Federal Stafford Loan Counseling Checklist

Student's Name (Please Print) **Social Security Number**

You are receiving a Federal Stafford loan to help you cover the costs of your education. You must repay this loan. Before you receive your Stafford loan funds, you must sign a promissory note agreeing to the conditions under which the loan is made and the terms under which you agree to repay the loan. The promissory note authorizes the school to credit loan proceeds to your student account. A copy of the Master Promissory Note, along with your Rights and Responsibilities Statement is part of your entrance and exit loan-counseling packet.

The Master Promissory Note (MPN) is designed for use as both a multi-year and a single -year note. If your school uses a multi-year feature, your MPN will be valid for up to 10 years for multiple loans. The multi-year MPN feature makes the borrowing process easier. However, you will be required to sign a new MPN if your school does not use the multi-year feature or you decide to change lenders. You may choose to sign a new MPN each time you borrow if you feel more comfortable doing so. Using the single-year feature, you will sign one MPN for every loan that you obtain.

The multi-year feature of the MPN will be revoked on whichever of the following dates occurs earliest: 12 months after the date you sign the MPN if there have been no disbursements during the 12 month period, the date your school receives your written notice that no additional loans may be distributed under the note, or 10 years from the date you sign the MPN. Your loan holder may also revoke the terms of the MPN in situations such as bankruptcy.

Repayment of your Federal Stafford Loan is a serious and important obligation. You are responsible for repaying your loan even if you are dissatisfied with your educational program or other services, do not complete your educational program, do not complete the program of study within the regular time for completion, or cannot find work after graduating. The Lender or Loan Servicer sends payment coupons or billing statements as a convenience to the borrower. Not receiving them does not relieve you of your obligation to make payments. You are encouraged to set up electronic debiting of a bank account to repay your loans, if available.

You should always contact your loan holder immediately if you anticipate difficulty making a payment. Your failure to pay all or part of a monthly payment, when it is due, may result in late charges. If you fail to make payments for 270 days, your loan is considered to be in default. Defaulting on your Federal Student Loan can result in consequences such as damage to your credit rating, collection costs, wage garnishment, withholding of your federal and state tax refunds, or delinquent debt collection procedures under federal law. Default can also cause acceleration of the amount due, a lawsuit filed against you (with possible liability for court costs/legal expenses), loss of eligibility for any additional financial aid, loss of deferment entitlements and forbearance eligibility, and referral of your account to a collection agency.

Always borrow conservatively! If you reduce the amount you borrow now, you will have less to repay later. You should seek alternatives to loans, if possible. Ask your school about the availability of any state grant funds in order to reduce your need for loans. State grant assistance might be available to both in-state and out-of-state students. It is important to note that accepting a loan might reduce your eligibility for other student aid such as grants, Federal Work Study (FWS), and institutional aid. Keep in mind that after you have finished your educational program, you would have more bills to worry about than just student loans -- for example, rent, utilities, car payments, clothing, and food. Be realistic in terms of how much money you can expect to earn after you graduate, and what size of student loan payments you will be able to afford. Above all, limit your borrowing to the amount absolutely necessary, even though you may be eligible to borrow more. You should develop a budget in order to determine the amount of loans you can afford to borrow.

The interest rate for Stafford loans first disbursed on or after July 1, 2006 is a fixed rate of 6.8%. The interest rate for Stafford loans first disbursed on or after July 1, 1994 but prior to July 1, 2006 is a variable rate, which can change each year on July 1. The rate will never be more than 8.25%. Loans first disbursed prior to July 1, 1994 have varying interest rates. For interest rates on a specific loan you obtained prior to July 1, 1994, you should contact your lender. Interest charges begin on the date the loan is disbursed and end when the loan is paid in full. For Subsidized loans, the federal government pays your interest charges while you attend school at least half-time, for 6 months after you leave school, and while you have a deferment on your loan. You must pay all other interest charges on your Subsidized loan. You must pay all interest charges on your Unsubsidized loans. You have the option to pay the interest charges on your Unsubsidized loan while in school. You agree that the lender may add interest charges to your loan amount, as provided by law, if you do not make payments of interest.

Please note that the College Cost Reduction and Access Act of 2007 cut the fixed interest rates on newly originated Subsidized Stafford loans for undergraduate students to 6.0% (2008-09), 5.6% (2009-10), 4.5% (2010-11) and 3.4% (2011-12), with a return to 6.8% in 2012-13. These cuts are available only to undergraduate students, not graduate students, and only for Subsidized Stafford loans, not Unsubsidized Stafford loans. Those loans remain at a fixed rate of 6.8%.

Your lender may charge an origination fee of up to 2% of the principal amount of your loan for loans obtained on or after July 1, 2006 but prior to July 1, 2007. For any new loan obtained on or after July 1, 2007 but prior to July 1, 2008, the maximum origination fee that can be charged by your lender is 1.5%. The maximum origination fee decreased to 1% on July 1, 2008 and will decrease to 0.5% for new loans obtained on or after July 1, 2009. As of July 1, 2010, lenders will no longer be allowed to charge any origination fees. The guaranty agency may charge a Federal default fee that is 1% of the principal amount of your loan. Both fees are deducted proportionately from each loan disbursement. If you cancel or repay all or part of your loan within 120 days from the day your lender sends your loan money to your school, your Federal default fee and origination fee will be canceled or reduced. Some guarantors and/or lenders might pay the fees on your behalf. Check with your school for a list of guarantors and/or lenders that provide these savings as these and other benefits provided by the guarantor/lender vary.

You must repay the full loan amount, including all interest. The time frame allowed to repay your loan depends on your total loan indebtedness. Generally, the maximum time frame allowed is 10 years. You will receive a 6-month grace period that starts the day after you graduate, withdraw, or drop below half-time status. You do not have to make payments during your grace period. You must make payments after your grace period ends. Your loan holder cannot provide you with an exact repayment schedule until your loan repayment begins.

When you begin repayment of your loan, the loan holder offers several flexible options to help you easily transition into repayment as outlined below. If you do not choose a repayment plan when you first begin repayment, you will be placed under the Standard Repayment Plan. You may request a change to your repayment plan at any time; but your lender may limit you to one change in your repayment plan each year. These plans are designed to give you flexibility in meeting your repayment obligation. You may make loan payments before they are required, or in amounts greater than required, at any time without penalty. You will receive more information about repayment choices from the holder of your loan.

Standard Repayment Plan: The total loan indebtedness for your program is all Subsidized Stafford + all Unsubsidized Stafford + all Grad PLUS. Your parent is responsible for the total of all parent PLUS loans received for your undergraduate program of study. The Standard Repayment Plan is the traditional approach to repaying your loan. Your monthly payment will be a fixed amount. The amount will be the minimum necessary to pay off your loan in a fixed period of time (not to exceed 10 years) or $50.00, whichever is greater.

Estimate Your Monthly Payment

Round your loan up to the nearest $500. If your principal amount is not on the table, follow the example below to estimate your monthly payment. If you previously had interest capitalized, add it to the original loan amount to get the new principal amount.

Example:
Federal Stafford Loan of $6,105.00 at 6% interest.

Round up to nearest $500 = $6,500.

$6,000 = $66.61/month
+ 500 = 5.55/month
$72.16/month

Estimated monthly payment = $72.16

*Minimum monthly payment = $50 or amount of interest accruing each month

Estimated Monthly Payments (10 Year Term)

Loan Amount	5.0%	6.0%	7.0%	8.0%	9.0%
$500*	$5.30	$5.55	$5.81	$6.07	$6.33
$1,000*	$10.61	$11.10	$11.61	$12.13	$12.67
$3,000*	$31.82	$33.31	$34.83	$36.40	$38.00
$5,000	$53.03	$55.51	$58.05	$60.66	$63.34
$6,000	$63.64	$66.61	$69.67	$72.80	$76.01
$7,000	$74.25	$77.71	$81.28	$84.93	$88.67
$9,000	$95.46	$99.92	$104.50	$109.19	$114.01
$10,000	$106.07	$111.02	$116.11	$121.33	$126.68
$15,000	$159.10	$166.53	$174.16	$181.99	$190.01
$20,000	$212.13	$222.04	$232.22	$242.66	$253.35
$25,000	$265.16	$277.55	$290.27	$303.32	$316.69

Graduated Repayment Plan: The graduated plan is paid over a fixed period of time, not to exceed 10 years. In this plan, your payments begin at a relatively low amount and then increase, normally every two years. Your monthly payment will never be less than the amount of interest that accrues between payments. Although your monthly payment will gradually increase, no single payment under this plan will be more than three times greater than any other payment. You must have more than $30,000 in outstanding FFEL loans to qualify for this repayment plan. **Example of payments for $35,000 in outstanding loan total at 6.8% interest rate on the Graduated Payment Plan: Payments are calculated for a ten-year period and payments increase every two years.**

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Repayment Summary	
Period (years)	**Monthly Payment**
1 - 2	$ 276.56
3 - 4	$ 336.23
5 - 6	$ 408.76
7 - 8	$ 496.95
9 - 10	$ 604.17
Months in Repayment	120

<u>Extended Repayment Plan</u>: The Extended Repayment Plan has a fixed annual payment amount or a graduated repayment amount to be paid over a period not to exceed 25 years. You must have more than $30,000 in outstanding loans to apply for this repayment plan.

Example of payments for $40,000 in outstanding loan total at 6.8% interest rate with a fixed payment amount for 25 years:

Repayment Summary	
Months in Repayment	300
Monthly Payments	$ 277.63
Interest Payment	$ 43,289.00
Total Loan Payment	$ 83,289.00

Example of payments for $40,000 in outstanding loan total at 6.8% interest rate with a graduated amount for a 25-year period and payments increase every two years:

Repayment Summary	
Period (years)	**Monthly Payment**
1 - 2	$ 226.67
3 - 4	$ 237.49
5 - 6	$ 248.82
7 - 8	$ 260.70
9 - 10	$ 273.14
11 - 12	$ 286.17
13 - 14	$ 299.83
15 - 16	$ 314.14
17 - 18	$ 329.13
19 - 20	$ 344.84
21 - 22	$ 361.30
23 - 24	$ 378.54
25	$ 396.60

<u>Income-Sensitive Repayment Plan/Income-Contingent Repayment Plan</u>: The Income-Sensitive Repayment plan (FFEL) and Income-Contingent Repayment plan (Direct) gives you the flexibility to pay your loan(s) without undue financial hardship. These repayment plans base the monthly payment amount on how much money you make and the size of your household. The payment amount is recalculated annually, based on household size and income information, and is subject to change based on the poverty guidelines for your family size as determined by the U.S. Dept of Health & Human Services. The Income-Sensitive

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Repayment plan (FFEL) has a maximum term of 10 years while the Income-Contingent Repayment plan (Direct) has a maximum term of 25 years. FFEL borrowers may consolidate their loans into the Direct Loan program to become eligible for the Income-Contingent Repayment plan. The terms of these repayment plans vary and you may receive information based specifically on your situation from the holder of your loan.

Example of payments for a subsidized Stafford loan repaid at 6.8% interest rate on the Income-Sensitive Repayment Plan with monthly payments based on 4% of gross monthly income. This plan has a maximum term of 10 years.

Loan Amount	Gross Monthly Income	Monthly Payment (1st 5 Years)	Monthly Payment (remaining 5 Years)	Total Paid (Loan + Interest)
$10,000	$1,250	$ 50	$ 206.43	$ 15,385.59
$50,000	$4,000	$ 160	$ 1,158.46	$ 79,107.55

Example of payments for a Subsidized Stafford loan repaid at 6.8% interest rate on the Income-Contingent Repayment Plan with monthly payments based on 4% of gross monthly income.

Loan Amount	Gross Monthly Income	Term (in Months)	Initial Monthly Payment	Total Paid (Loan + Interest)
$10,000	$1,250	300	$ 59.66	$ 19,170.36
$50,000	$4,000	144	$ 507.87	$ 73,287.68
This is an estimated repayment amount for the first year and total loan payment, based on an unmarried student with no dependents. This repayment amount will be recalculated annually and is subject to change based on the poverty guidelines for the family size as determined by the U.S. Dept of Health & Human Services. This plan has a maximum term of 25 years.				

Income-Based Repayment Plan: Effective July 1, 2009, the Income-Based Repayment Plan is available for all borrowers who have a partial financial hardship, except for parent PLUS loan borrowers or consolidation loan borrowers who repaid a parent PLUS loan through the consolidation loan. A partial financial hardship means that the annual amount due on all of your eligible loans (calculated on a standard 10-year repayment plan) exceeds 15% of the result obtained by calculating on an annual basis, the difference between your household's adjusted gross income and 150% of the poverty line applicable to your family size. If you meet this threshold, you may elect to have your monthly payment limited to no more than 15% of the amount by which your household's adjusted gross income exceeds 150% of the poverty line applicable to your family size, divided by 12. You may receive information based specifically on your situation from the holder of your loan. **Example of payments for a Subsidized Stafford loan repaid at 6.8% interest rate on the Income-Based Repayment Plan.**

IBR Monthly Payment Amount							
Annual Income	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
$40,000	$297	$227	$157	$87	$16	$0	$0
$50,000	$422	$352	$282	$212	$141	$71	$1
$60,000	$547	$477	$407	$337	$266	$196	$126
$70,000	$672	$602	$532	$462	$391	$321	$251

The lender may collect from you a late charge if you do not make any part of a payment after it becomes due. The lender may also collect from you any other charges and fees involved in collecting your loan, including, but not limited to, attorney's fees, court costs, and long distance telephone calls.

Capitalization occurs when a lender adds unpaid accrued interest and unpaid insurance premiums to the borrower's unpaid principal balance. Capitalizing interest increases the principal amount of the loan and the total cost of the loan. This occurs at the end of a deferment, forbearance or grace period on Unsubsidized loans, and at the end of a forbearance period on a Subsidized loan.

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Tax benefits are available for certain higher education expenses, including a deduction for student loan interest for certain borrowers. This benefit applies to all loans used to pay for postsecondary education costs. The Internal Revenue Service (IRS) Publication 970, Tax Benefits for Higher Education, explains these credits and other tax benefits. You may get more information online at www.irs.gov or by calling the IRS at 1-800-829-1040.

Student and parent borrowers can consolidate (combine) multiple federal student loans with various repayment schedules into one loan, making a single monthly payment. With a consolidation loan, your monthly payment might be lower, you can take a longer time to repay (up to 30 years) if you're repaying your consolidation loan under the Standard or Graduated Repayment Plans and your total student loan debt is $60,000 or more. However, the maximum repayment period for a consolidation loan is based on the total amount of the Consolidation Loan and your other student loan debt. You will receive a fixed interest rate on your Consolidation Loan. You should compare the cost of repaying your unconsolidated loans with the cost of repaying a consolidation loan. Extending repayment will result in more interest charges over the life of the loan. Some things to consider are:

- FFEL only borrowers may consolidate those loans into a Direct Consolidation Loan to benefit from an interest waiver for active duty military service personnel or to qualify for the Public Service Loan Forgiveness Program.
- Whether you'll lose any borrower benefits if you consolidate, such as interest rate discounts or principal rebates, as these benefits can significantly reduce the cost of repaying your loans.
- Whether you might lose some discharge and cancellation benefits if you include a Perkins Loan in your consolidation loan.

Carefully review your consolidation options and talk with the holder of your loan before you apply for a consolidation loan. If you're in default on a federal student loan, you still might be able to consolidate if you make satisfactory repayment arrangements on the defaulted loan or agree to repay the consolidation loan under the Income-Contingent, Income-Sensitive, or Income-Based Repayment Plans, provided the defaulted loan is not subject to a judgment or wage garnishment.

Student loans are often sold to secondary student loan markets such as the Student Loan Marketing Association (SALLIE MAE), and often lenders use outside contractors to service student loans. Your lender may sell or assign your loan without your consent and without selling or assigning any of your other loans. The sale or transfer of your loan does not affect your rights and responsibilities with respect to the loan. You will be given the name, address, and telephone number of any new owner of your loan, if the change in ownership means you must send payments to a new address.

You should have received a college catalog and/or enrollment agreement that contains the school's academic progress policy and refund policy. Also, if you withdraw from school, the Return of Title IV funds can affect your loan repayment. You are required to attend exit counseling before you graduate, withdraw, or cease to be enrolled at least half time. Exit counseling will provide you with specific information about your total indebtedness, lender contact information, repayment options, loan consolidation, and debt-management strategies.

To remain eligible for Federal Student Loans, you must remain enrolled on at least a half-time basis. If your enrollment status at any time drops below half-time status, you may be ineligible for any future scheduled disbursements and your loans may enter repayment. To determine the requirements for half-time status, please contact your school as the requirements may vary per program of study.

To avoid delinquency and default, you should inform your loan holder of changes to your name, mailing address, telephone number, or Social Security Number so that all correspondence is promptly directed to you. You should also inform the loan holder if you withdraw from school, drop below half-time status, or transfer to another school. Always read and keep all documents you receive pertaining to your Federal Student Loan, and be sure to understand your loan amount and the payments that will be required. You should also notify your lender if you cannot make your payments by the due date.

In the case of your death, your loan obligation will be cancelled. Your loan also may be cancelled if you become totally and permanently disabled. Loan cancellation due to disability requires certification from a physician. Your loan may be cancelled in other instances including school closure, false certification, identity theft, or failure of the school to pay a refund if you withdraw. Borrowers may also qualify for other cancellations or loan forgiveness programs such as being a survivor of a 9/11/01 victim or through the teacher loan forgiveness program. To receive a complete list of cancellation, discharge, and loan forgiveness categories or to apply for a cancellation, discharge, or loan forgiveness, the borrower must contact their lender. Generally, federal student loans may not be cancelled or discharged due to bankruptcy.

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Your loan holder understands that you may experience financial difficulty and offer options that temporarily reduce or suspend your monthly payment. If you are experiencing financial difficulty, you should contact your loan holder immediately for assistance in handling your repayment obligation.

Under certain circumstances, you may be eligible for a deferment and may not have to make payments for a period of time. For example, you will not have to make payments while you are attending school at least half-time or for up to 3 years while you are unemployed. For a complete list of deferments, and all documentation and eligibility requirements, please refer to your Rights and Responsibilities Statement. The federal government pays the interest on Subsidized loans during periods of deferment. You must pay the interest on Unsubsidized loans during deferment periods, or it will be added to the principal amount of the loan. If interest is added to the principal amount, you will then pay interest on the larger amount. Having interest added to the principal amount of your loan may also cause your monthly payment amount to increase.

If you cannot make scheduled payments and do not qualify for a deferment, you should ask your lender about forbearance. Your lender may allow you to temporarily make smaller payments or temporarily stop making payments. Interest continues to be charged on your loan during forbearance.

Keep a copy of the Borrower's Rights and Responsibilities Statement you received prior to signing the Master Promissory Note. The statement provides information regarding your student loan, such as Grace Period, Repayment, Deferments, etc.

You should keep all financial aid materials in one place especially any records relating to your loans. Keep a copy of your Master Promissory Note and any notices showing when you received loan payments or your account was credited. Keep the loan repayment schedule provided by the lender when repayment begins and any records of loan payments including canceled checks and money order receipts. You should keep copies of any requests for deferment and forbearance, or any correspondence with the lender.

Your loan history can be viewed online at the National Student Loan Data System – Student Access website http://www.nslds.ed.gov/nslds_SA/ (PIN required for access). The information on NSLDS may not be as current as the latest information from your loan holders. To resolve loan disputes and problems in an informal manner, the Federal Student Aid (FSA) Ombudsman works with student loan borrowers. The goal is to find creative alternatives for borrowers who need help with their federal loans. You can reach the FSA Ombudsman as follows:

Postal Mail:	**Contact:**
U.S. Department of Education	Toll-free phone: 877-557-2575
FSA Ombudsman	Fax number: 202-275-0549
830 First Street, NE	
Fourth Floor	Internet: http://fsahelp.ed.gov
Washington, DC 20202-5144	or http://ombudsman.ed.gov

By signing this form, you are verifying that you have reviewed and understood everything on this form. If there is anything about your loan(s) that you do not understand, please contact your school's financial aid office.

Initial counseling received:

Signature

Date

Exit counseling received:

Signature

Date

The student must date this counseling form so that its use may be distinguished between *Pre-Loan* versus *Exit* Counseling.

Form No GFAS 04-01
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