates to your loan or to the educational services that the loan was intended to pay for, and if what the school did or did not do would give rise to a legal cause of action against the school under applicable state law. If you believe that you have a defense against repayment of your loan, contact the Direct Loan Servicing Center.

We do not guarantee the quality of the academic programs provided by schools that participate in federal student financial aid programs. You must repay your loan even if you do not complete your education, are unable to obtain employment in your field of study, or are dissatisfied with, or do not receive, the education you paid for with the loan.

17. Department of Defense and other federal agency loan repayment.

Under certain circumstances, military personnel may have educational loans repaid by the Secretary of Defense. This benefit is offered as part of a recruitment program that does not apply to individuals based on their previous military service or to those who are not eligible for enlistment in the U.S. Armed Forces. For more information, contact your local military service recruitment office.

Other agencies of the federal government may also offer student loan repayment programs as an incentive to recruit and retain employees. Contact the agency's human resources department for more information.

END OF BORROWER'S RIGHTS AND RESPONSIBILITIES STATEMENT

Rights and Responsibilities Summary Checklist—Exit Counseling

I understand that I have a right to the following:

- ✓ Written information on my loan obligations and information on my rights and responsibilities as a borrower
- ✓ A grace period and an explanation of what this means
- ✓ A disclosure statement, received before I begin to repay my loan, that includes information about interest rates, fees, the balance I owe, and the number of payments
- ✓ Deferment of repayment or forbearance for certain defined periods, if I qualify and if I request deferment or forbearance
- ✓ Prepayment of my loan in whole or in part anytime without an early-repayment penalty
- ✓ A copy of my MPN either before or at the time my loan is disbursed
- ✓ Documentation that my loan is paid in full

I understand I am responsible for:

- ✓ Completing exit counseling before I leave school or drop below half-time enrollment
- ✓ Repaying my loan even if I do not complete my academic program, I am dissatisfied with the education I received, or I am unable to find employment after I graduate
- ✓ Notifying the Direct Loan Servicing Center if I:
 - Move/change my address
 - Change my telephone number
 - Change my name
 - Change employers or my employer's address or telephone number changes
- ✓ Making monthly payments on my loan after my grace period ends, unless I have a deferment or a forbearance
- ✓ Notifying the Direct Loan Servicing Center of anything that might alter my eligibility for an existing deferment or forbearance

I have received exit counseling materials for Direct Subsidized, Direct Unsubsidized, and Direct PLUS Loan borrowers. I have read and I understand my rights and responsibilities as a borrower. I understand that I have a loan from the federal government that must be repaid.

Student's Name _____ **Student ID** _____

Student's Signature _____ **Date** _____

Campus _____