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#### **Contact Information**

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#### December 2010

## **Direct Loan Types**

#### Direct S bsidi ed Loans:

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#### Direct Uns bsidi ed Loans:

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#### **Direct PLUS Loans:**

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**Direct Consolidation Loans:** Eligible federal student loans can be combined into one Direct Consolidation Loan.

## **Borrow Wisely**

- u Your school will award you the maximum amount of loan money for which you are eligible, unless you request less. You may decline any portion or all of a loan you do not need.
- u Borrow conservatively. Never borrow more than you can

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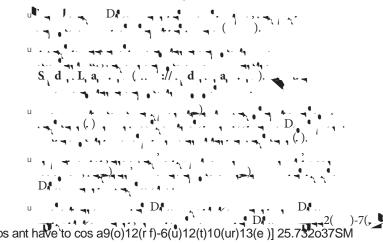
# You Must Repay Your Loans

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## **Use of Your Loan Money**

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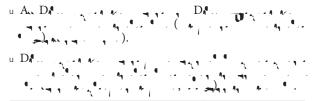
## **The Master Promissory Note**



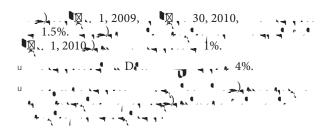
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# **Direct Subsidized Loan and Direct Unsubsidized Loan Interest Rates and Payment of Interest**



Date of First Disb rsement	Interest Rate
J I 1, 2009, thro gh J ne 30, 2010	5.6%
J I 1, 2010, thro gh J ne 30, 2011	4.5%
J I 1, 2011, thro gh J ne 30, 2012	3.4%
on or after J   1, 2012	6.8%



### Half-time Enrollment

D. 1, 2008

# **Changes You Must Report**

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## **Repaying Direct Loans**

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Standard Repayment Plan
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Sample Monthly Payments for Direct Subsidized and Unsubsidized Loans Direct Subsidized and Unsubsidized Borrowers¹

Initial Debt		Standard	Exte	Extended	Exte	Extended	Grad	Graduated		Income Contingent <sup>2</sup> Income = \$25,000	ntingent <sup>2</sup> \$25,000			Income-Based <sup>2</sup> Income = \$25,000	Income-Based <sup>2</sup> Income = \$25,000	
wnen You Enter			Ē	Keo	פושט	nateo			Sin	Single	Married/HOH <sup>3</sup>	1/нон3	Sin	Single	Married/HOH <sup>3</sup>	<sub>4</sub> /нон³
Repayment	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total
\$5,000	\$58	\$6,904		Not A ailable	Not A	Not A ailable	\$40	\$7,275	\$37	\$8,347	\$36	\$36 \$11,088	Not A ailable	ailable	\$39	\$8,005
10,000	115	13,809		Not A ailable	Not A	Not A ailable	79	14,550	75	16,699	71	22,158	110	13,672	39	16,081
25,000	288	34,524		Not A ailable	Not A	Not A ailable	198	36,375	186	41,748	178	55,440	110	45,014	39	60,754
20,000	575	69,048	347	104,109	284	112,678	396	72,749	247	93,322	189	122,083	110	109,623	39	92,704
100,000	1,151	138,096	694	208,217	268	225,344	792	145,498	247	187,553	189	170,153	110	118,058	39	97,020

<sup>&</sup>lt;sup>1</sup> Pa ments ere calc lated sing a f ed interest rate of 6.8% for Direct S bsidi ed and Uns bsidi ed Loans disb rsed on or after J 1 1, 2006. <sup>2</sup> Ass mes a 5% ann al income gro th (Cens s B rea ).

 $<sup>^{3}\,\</sup>mathrm{HOH}$  is Head of Hosehold. Ass mes a famils ie of to.

# Interest Rate Reduction for Automatic Withdrawal of Payments

0.25%)

## **Up-front Interest Rebate**

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## **Trouble Making Payments**

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Forbearance, if you don't meet the eligibility requirements for a deferment but are temporarily unable to make your loan payments. Forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments or extend the time for making payments.

- x If you stop making payments and don't get a deferment or forbearance, your loan could go into default, which has serious consequences.
- x Your loan rst becomes "delinquent" if your monthly payment is not received by the due date.
- x If you fail to make a payment, your Direct Loan servicer will send you a reminder that your payment is late.
- x If your account remains delinquent, your Direct Loan servicer will send you warning notices reminding you of your obligation to repay your loans and the consequences of default.
- x If you are delinquent on your loan payments, contact your Direct Loan servicer immediately to nd out how to bring your account current.

Late fees may be added, and your delinquency will be reporte to one or more national consumer reporting agencies (credit bureaus), but this is much better than remaining delinquent on your payments and going into default.

## Consequences If You Default

Default occurs when you become 270 days past due (delinquent) in making a payment on your loan(s). e consequences of default can be severe.

e entire unpaid balance of your loan and accrued interest becomes due and payable immediately.

You lose eligibility for deferment.

You lose eligibility for additional federal student nancial aid.

Your account is assigned to a collection agency.

e default will be reported as delinquent to credit bureaus. damaging your credit rating.

e federal government can take all or part of your federal tax refund.

Late fees, additional interest, court costs, collection fees, attorney's fees, and other costs incurred in collecting your loa will increase your loan debt.

Your employer (at the request of the federal government) ca garnish part of your wages and send them to the governmen

e federal government can take legal action against you.

#### Consolidation

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School-related discharges

In certain cases, you may be able to have all or a part of your loan canceled because:

Your school closed before you completed your program.

Your school forged your signature on your promissory note or falsely certi ed that you were eligible to get the loan.

Your loan was falsely certi ed as a result of the crime of identity the (additional requirements apply).

You withdrew from school but the school didn't pay a refund that it owed under our regulations.

Disability, bankruptcy, or death

Your loan may be discharged if you are determined to be totally and permanently disabled and you meet certain other requirements.

Your loan may be canceled if it is discharged in bankruptc is is not an automatic process—you must prove to the bankruptcy court that repaying the loan would cause undue hardship.

Your loan will be canceled if a family member or other representative provides acceptable documentation of your death.



Contact your Direct Loan servicer for more information about loan cancellation bene ts.

## National Student Loan Data System<sup>SM</sup> (NSLDS<sup>M</sup>)

u You can information about all of your Direct Loans, FFEL Program Loans, and Federal Perkins Loans by accessing the Department's National Student Loan Data SystemSLDSM) at www.nslds.ed.gov or by calling toll free 1-800-999-8219.

You will need your federal student aid PIN to access NSLDS.

NSLDS does not include information about any private loans you may have received.

## **Keep Your Loan Papers**

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# Borrower's Rights and Responsibilities

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repaid.
Chalanti Charatan
Student's Signature Date
Student's Name (Please Print)

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