

February 26, 2019

HELPING FINANCE THE AMERICAN DREAM SINCE 1919.

The Honorable Kathy Kraninger
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Kraninger:

On behalf of the Consumer Bankers Association (CBA), I write to request the Consumer Financial Protection Bureau (CFPB) coordinate with the Department of Education (the Department) to implement a “Know Before You Owe” initiative for federal student loan borrowers. With \$1.4 trillion in federal student debt outstanding and more than one in five federal borrowers in repayment seriously delinquent or in default, there is clearly a federal student loan crisis. Financial education is at the core of the CFPB’s mission, and we urge you to work with the Department to make sense of the current opaque federal student loan disclosures by offering a clear, personalized, plain-language disclosure similar to those already provided to borrowers of all private consumer loans.

As the voice of the retail banking industry, CBA membership includes private sector lenders who make the majority of private student loans to help families finance a college education. These members make up CBA’s Education Funding Committee, which meets regularly to discuss the industry and legislative and regulatory issues, including possible solutions for struggling federal student loan borrowers.

The State of Student Loan Disclosures

CBA’s private student lenders hold about 60 percent of the \$118 billion of outstanding private student loans. In comparison, the federal government holds approximately \$1.4 trillion in loans. While private loans are a small piece of the student loan market, this critically important piece is serving students and their families well. In fact, 98 percent of private student loan borrowers are successfully repaying their loans. One reason private student loans do well is because they have arguably the strongest consumer protection: a robust underwriting process that includes an ability-to-repay test. Private lenders also provide clear, concise, upfront disclosures of personalized loan terms which help borrowers understand their obligations prior to taking out a loan.

For many students and families, a college education will be one of the most important investments they ever make. Thus, access to information about the true cost of a loan is critical to making an informed decision about how much debt to take on. A recent CBA poll of 1,000 registered voters echoed the importance of borrower disclosures as 90 percent of those surveyed felt borrowers should receive disclosures detailing costs and terms before taking out an education loan. More than 90 percent felt such disclosures should always provide specific monthly payment amounts.

Unfortunately, federal borrowers must weed through more than a dozen pages of disclosures and squint to read fine print to unearth some of the key loan terms (see Appendices A, B, C). These disbursement

disclosures fail to provide terms specific to individual borrowers, instead offering broad categories of interest rates and fees and ranges of estimated monthly payments. The ironically named Plain Language Disclosure, for instance, provides users of federal student loan products six pages of legal jargon in fine print to show only generic loan costs and repayment terms.

Alternatively, private lenders are required by the Truth in Lending Act (TILA) to provide customers with clear and conspicuous disclosures of loan costs and terms three times before the loan is disbursed, at loan application, approval, and closing (see Appendix D). The interest rate, loan fees, annual percentage rate (APR), monthly payment amount, and total cost of the loan, among other important terms specific to the individual borrower, are boldly displayed. This information allows borrowers to make informed decisions about the loans that are appropriate for their higher education needs.

Adding to borrower confusion over higher education financing is the inaccurately named “Award Letter” provided by schools upon acceptance of admission. There is no standard format for Award Letters, which detail federal loan, grant, and other aid options available. In many cases, the Award Letters fail to distinguish which aid options require repayment. Some schools even package scholarships and loans into one financial “award” sum, suggesting the entire amount is free money (see Appendix E).

Know Before You Owe Federal Student Loans

CBA has long advocated for the best possible information to be provided to students and their families before they borrow large sums of money for higher education. We recommend the array of current federal loan disclosures be condensed and improved by requiring disclosures similar to the TILA disclosures required of private lenders. While we recognize some improvements to current disclosures may require amendments to the Higher Education Act, we hope the CFPB and the Department can work together to develop, at the least, one overarching and meaningful disclosure of key loan terms so borrowers can more clearly understand their loan obligations before signing on the dotted line. An initiative similar to the CFPB’s Know Before You Owe initiative on mortgage disclosures would improve transparency and help prevent over-borrowing. An improved federal student loan disclosure process should:

- Include the key terms of the loan, such as the interest rate, fees, projected monthly payment and projected total cost of the loan, and provide a clear view of the true cost of the loan by displaying the APR (which accounts for the origination fees of 4.3 percent for PLUS and 1.1 percent for Direct Loans);
- Provide these improved disclosures at application and in coordination with the financing letter; and
- Specify that parents are responsible for Parent PLUS loan repayment regardless of whether the student completes their program of study.

In addition, CBA recommends the CFPB work with the Department to replace the various Award Letters used today with a standardized “Financing Letter” which clearly distinguishes between loans and aid that does not need to be repaid. We strongly believe better disclosure of federal loan costs and terms will promote informed decision-making and discourage the over-borrowing that is helping fuel the high cost of college.

Thank you for consideration of this request. CBA welcomes the opportunity to work with you to provide students and families with the information necessary to make sound financial decisions in pursuit of their higher education goals. If you have questions about this request, please have your staff contact Kris Fallon at kfallon@consumerbankers.com or (202) 552-6367.

Sincerely,

A handwritten signature in black ink, reading "Richard Hunt". The signature is written in a cursive style with a large, stylized "R" and "H".

Richard Hunt
President and CEO
Consumer Bankers Association

Enclosures

Direct Loans

William D. Ford Federal Direct Loan Program

Federal Direct Stafford/Ford Loan Federal Direct Unsubsidized Stafford/Ford Loan Master Promissory Note William D. Ford Federal Direct Loan Program

OMB No. 1845-0007
Form Approved
Exp. Date 02/29/2016

Warning: Any person who knowingly makes a false statement or misrepresentation on this form or any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

SECTION A: BORROWER INFORMATION – READ THE INSTRUCTIONS IN SECTION G BEFORE COMPLETING THIS SECTION

1. Driver's License State and No. _____
2. Social Security No. _____ - _____ - _____
3. E-mail Address (optional) _____
5. Date of Birth (mm-dd-yyyy) _____
4. Name and Permanent Address (see instructions) _____
6. Area Code/Telephone No. _____

7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

Name	1. _____	2. _____
Permanent Street Address	_____	_____
City, State, Zip Code	_____	_____
E-Mail Address (optional)	_____	_____
Area Code/Telephone No.	_____	_____
Relationship to Borrower	_____	_____

SECTION B: SCHOOL INFORMATION – TO BE COMPLETED BY THE SCHOOL

8. School Name and Address _____
9. School Code/Branch _____
10. Identification No. _____

SECTION C: BORROWER REQUEST, CERTIFICATIONS, AUTHORIZATIONS, AND UNDERSTANDINGS – READ CAREFULLY BEFORE SIGNING BELOW

11. This is a Master Promissory Note (MPN) for one or more Federal Direct Stafford/Ford (Direct Subsidized) Loans and/or Federal Direct Unsubsidized Stafford/Ford (Direct Unsubsidized) Loans. I request a total amount of Direct Subsidized Loans and/or Direct Unsubsidized Loans under this MPN not to exceed the allowable maximums under the Act ("the Act" is defined in Section E under Governing Law). My school will notify me of the loan type and loan amount that I am eligible to borrow. Within certain timeframes, I may cancel a loan or request a lower amount by contacting my school, or by refusing to accept or returning all or a portion of a loan disbursement that is made to me. The Borrower's Rights and Responsibilities Statement that accompanies this MPN and the disclosure statements that will be provided to me contain additional information about my right to cancel a loan or request a lower amount.

12. Under penalty of perjury, I certify that:

- A. The information I have provided on this MPN and as updated by me from time to time is true, complete, and correct to the best of my knowledge and belief and is made in good faith.
- B. I will use the proceeds of loans made under this MPN for authorized educational expenses that I incur, and I will immediately repay any loan proceeds that cannot be attributed to educational expenses for attendance on at least a half-time basis at the school that certified my loan eligibility.
- C. If I owe an overpayment on a Federal Perkins Loan, Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent (SMART) Grant, or Leveraging Educational Assistance Partnership Grant, I have made satisfactory arrangements to repay the amount owed.
- D. If I am in default on any loan I received under the Federal Perkins Loan Program (including National Direct Student Loans), the William D. Ford Federal Direct Loan (Direct Loan) Program, or the Federal Family Education Loan (FFEL) Program, I have made satisfactory repayment arrangements with the loan holder to repay the amount owed.
- E. If I have been convicted of, or if I have pled *nolo contendere* (no contest) or guilty to, a crime involving fraud in obtaining funds under Title IV of the Higher Education Act of 1965, as amended, (HEA), I have fully repaid the funds to the U.S. Department of Education (ED) or to the loan holder in the case of a Title IV federal student loan.

13. For each Direct Subsidized Loan and Direct Unsubsidized Loan I receive under this MPN:

- A. I authorize my school to certify my eligibility for the loan.
- B. I authorize my school to credit my loan proceeds to my student account at the school, and to pay to ED any refund that may be due up to the full loan amount.
- C. I authorize ED to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
- D. I authorize ED to defer repayment of principal on my loan while I am enrolled at least half-time at an eligible school, unless I notify ED differently.
- E. I authorize my schools, ED, and their agents and contractors to release information about my loan to the references on the loan and to my immediate family members unless I submit written directions otherwise.
- F. I authorize my schools, ED, and their agents and contractors to share information about my loan with each other.
- G. I authorize my schools, ED, and their agents and contractors to contact me regarding my loan request or my loan, including repayment of my loan, at the number that I provide on this MPN or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.

14. I understand that:

- A. ED will give me the opportunity to pay the interest that accrues on each loan made under this MPN during grace, in-school, deferment (including in-school deferment), forbearance, and other periods as provided under the Act. If I do not pay the interest that accrues during these periods, ED may add unpaid interest that accrues on each loan made under this MPN to the principal balance of that loan (this is called "capitalization") at the end of the grace, deferment, forbearance, or other period. Capitalization will increase the principal balance on my loan and the total amount of interest I must pay.
- B. ED has the authority to verify information reported on this MPN with other federal agencies.

SECTION D: PROMISE TO PAY

15. I promise to pay to ED all loan amounts disbursed under the terms of this MPN, plus interest and other charges and fees that may become due as provided in this MPN. I understand that more than one loan may be made to me under this MPN. I understand that by accepting any disbursement issued at any time under this MPN, I agree to repay the loan associated with that disbursement.

16. If I do not make a payment on a loan made under this MPN when it is due, I will also pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.

17. I will not sign this MPN before reading the entire MPN, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this MPN and the Borrower's Rights and Responsibilities Statement.

18. My signature certifies that I have read, understand, and agree to the terms and conditions of this MPN, including the Borrower Request, Certifications, Authorizations, and Understandings in Section C, the MPN Terms and Conditions described in Section E, the Notice About Subsequent Loans Made Under this MPN in Section E, and the Borrower's Rights and Responsibilities Statement.

I UNDERSTAND THAT I MAY RECEIVE ONE OR MORE LOANS UNDER THIS MPN, AND THAT I MUST REPAY ALL LOANS THAT I RECEIVE UNDER THIS MPN.

19. Borrower's Signature _____
20. Today's Date (mm-dd-yyyy) _____

APPENDIX A

Direct Subsidized Loan and Direct Unsubsidized Loan MPN (*continued*)

SECTION E: MPN TERMS AND CONDITIONS

GOVERNING LAW

The terms of this Master Promissory Note (MPN) will be interpreted in accordance with the Higher Education Act of 1965, as amended (the HEA) (20 U.S.C. 1070 *et seq.*), the U.S. Department of Education's (ED's) regulations, any amendments to the HEA and the regulations in accordance with the effective date of those amendments, and other applicable federal laws and regulations (collectively referred to as the "Act").

Under applicable state law, except as preempted by federal law, you may have certain borrower rights, remedies, and defenses in addition to those stated in this MPN and the Borrower's Rights and Responsibilities Statement.

DISCLOSURE OF LOAN TERMS

This MPN applies to Federal Direct Stafford/Ford Loans (Direct Subsidized Loans) and Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans). Under this MPN, the principal amount that you owe, and are required to repay, will be the sum of all disbursements that are made (unless you reduce or cancel any disbursements as explained below under Loan Cancellation), plus any unpaid interest that is capitalized and added to the principal balance.

Each loan made under this MPN is separately enforceable based on a true and exact copy of this MPN. At or before the time of the first disbursement of each loan, you will receive a disclosure statement identifying the amount of the loan and additional terms of the loan. The Borrower's Rights and Responsibilities Statement accompanying this MPN contains important additional information. The Borrower's Rights and Responsibilities Statement and any disclosure statement you receive in connection with any loan under this MPN are hereby incorporated into this MPN.

The Act specifies annual and aggregate limits on the amount of loans you may receive under this MPN. You may request additional loan funds to pay for your educational costs up to the annual and aggregate loan limits by contacting your school's financial aid office. Your school will determine if you are eligible for any additional loan funds. You will be notified of any increase or other change in the amount of your loan.

The amount of Direct Subsidized Loans and Direct Unsubsidized Loans you are eligible to receive may increase or decrease based on changes in your financial circumstances. Your school will notify you of any changes in your eligibility. You will be notified of any increase or decrease in the amount of your loan.

ED may use a servicer to handle billing and other communications related to your loan.

TIME LIMITATION ON DIRECT SUBSIDIZED LOAN ELIGIBILITY FOR FIRST-TIME BORROWERS ON OR AFTER JULY 1, 2013

If you are a **first-time borrower on or after July 1, 2013** (see Note below), there is a limit on the maximum period of time (measured in academic years) for which you can receive Direct Subsidized Loans. In general, you may not receive Direct Subsidized Loans for more than 150% of the published length of your program of study. This is called your "maximum eligibility period."

After you have received Direct Subsidized Loans for your maximum eligibility period, you are no longer eligible to receive additional Direct Subsidized Loans, and if you are enrolled in school you may become responsible for paying interest on your Direct Subsidized Loans. You may continue to receive Direct Unsubsidized Loans.

With certain exceptions as provided under the Act (such as if you graduate from your program of study before you receive or at the time you receive Direct Subsidized Loans for your maximum eligibility period), you will become responsible for paying the interest that accrues on your Direct Subsidized Loans during all periods if you:

- Continue to be enrolled in any undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period, or
- Enroll in another undergraduate program that is the same length as or shorter than your previous program.

The Borrower's Rights and Responsibilities Statement that accompanies this MPN provides additional information concerning the limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013.

Note: A first-time borrower on or after July 1, 2013 is an individual who has no outstanding balance on a Direct Loan Program loan or a Federal Family Education Loan (FFEL) Program loan on July 1, 2013, or who has no outstanding balance on a Direct Loan or FFEL program loan on the date he or she obtains a Direct Loan Program loan after July 1, 2013.

LOAN CANCELLATION

You may pay back all or part of a loan disbursement within the timeframes set by the Act, as explained in the Borrower's Rights and Responsibilities Statement and in a disclosure statement that you will receive. If you return the full loan amount within those timeframes, you will not have to pay any loan fee or interest charges. If you return part of a disbursement within those timeframes, ED will reduce the loan fee and interest charges in proportion to the amount returned.

INTEREST

Unless ED notifies you in writing that a different rate will apply, the interest rate for any loan you receive under this MPN is a fixed rate that is calculated in accordance with a formula specified in the Act. The interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans is calculated each year. When the rate is calculated, it applies to Direct Subsidized Loans and Direct Unsubsidized Loans for which the first disbursement is made during the period beginning on July 1 of one year and ending on June 30 of the following year. Different interest rates may apply to different loans you receive under this MPN, depending on when the loan is first disbursed and whether you are an undergraduate student or a graduate or professional student. The maximum interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans made to undergraduate students is 8.25%. The maximum interest rate for Direct Unsubsidized Loans made to graduate or professional students is 9.5%. ED will notify you of the interest rate on each of your loans.

Except as explained below, you are not required to pay the interest that accrues on a Direct Subsidized Loan during an in-school, grace, or deferment period, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Repayment Plan. You must pay the interest that accrues on a Direct Subsidized Loan during all other periods (including forbearance periods), starting on the day after your grace period ends.

You must pay the interest that accrues during the grace period on any Direct Subsidized Loan for which the first disbursement is made on or after July 1, 2012 and before July 1, 2014. In addition, if you are a first-time borrower on or after July 1, 2013, under certain conditions you may become responsible for paying the interest that accrues on your Direct Subsidized Loans during all periods, as described under the heading "Time Limitation on Direct Subsidized Loan Eligibility for First-Time Borrowers on or after July 1, 2013."

You must pay the interest that accrues on a Direct Unsubsidized Loan during all periods (including in-school, grace, deferment, and forbearance periods), starting on the date of the first disbursement.

You agree to pay all interest that accrues on your Direct Loan(s) during the periods described above. You will be given the opportunity to pay the interest that accrues during in-school, grace, deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, ED may capitalize the interest (add it to the principal balance of your loans) at the end of the grace, deferment, forbearance, or other period.

LOAN FEE

As provided by the Act, ED charges a loan fee for each Direct Subsidized Loan and Direct Unsubsidized Loan you receive under this MPN. The loan fee is a percentage of the loan amount and will be deducted proportionately from each disbursement of each of your loans. The specific loan fee you are charged will be shown on

disclosure statements that will be sent to you. ED may refund the loan fee only as permitted by the Act.

LATE CHARGES AND COLLECTION COSTS

ED may collect from you:

- A late charge of not more than six cents for each dollar of each late payment if you do not make any part of a required installment payment within 30 days after it becomes due, and
- Any other charges and fees that are permitted by the Act related to the collection of your loans. If you default on a loan, you must pay reasonable collection costs, plus court costs and attorney fees.

GRACE PERIOD

You will receive a 6-month grace period on repayment of each loan made under this MPN. The grace period begins the day after you cease to be enrolled at least half-time at an eligible school.

You are not required to make any payments on your loan during the grace period. However, you are responsible for paying the interest that accrues on your Direct Unsubsidized Loan and, in some cases (see "Interest" in this section of the MPN) on your Direct Subsidized Loan during the grace period, and this interest will be capitalized at the end of the grace period if you do not pay it.

REPAYMENT

You must repay the full amount of the loans made under this MPN, plus accrued interest. You will repay each loan in monthly installments during a repayment period that begins on the day immediately following your 6-month grace period on that loan. Generally, payments that you make or that someone else makes on your behalf will be applied first to late charges and collection costs that are due, then to interest that has not been paid, and finally to the principal amount of the loan. However, any payments made under the Income-Based Repayment Plan or the Pay As You Earn Plan will be applied first to interest that is due, then to fees that are due, and then to the principal amount.

ED will provide you with a choice of repayment plans. The Borrower's Rights and Responsibilities Statement includes Information on these repayment plans.

ED will provide you with a repayment schedule that identifies your payment amounts and due dates. If you intend to repay your loan but are unable to make your scheduled loan payments, ED may grant you a forbearance that allows you to temporarily stop making payments or to temporarily make a smaller payment amount, which extends the time for making payments. ED may adjust payment dates on your loans or may grant you a forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

You may prepay all or any part of the unpaid balance on your loans at any time without penalty. If you do not specify which loans you are prepaying, ED will determine how to apply the prepayment in accordance with the Act. After you have repaid in full a loan made under this MPN, ED will send you a notice telling you that you have paid off your loan.

ACCELERATION AND DEFAULT

At ED's option, the entire unpaid balance of a loan made under this MPN will become immediately due and payable (this is called "acceleration") if any one of the following events occurs:

Section E continues on next page

APPENDIX A

Direct Subsidized Loan and Direct Unsubsidized Loan MPN (continued)

SECTION E: MPN TERMS AND CONDITIONS (continued)

- (1) You do not enroll as at least a half-time student at the school that certified your loan eligibility;
- (2) You do not use the proceeds of the loan solely for your educational expenses;
- (3) You make a false representation that results in your receiving a loan for which you are not eligible; or
- (4) You default on the loan.

The following events will constitute a default on your loan:

- (1) You do not pay the entire unpaid balance of the loan after ED has exercised its option under items (1), (2), and (3) above;
- (2) You do not make installment payments when due and your failure to make payments has continued for at least 270 days; or
- (3) You do not comply with other terms of the loan, and ED reasonably concludes that you no longer intend to honor your repayment obligation.

If you default, ED may capitalize all outstanding interest. This will increase the principal balance of your loan, and the full amount of the loan, including the new principal balance and collection costs, will become immediately due and payable.

If you default, the default will be reported to nationwide consumer reporting agencies (credit bureaus) and will significantly and adversely affect your credit history. A default will have additional adverse consequences as explained in the Borrower's Rights and Responsibilities Statement. Following default, you may be required to repay the loan (potentially including amounts in excess of the principal and interest) under the Income-Based Repayment Plan or the Income-Contingent Repayment Plan in accordance with the Act.

LEGAL NOTICES

Any notice required to be given to you will be effective if it is sent by first-class mail to the most recent address ED has for you, by electronic means to an address you have provided, or by any other method of notification that is permitted or required by applicable statute and regulation. You must immediately notify ED of a change in your contact information or status as specified in the Borrower's Rights and Responsibilities Statement under "Information you must report to us after you receive your loan."

If ED does not enforce or insist on compliance with any term of this MPN, this does not waive any right of ED. No provision of this MPN may be modified or waived except in writing by ED. If any provision of this MPN is determined to be unenforceable, the remaining provisions will remain in force.

Information about your loans will be submitted to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by ED.

NOTICE ABOUT SUBSEQUENT LOANS MADE UNDER THIS MPN

This MPN authorizes ED to make multiple loans to you to pay your educational expenses during the multi-year term of this MPN, upon your request and upon your school's annual certification of your loan eligibility.

At schools that are authorized to use the multi-year feature of the MPN and choose to do so, subsequent loans may be made under this MPN for subsequent academic years. At any school, subsequent loans may be made under this MPN for the same academic year.

No subsequent loans will be made under this MPN after the earliest of the following dates:

- (1) The date ED or your school receives your written notice that no further loans may be made;
- (2) One year after the date you sign the MPN or the date ED receives the MPN if no disbursements are made under the MPN; or
- (3) Ten years after the date you sign the MPN or the date ED receives the MPN.

SECTION F: IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

We disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authority for collecting the requested information from and about you is §451 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your Social Security Number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the Direct Loan Program, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), ED will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program.

PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0068. Public reporting burden for this collection of information is estimated to average 30 minutes (0.5 hours) per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain a benefit in accordance with 34 CFR 685.201. If you have comments or concerns regarding the status of your individual submission of this form, write to:

U.S. Department of Education
Common Origination and Disbursement School Relations Center
Attn: Applicant Services
PO Box 9002
Niagara Falls, NY 14302

APPENDIX A

Direct Subsidized Loan and Direct Unsubsidized Loan MPN (*continued*)

SECTION G: INSTRUCTIONS FOR COMPLETING THE MPN

Type or print using blue or black ink. Do not use pencil. Enter all dates as month-day-year (mm-dd-yyyy). Use only numbers. Example: January 31, 2014 = 01-31-2014.

Some of the items in Section A may have been completed for you. If so, review these items carefully to make sure that the information is correct. Cross out any information that is incorrect and enter the correct information. Put your initials next to any information that you change.

SECTION A: BORROWER INFORMATION

Item 1. Enter the two-letter abbreviation for the state that issued your current driver's license, followed by your driver's license number. If you do not have a driver's license, enter N/A.

Item 2. Enter your nine-digit Social Security Number.

Item 3. Enter your preferred e-mail address for receiving communications. You are not required to provide this information. If you do, ED may use your e-mail address to communicate with you. If you do not have an e-mail address or do not wish to provide one, enter N/A.

Item 4. Enter your last name, then your first name and middle initial. Enter your **permanent address** (number, street, apartment number, or rural route number and box number, then city, state, zip code). If your mailing address is different from your permanent address, you must list **both** addresses. A temporary school address is not acceptable.

Item 5. Enter your date of birth.

Item 6. Enter the area code and telephone number at which you can most easily be reached. If you do not have a telephone, enter N/A.

Item 7. Enter the requested information for two adults with different U.S. addresses who have known you for at least three years and who will know how to contact you in the future. The first reference should be a parent or legal guardian. References who live outside the United States are not acceptable. Enter the e-mail addresses for the two references (this is optional). If you provide an e-mail address for a reference, ED may use it to communicate with the reference. If a reference does not have a telephone number or e-mail address, or does not wish to provide an e-mail address, enter N/A.

SECTION B: SCHOOL INFORMATION

This section will be completed by the school that certifies your loan eligibility.

SECTION C: BORROWER REQUEST, CERTIFICATIONS, AUTHORIZATIONS, AND UNDERSTANDINGS

Items 11, 12, 13, and 14. Read these items carefully.

SECTION D: PROMISE TO PAY

Items 15, 16, 17, and 18. Read these items carefully.

Items 19 and 20. Sign your full legal name, in blue or black ink, and enter the date you signed this MPN.

By signing this MPN, you:

(1) Acknowledge that you have read, understand, and agree to the terms and conditions of the MPN, including the Borrower Request, Certifications, Authorizations, and Understandings in Section C and the accompanying Borrower's Rights and Responsibilities Statement; and

(2) Agree to repay the loan(s) in full according to the terms and conditions of the MPN.

APPENDIX A

William D. Ford Federal Direct Loan Program

Direct Subsidized Loan and Direct Unsubsidized Loan 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 loans you receive under the accompanying Master Promissory Note (MPN) for Federal Direct Stafford/Ford Loans (Direct Subsidized Loans) and Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans). **Please keep this Borrower's Rights and Responsibilities Statement for your records.** You may request another copy of this Borrower's Rights and Responsibilities Statement at any time by contacting your servicer.

Throughout this Borrower's Rights and Responsibilities Statement, the words "we," "us," and "our" refer to the U.S. Department of Education. The word "loan" refers to one or more loans made under the accompanying MPN.

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 (HEA), 20 U.S.C. 1070 *et seq.*

You must complete a Free Application for Federal Student Aid (FAFSA) before you receive a Direct Subsidized Loan or Direct Unsubsidized Loan.

Direct Loans are made by the U.S. Department of Education. We contract with servicers to process Direct Loan payments, deferment and forbearance requests, and other transactions, and to answer questions about Direct Loans. We will provide you with the address and telephone number of your servicer after the school notifies us that the first disbursement of your loan has been made.

2. Laws that apply to this MPN. The terms and conditions of loans made under this MPN are determined by the HEA 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. Under applicable state law, except as preempted by federal law, you may have certain borrower rights, remedies, and defenses in addition to those stated in the MPN and this Borrower's Rights and Responsibilities Statement.

NOTE: Any amendment to the Act that affects the terms of this MPN will be applied to your loans in accordance with the effective date of the amendment.

3. Direct Subsidized Loans and Direct Unsubsidized Loans. Direct Subsidized Loans and Direct Unsubsidized Loans are made to students to help pay for the cost of education beyond high school.

Direct Subsidized Loans are available only to undergraduate students. Direct Unsubsidized Loans are available to both undergraduate students and graduate or professional students.

To receive a Direct Subsidized Loan, you must have financial need. Except as explained in Item 10 of this Borrower's Rights and Responsibilities Statement ("Payment of interest"), you are not required to pay the interest that accrues on Direct Subsidized Loans while you are in school, during the grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Repayment Plan.

Direct Unsubsidized Loans are not based on financial need. You must pay the interest that accrues on Direct Unsubsidized Loans during all periods. For more information on interest charges, see Item 10.

4. Time limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013.

If you are a first-time borrower on or after July 1, 2013, there is a limit on the maximum period of time (measured

in academic years) that you can receive Direct Subsidized Loans.

You are a first-time borrower on or after July 1, 2013 if you had no outstanding balance on a Direct Loan Program loan or a Federal Family Education Loan (FFEL) Program loan on July 1, 2013, or you have no outstanding balance on a Direct Loan or FFEL program loan on the date you obtain a Direct Loan Program loan after July 1, 2013.

In general, if you are a first-time borrower on or after July 1, 2013 you may not receive Direct Subsidized Loans for more than 150% of the published length of your program of study. This is called your "maximum eligibility period." For example, if you are enrolled in a 4-year bachelor's degree program, the maximum period for which you can receive Direct Subsidized Loans is 6 years (150% of 4 years = 6 years).

Your maximum eligibility period is based on the published length of the program in which you are currently enrolled. This means that your maximum eligibility period can change if you change programs. If you receive Direct Subsidized Loans for one program and then change to a different program, the period of time for which you received Direct Subsidized Loans for the earlier program will generally count against your new maximum eligibility period.

After you have received Direct Subsidized Loans for your maximum eligibility period, you are no longer eligible to receive additional Direct Subsidized Loans, and if you are enrolled in school, you may become responsible for paying interest on your Direct Subsidized Loans. You may continue to receive Direct Unsubsidized Loans. We will notify you if you are no longer eligible to receive additional Direct Subsidized Loans.

With certain exceptions as provided under the Act (for example, if you graduate from your program of study before or at the time you receive Direct Subsidized Loans for your maximum eligibility period), if you continue to be enrolled in any undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period, or if you enroll in another undergraduate program that is the same length as or shorter than your previous program, you will become responsible for paying all of the interest that accrues on your Direct Subsidized Loans, during all periods, beginning on the date of the enrollment that causes you to become responsible for paying the interest. You will become responsible for paying all of the interest that accrues on your Direct Subsidized Loans based solely on your enrollment as described above, regardless of whether you apply for, request, or receive federal financial aid. We will notify you if you become responsible for paying all of the interest that accrues on your Direct Subsidized Loans.

Additional information about the limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013 will be provided during entrance counseling (see Item 13 of this Borrower's Rights and Responsibilities Statement). You may also obtain additional information from your school's financial aid office, or at StudentAid.gov.

5. About the MPN. You may receive more than one loan under this MPN over a period of up to 10 years to pay for your educational costs, as long as the school you are attending is authorized to use the multi-year feature of the MPN and chooses to do so.

If your school is not authorized to use the multi-year feature of the MPN or chooses not to do so, or if you do not want to receive more than one loan under this MPN, you must sign a new MPN for each loan that you receive. If you do not want to receive more than one loan under this MPN, you must notify your school or your servicer in writing.

6. Use of your loan money. You may use the loan money you receive only to pay for your authorized educational expenses for attendance at the school that determined you were eligible to receive the loan. Authorized expenses include the following:

- Tuition
- Room
- Board
- Institutional fees
- Books
- Supplies
- Equipment
- Dependent child care expenses
- Transportation
- Commuting expenses
- Rental or purchase of a personal computer
- Loan fees
- Other documented, authorized costs

7. Information you must report to us after you receive your loan. You must notify your servicer and/or the financial aid office at your school about certain changes.

Until you graduate or otherwise leave school, you must notify your school's financial aid office if you:

- Change your address or telephone number;
- Change your name (for example, maiden name to married name);
- Do not enroll at least half-time for the loan period certified by the school;
- Do not enroll at the school that determined you were eligible to receive the loan;
- Stop attending school or drop below half-time enrollment;
- Transfer from one school to another school; or
- Graduate.

You must also notify your servicer if any of the above events occur at any time after you receive your loan. In addition, you must notify your servicer if you:

- 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 receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment).

8. Amount you may borrow. The charts that follow show the maximum amounts of Direct Subsidized Loans and Direct Unsubsidized Loans that you may borrow for a single academic year (annual loan limits), and the maximum amounts that you may borrow in total for undergraduate and graduate study (aggregate loan limits).

The aggregate loan limits are combined limits for Direct Subsidized Loans and Direct Unsubsidized Loans, and any Subsidized Federal Stafford Loans and Unsubsidized Federal Stafford Loans you may have previously received through the Federal Family Education Loan (FFEL) Program.

The annual and aggregate loan limits for independent undergraduates also apply to dependent undergraduates whose parents are unable to borrow under the Direct PLUS Loan Program.

If you are enrolled in certain health professions programs, you may qualify for higher annual and aggregate limits on Direct Unsubsidized Loans.

The actual loan amount you receive will be determined by your school, based on your academic level, dependency status, and other factors such as:

- The length of the program or the remaining portion of the program in which you are enrolled, if it is less than a full academic year;
- Your cost of attendance;
- Your Expected Family Contribution;
- Other financial aid you receive; and
- Your remaining eligibility under the annual or aggregate loan limits.

The actual amount you receive for an academic year may be less than the maximum annual amounts shown in the charts.

If you are an undergraduate student, your school must determine your eligibility for a Federal Pell Grant before you may receive a Direct Subsidized Loan or a Direct Unsubsidized Loan, and must determine your eligibility for a Direct Subsidized Loan before determining your eligibility for a Direct Unsubsidized Loan.

APPENDIX A

William D. Ford Federal Direct Loan Program

Direct Subsidized Loan and Direct Unsubsidized Loan Borrower's Rights and Responsibilities Statement

Annual Loan Limits for Direct Subsidized Loans and Direct Unsubsidized Loans:

Dependent Undergraduate Students (except students whose parents cannot borrow Direct PLUS Loans)	
First Year Total (maximum \$3,500 subsidized)	\$5,500
Second Year Total (maximum \$4,500 subsidized)	\$6,500
Third Year & Beyond (Total Each Year) (maximum \$5,500 subsidized)	\$7,500
Independent Undergraduate Students (and dependent students whose parents cannot borrow Direct PLUS Loans)	
First Year Total (maximum \$3,500 subsidized)	\$9,500
Second Year Total (maximum \$4,500 subsidized)	\$10,500
Third Year & Beyond (Total Each Year) (maximum \$5,500 subsidized)	\$12,500
Graduate and Professional Students	
<i>For loan periods beginning before July 1, 2012:</i>	
Total Amount (Each Year) (maximum \$8,500 subsidized)	\$20,500
<i>For loan periods beginning on or after July 1, 2012:</i>	
Total Amount (Each Year) (unsubsidized only)	\$20,500

Aggregate Loan Limits for Direct Subsidized and Direct Unsubsidized Loans:

Dependent Undergraduate Students (except students whose parents cannot borrow Direct PLUS Loans)	
Total Amount Cumulative (maximum \$23,000 subsidized)	\$31,000
Independent Undergraduate Students (and dependent students whose parents cannot borrow Direct PLUS Loans)	
Total Amount Cumulative (maximum \$23,000 subsidized)	\$57,500
Graduate and Professional Students	
Total Amount Cumulative (maximum \$65,500 subsidized; includes loans received for undergraduate study)	\$138,500

9. Interest rate. The interest rate on Direct Subsidized Loans and Direct Unsubsidized Loans is a fixed rate that is calculated in accordance with a formula specified in the Act. The interest rate is calculated each year. When the rate is calculated, it applies to all Direct Subsidized Loans and Direct Unsubsidized Loans for which the first disbursement is made during the period beginning on July 1 of one year and ending on June 30 of the following year. Different fixed interest rates may apply to separate loans made under this MPN depending on when the loan is first disbursed, and whether you are an undergraduate student or a graduate or professional student. The maximum interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans made to undergraduate students is 8.25%. The maximum interest rate for Direct Unsubsidized Loans made to graduate or professional students is 9.5%. We will notify you of the interest rate for each loan you receive in a disclosure statement that we send to you.

If you qualify under the Servicemembers Civil Relief Act, the interest rate on your loans obtained prior to military service may be limited to 6% during your military service. Contact your servicer for information about how to request this benefit.

10. Payment of interest. In general, you are not required to pay the interest that accrues on Direct Subsidized Loans during certain periods, but you must pay the interest that accrues on Direct Unsubsidized Loans during all periods, as explained below.

Direct Subsidized Loans

Except as explained below, you are not required to pay the interest that accrues on a Direct Subsidized Loan while you are enrolled in school at least half-time, during your grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Repayment plan. Except as discussed below for certain borrowers who are active duty service members, you must pay the interest that accrues on a Direct Subsidized Loan during all other periods (starting on the day after your grace period ends), including forbearance periods.

You must pay the interest that accrues during the grace period on any Direct Subsidized Loan for which the first disbursement is made on or after July 1, 2012 and before July 1, 2014. In addition, if you are a first-time borrower on or after July 1, 2013, under certain conditions you may become responsible for paying the interest that accrues on your Direct Subsidized Loans during all periods, as explained in Item 4 of this Borrower's Rights and Responsibilities Statement ("Time limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013").

Direct Unsubsidized Loans

Except as provided below for certain borrowers who are active duty service members, you must pay the interest that accrues on a Direct Unsubsidized Loan during all periods (starting on the date of the first disbursement). This includes periods while you are enrolled in school at least half-time, during your grace period, and during deferment and forbearance periods. Therefore, you will pay more interest on a Direct Unsubsidized Loan than on a Direct Subsidized Loan.

No accrual of interest benefit for active duty service members

Under the no accrual of interest benefit for active duty service members, you are not required to pay the interest that accrues on any type of Direct Loan Program loan first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months).

Interest capitalization

If you do not pay the interest as it accrues on either a Direct Subsidized Loan or a Direct Unsubsidized Loan (during periods when you are responsible for payment of interest), we will add the accrued interest to the unpaid principal balance of your loan. This is called "capitalization." Capitalization increases the unpaid principal balance of your loan, and interest then accrues on the increased principal balance. We capitalize unpaid interest when you resume payment after periods of deferment or forbearance. We may also capitalize unpaid interest that has accrued since the first disbursement of a Direct Unsubsidized Loan when you enter repayment for the first time.

The chart below shows the difference in the total amount you would repay on a \$15,000 Direct Unsubsidized Loan if you pay the interest as it accrues 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 accrues...	If you do not pay the interest and it is capitalized...
Loan Amount	\$15,000	\$15,000
Interest for 12 Months	\$1,238 (paid as accrued)	\$1,238 (unpaid and capitalized)
Principal to be Repaid	\$15,000	\$16,238
Monthly Payment	\$184	\$199
Number of Payments	120	120
Total Repaid	\$23,315	\$23,899

The example in the chart above shows payments made under the Standard Repayment Plan at an interest rate of 8.25%, the maximum interest rate for Direct Unsubsidized

Loans made to undergraduate students. In this example, altogether if you pay the interest as it accrues 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>.

11. Loan fee. For each Direct Subsidized Loan or Direct Unsubsidized Loan that you receive under this MPN, we charge a loan fee that is a percentage of the principal amount of each loan. This fee will be subtracted proportionally from each disbursement of your loan and will be shown on a disclosure statement that we send to you.

12. Repayment incentive programs. A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. The repayment incentive program described below may be available to you.

Interest Rate Reduction for Automatic Withdrawal of Payments

Under the automatic withdrawal option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us. Automatic withdrawal helps to ensure that your payments are made on time. In addition, you receive a 0.25% interest rate reduction while you repay under the automatic withdrawal option. Your servicer will provide you with information about the automatic withdrawal option. You can also get the information on your servicer's web site, or by calling your servicer. Your servicer's web site address and toll-free telephone number are provided on correspondence that your servicer sends you.

13. Disbursement (how your loan money will be paid out). Generally, your school will disburse (pay out) your loan money in more than one installment, usually at the beginning of each academic term (for example, at the beginning of each semester or quarter). If your school does not use academic terms or does not have academic terms that meet certain requirements, it will generally disburse your loan in at least two installments, one at the beginning of the period of study for which you are receiving the loan, and one at the midpoint of that period of study. Your school determines the schedule for disbursing your loan money in accordance with the Act.

In most cases, if the Direct Subsidized Loan or Direct Unsubsidized Loan that you are receiving is your first student loan under either the Direct Loan Program or the FFEL Program, you must complete entrance counseling before your school can make the first disbursement of your loan. Your school will tell you if entrance counseling is required, and will provide instructions for completing entrance counseling.

Your school may disburse your loan money by crediting it to your account at the school, or may give some or all of it to you directly by check or other means.

If your school credits your loan money to your account and the amount credited is more than the amount of your tuition and fees, room and board, and other authorized charges, the excess amount is called a credit balance. Unless you authorize your school to hold the credit balance for you, your school must pay you the credit balance within the following timeframes:

- If the credit balance occurs after the first day of class of a payment period (your school can tell you this date), your school must pay you the credit balance no later than 14 days after the date the balance occurs.
- If the credit balance occurs on or before the first day of class of a payment period, your school must pay you the credit balance no later than 14 days after the first day of class of the payment period.

14. Canceling your loan. Before your loan money is disbursed, you may cancel all or part of your loan by notifying your school. After your loan money is disbursed, there are two ways to cancel all or part of your loan:

- **You may notify your school (within certain timeframes).** If your school obtains your written confirmation of the types and amounts of Title IV loans that you want to receive for an award year before crediting loan money to your account at the

school, you may tell the school that you want to cancel all or part of that loan within 14 days after the date the school notifies you of your right to cancel all or part of the loan, or by the first day of your school's payment period, whichever is later (your school can tell you the first day of the payment period).

If your school does not obtain your written confirmation of the types and amounts of loans you want to receive before crediting the loan money to your account, you may cancel all or part of that loan by informing the school within 30 days of the date the school notifies you of your right to cancel all or part of the loan.

If you ask your school to cancel all or part of your loan within the timeframes described above, the school will return the cancelled loan amount to us. If you ask your school to cancel all or part of your loan outside the timeframes described above, your school may process your cancellation request, but it is not required to do so.

- **You may return all or part of your loan to us.** Within 120 days of the date your school disbursed your loan money (by crediting the loan money to your account at the school, by paying it directly to you, or both), you may cancel all or part of your loan by returning all or part of the loan money to us. Contact your servicer for guidance on how and where to return your loan money.

You do not have to pay interest or the loan fee on the part of your loan that is cancelled or returned within the timeframes described above. We will adjust your loan amount to eliminate any interest and loan fee that applies to the amount of the loan that was cancelled or returned.

15. Grace period. You will receive a 6-month grace period on repayment of each Direct Subsidized Loan and Direct Unsubsidized Loan that you receive. Your 6-month grace period begins the day after you stop attending school or drop below half-time enrollment. You do not have to begin making payments on your loan until after your grace period ends.

If you are called or ordered to active duty for more than 30 days from a reserve component of the U.S. Armed Forces, the period of your active duty service and the time necessary for you to re-enroll in school after your active duty ends are not counted as part of your grace period. However, the total period that is excluded from your grace period may not exceed three years. If the call or order to active duty occurs while you are in school and requires you to drop below half-time enrollment, the start of your grace period will be delayed until after the end of the excluded period. If the call or order to active duty occurs during your grace period, you will receive a full 6-month grace period at the end of the excluded period.

16. Repaying your loan. The repayment period for each Direct Subsidized Loan and Direct Unsubsidized Loan that you receive begins on the day after your grace period ends. Your servicer 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.

You must repay all of your Direct Loans under the same repayment plan, unless you want to repay your loans under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan (see below) and you have other Direct Loans that do not qualify for repayment under those plans. In that case, you may select the IBR, Pay As You Earn, or ICR plan for the loans that are eligible for repayment under those plans, and may select a different repayment plan for the loans that may not be repaid under the IBR, Pay As You Earn, or ICR plan.

Your Direct Subsidized Loans and Direct Unsubsidized Loans can be repaid under the following repayment plans:

Standard Repayment Plan

Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period.

Graduated Repayment Plan

Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment will be more than three times greater than any other payment.

Extended Repayment Plan

You are eligible for this plan only if **(1)** you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000, and **(2)** 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 after October 7, 1998.

Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. If you make fixed monthly payments, your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment under the graduated option will be more than three times greater than any other payment.

Income-Based Repayment Plan (IBR Plan)

Under the IBR Plan, your monthly payment amount is generally 15% (10% if you are a new borrower; see Note below) of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse.

To initially qualify for the IBR Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the IBR Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your IBR Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a "partial financial hardship."

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse's eligible loans.

While you are repaying under the IBR Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the IBR Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the IBR Plan.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years (20 years if you are a new borrower) of qualifying monthly payments and at least 25 years (20 years if you are a new borrower) have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Note: You are a new borrower for the IBR Plan if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on July 1, 2014, or if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on the date you obtain a Direct Loan Program loan after July 1, 2014. Your servicer will determine whether you are a new borrower based on the information about your loans in

the U.S. Department of Education's National Student Loan Data System.

Pay As You Earn Repayment Plan (Pay As You Earn Plan)

Under the Pay As You Earn Plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your Pay As You Earn Plan payment amount will be the combined adjusted gross income of you and your spouse.

The Pay As You Earn Plan is available only to new borrowers. You are a new borrower for the Pay As You Earn Plan if:

- (1)** You had no outstanding balance on a Direct Loan Program or FFEL Program loan as of October 1, 2007, or you have no outstanding balance on a Direct Loan Program or FFEL Program loan when you obtain a new loan on or after October 1, 2007, and
- (2)** You receive a disbursement of a Direct Subsidized Loan, Direct Unsubsidized Loan, or Student Direct PLUS Loan (a Direct PLUS Loan made to a graduate or professional student) on or after October 1, 2011, or you receive a Direct Consolidation Loan based on an application received on or after October 1, 2011. However, you are not considered to be a new borrower for the Pay As You Earn Plan if the Direct Consolidation Loan you receive repays loans that would make you ineligible under part **(1)** of this definition.

In addition to being a new borrower, to initially qualify for the Pay As You Earn Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the Pay As You Earn Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your Pay As You Earn Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a "partial financial hardship."

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse's eligible loans.

While you are repaying under the Pay As You Earn Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the Pay As You Earn Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the Pay As You Earn Plan.

Under the Pay As You Earn Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Income Contingent Repayment Plan (ICR Plan)

Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your ICR Plan payment amount will be the combined adjusted gross income of you and your spouse. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues monthly on your loan unless you request a forbearance.

APPENDIX A

William D. Ford Federal Direct Loan Program

Direct Subsidized Loan and Direct Unsubsidized Loan Borrower's Rights and Responsibilities Statement

While you are repaying under the ICR Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the ICR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Additional repayment plan information

Under each plan, the number or amount of payments may need to be adjusted to reflect capitalized interest and/or new loans made to you.

If you can show to our satisfaction that the terms and conditions of the above 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 place you on the Standard Repayment Plan.

The "Repaying Your Loans" charts at the end of this Borrower's Rights and Responsibilities Statement allow you to estimate the monthly and total amounts you would repay under the repayment plans listed above based on various initial loan amounts.

You can also use the Repayment Estimator at StudentAid.gov/Repayment-Estimator to estimate your monthly and total payment amounts under the different repayment plans and to evaluate your eligibility for the IBR and Pay As You Earn plans. The calculators are for informational purposes only. Your servicer will make the official determination of your payment amount and, for the IBR and Pay As You Earn plans, your eligibility for the plan.

You may change repayment plans at any time after you have begun repaying your loan. However, you may not change to a different repayment plan that has a maximum repayment period of less than the number of years your loan has already been in repayment, except that you may change to the IBR Plan, the Pay As You Earn Plan, or the ICR Plan at any time. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month (prepayments).

We apply your payments made under any repayment plan other than the IBR Plan and the Pay As You Earn Plan in the following order: (1) late charges and collection costs, (2) outstanding interest, and (3) outstanding principal. We apply your payments made under the IBR Plan or the Pay As You Earn Plan in the following order: (1) outstanding interest, (2) late charges and collection costs, and (3) outstanding principal.

We apply any prepayments in accordance with the Act. Your servicer can provide more information about how prepayments are applied.

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

17. Transfer of loan. We may transfer the servicing of one or all of your loans to another servicer without your consent. If there is a change in the address to which you must send payments or direct communications, we will notify you of the new servicer's name, address and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different servicer does not affect your rights and responsibilities under that loan.

18. 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.

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

- Receive loan money, but do not enroll at least half-time at the school that determined you were eligible to receive the loan;
- Use your loan money to pay for anything other than expenses related to your education at the school that determined you were eligible to receive the loan;
- Make a false statement that causes you to receive a loan that you are not eligible to receive; or
- Default on your loan.

20. Defaulting on your loan. Default (failing to repay your loan) is defined in detail in the Terms and Conditions section of your MPN (Section E). 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 and state tax refunds and other federal or state payments, and/or garnish your wages so that your employer is required to send us part of your salary 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 report your default to nationwide consumer reporting agencies (see Item 21, "Consumer reporting agency notification"). This will harm your credit history and may make it difficult for you to obtain credit cards, home or car loans, or other forms of consumer credit.

21. Consumer reporting agency notification. We will report information about your loan to nationwide consumer reporting agencies (commonly known as "credit bureaus") on a regular basis. 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). Your loan will be identified as an education loan.

If you default on a loan, we will also report this to nationwide consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agency unless you resume making payments on the loan within 30 days of the date of the notice. You will be given a chance to ask for a review of the debt before we report it.

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

22. 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;
- While you are in a full-time course of study in a graduate fellowship program;
- While you are in an approved full-time rehabilitation program for individuals with disabilities;
- While you are unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- While you are experiencing an economic hardship (including Peace Corps service), as defined in the Act (for a maximum of three years);
- While you are 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 were serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service; or

- 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 you are enrolled at least half-time at an eligible school or within 6 months of having been enrolled at least half-time, during the 13 months following the conclusion of your active duty service, or until you return to enrolled student status on at least a half-time basis, 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 FFEL Program before July 1, 1993. If you meet this requirement, contact your servicer for information about additional deferments that may be available.

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 to your servicer along with documentation of your eligibility for the deferment, or (2) your servicer receives information from the school you are attending that indicates you are enrolled at least half-time. If your servicer 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 duty military service or qualifying National Guard duty during a war or other military operation or national emergency, a representative acting on your behalf) must submit a deferment request to your servicer, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if your servicer confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan. Your servicer can provide you with a deferment request form that explains the eligibility and documentation requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from your servicer's web site.

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

You are not responsible for paying the interest on a Direct Subsidized Loan during a period of deferment, except as explained in Item 10 of this Borrower's Rights and Responsibilities Statement ("Payment of interest"). However, you are responsible for paying the interest on a Direct Unsubsidized Loan during a period of deferment.

Forbearance

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 and illness.

We will give you a forbearance if:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Act (Direct Loan Program loans, FFEL Program loans, and Federal Perkins Loans) is 20% or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
- 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;
- You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your servicer. Your servicer can explain the eligibility and documentation

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requirements for the type of forbearance you are requesting. You may also obtain information on forbearance eligibility requirements from your servicer's web site.

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 the interest that is 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 both Direct Subsidized Loans and Direct Unsubsidized Loans during a period of forbearance.

23. Discharge (having your loan forgiven).

Loan discharge due to death, bankruptcy, total and permanent disability, school closure, false certification, identity theft, or unpaid refund

We will discharge (forgive) your loan if:

- You die. Your servicer must receive acceptable documentation (as defined in the Act) of your death;
- Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship. Direct Loans are not otherwise automatically discharged if you file for bankruptcy; or
- You become totally and permanently disabled (as defined in the Act) and meet certain other requirements.

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

- You could not complete a program of study because the school closed;
- Your loan eligibility was falsely certified by the school;
- A loan in your name was falsely certified as a result of a crime of identity theft; or
- The school did not pay a refund of your loan money that it was required to pay under federal regulations.

Teacher Loan Forgiveness

We may forgive a portion of eligible student loans you received under the Direct Loan or FFEL program after October 1, 1998 if you:

- Teach full time for five consecutive years in certain low-income elementary or secondary schools, or for certain low-income educational service agencies;
- 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.

Public Service Loan Forgiveness

A Public Service Loan Forgiveness program is also available. Under this program, we will forgive the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments on those loans (after October 1, 2007) under certain repayment plans while you are employed full-time in certain public service jobs. The required 120 payments do not have to be consecutive.

Additional loan discharge information

The Act may provide for certain loan forgiveness or repayment benefits on your loans in addition to the benefits described above. If other forgiveness or repayment options become available, your servicer will provide information about these benefits.

For a discharge based on your death, a family member must contact your loan servicer. To request a loan discharge based on one of the other conditions described above (except for a discharge due to bankruptcy), you must complete an application. Your servicer can tell you how to obtain an application.

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 your servicer. 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 the education paid for with the loan, are unable to obtain employment in the field of study for which your school provided training, or are dissatisfied with, or do not receive, the education you paid for with the loan.

24. Loan consolidation. A Direct Consolidation Loan Program is available that allows you to consolidate one or more of your eligible federal education loans into a new loan with a single monthly payment, and may allow you to extend the period of time that you have to repay your loans. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. Contact your servicer for more information about loan consolidation.

25. Department of Defense and other federal agency loan repayment. Under certain circumstances, military personnel may have their federal education 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.

26. AmeriCorps program education awards. Under the National and Community Service Act of 1990, you may receive an education award that can be used to repay a Direct Subsidized Loan or Direct Unsubsidized Loan if you successfully complete a term of service in an AmeriCorps program. For more information, contact an official of your program.

Repaying Your Loans: Standard, Graduated, and Extended Repayment Plans

Debt	Standard Repayment Plan (10-year repayment period)		Graduated Repayment Plan (10-year repayment period)		Extended-Fixed Repayment Plan (25-year repayment period)		Extended-Graduated Repayment Plan (25-year repayment period)	
	Payment	Total Paid	Minimum Payment	Maximum Payment	Payment	Total Paid	Minimum Payment	Maximum Payment
\$10,000	\$123	\$14,718	\$72	\$216	N/A	N/A	N/A	N/A
\$20,000	\$245	\$29,437	\$144	\$431	N/A	N/A	N/A	N/A
\$30,000	\$368	\$44,155	\$216	\$647	N/A	N/A	N/A	N/A
\$40,000	\$491	\$58,873	\$287	\$862	\$315	\$94,614	\$275	\$417
\$50,000	\$613	\$73,592	\$359	\$1,078	\$394	\$118,268	\$344	\$521
\$60,000	\$736	\$88,310	\$431	\$1,294	\$473	\$141,921	\$413	\$625
\$70,000	\$859	\$103,028	\$503	\$1,509	\$552	\$165,575	\$481	\$730
\$80,000	\$981	\$117,747	\$575	\$1,725	\$631	\$189,228	\$550	\$834
\$90,000	\$1,104	\$132,465	\$647	\$1,940	\$710	\$212,882	\$619	\$938
\$100,000	\$1,227	\$147,183	\$719	\$2,156	\$788	\$236,535	\$688	\$1,042

Repaying Your Loans: Standard, Graduate, and Extended Repayment Plans

Notes:

- All estimated payments shown in the chart above are calculated using a fixed interest rate of 8.25%.
- The payment amounts shown in this chart are estimates. Your actual payment amount may differ from these estimates depending on factors such as the interest rate(s) of your loans and the amount of your loan debt. Your loan servicer will provide you with your actual monthly payment amount after you select a repayment plan.
- For the Extended Repayment Plan, an entry of "N/A" means that you are not eligible for this plan based on the amount owed when your loan enters repayment.
- You may use the Repayment Estimator at StudentAid.gov/Repayment-Estimator to estimate payment amounts based on your actual loan debt.

Repaying Your Loans: Income-Based Repayment Plan (IBR Plan) for Borrowers Who Are Not New Borrowers on or after July 1, 2014

Debt	Starting income of \$25,000				Starting income of \$40,000				Starting income of \$60,000			
	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)
\$20,000	\$97	\$245	\$43,861	219	Not Eligible	-	-	-	Not Eligible	-	-	-
\$40,000	\$97	\$491	\$89,628	300	\$285	\$491	\$72,680	173	Not Eligible	-	-	-
\$60,000	\$97	\$642	\$94,175	300	\$285	\$736	\$148,999	268	\$535	\$736	\$97,093	143
\$80,000	\$97	\$642	\$94,175	300	\$285	\$981	\$193,464	300	\$535	\$981	\$156,150	193
\$100,000	\$97	\$642	\$94,175	300	\$285	\$1,227	\$201,322	300	\$535	\$1,227	\$236,102	251

Repaying Your Loans: Income-Based Repayment Plan (IBR Plan) for Borrowers Who Are Not New Borrowers on or after July 1, 2014

Repaying Your Loans: Pay As You Earn Repayment Plan (Pay As You Earn Plan) for Eligible Borrowers and IBR Plan for New Borrowers on or after July 1, 2014

Debt	Starting income of \$25,000				Starting income of \$40,000				Starting income of \$60,000			
	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)
\$20,000	\$65	\$245	\$38,488	240	\$190	\$245	\$31,254	134	Not Eligible	-	-	-
\$40,000	\$65	\$309	\$40,127	240	\$190	\$491	\$85,707	240	\$356	\$491	\$64,729	143
\$60,000	\$65	\$309	\$40,127	240	\$190	\$625	\$89,727	240	\$356	\$736	\$129,366	222
\$80,000	\$65	\$309	\$40,127	240	\$190	\$625	\$89,727	240	\$356	\$981	\$154,976	240
\$100,000	\$65	\$309	\$40,127	240	\$190	\$625	\$89,727	240	\$356	\$1,046	\$155,860	240
Repaying Your Loans: Pay As You Earn Repayment Plan (Pay As You Earn Plan) for Eligible Borrowers and IBR Plan for New Borrowers on or after July 1, 2014												

Repaying Your Loans: Income-Contingent Repayment Plan (ICR Plan)

Debt	Starting income of \$25,000				Starting income of \$40,000				Starting income of \$60,000			
	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)
\$20,000	\$151	\$199	\$43,436	249	\$193	\$219	\$33,513	161	\$219	\$251	\$30,761	131
\$40,000	\$225	\$423	\$96,630	274	\$385	\$438	\$67,027	161	\$438	\$502	\$61,523	131
\$60,000	\$225	\$694	\$146,629	300	\$475	\$658	\$106,605	175	\$658	\$754	\$92,284	131
\$80,000	\$225	\$1,018	\$162,256	300	\$475	\$939	\$176,175	233	\$809	\$1,015	\$124,521	240
\$100,000	\$225	\$1,018	\$163,256	300	\$475	\$1,360	\$281,310	298	\$809	\$1,296	\$171,619	158
Repaying Your Loans: Income-Contingent Repayment Plan (ICR Plan)												

Notes:

- For the IBR Plan, the Pay As You Earn Plan, and the ICR Plan, the estimated payment amounts shown in the charts above are calculated using a fixed interest rate of 8.25% and the 2013 Poverty Guidelines (published by the U.S. Department of Health and Human Services). For the ICR Plan, the calculations also use the 2013 income percentage factors. For all three plans, the calculations are based on an assumption that you are single and do not have any children or anyone else in your household, that you live in one of the 48 contiguous states, and that your income will increase at a rate of 5% per year.
- The payment amounts shown in these charts are estimates. Your actual payment amount may differ from these estimates depending on factors such as the interest rate(s) of your loans, the amount of your loan debt, your income, and whether and how quickly your income increases.
- For the IBR Plan and the Pay As You Earn Plan, an entry of "Not Eligible" means that you would not have a partial financial hardship based on the loan debt and starting income shown and therefore would not be eligible to initially select the plan.
- You may use the Repayment Estimator at StudentAid.gov/Repayment-Estimator to evaluate your eligibility for the IBR and Pay As You Earn plans, and to estimate your payment amounts under the IBR, Pay As You Earn, and ICR plans based on your actual loan debt, income, family size, and state of residence.

Direct Loans

William D. Ford Federal Direct Loan Program

U.S. Department of Education
P.O. Box 9003
Niagara Falls, NY 14302-9003

Disclosure Statement William D. Ford Federal Direct Loan Program

Direct Subsidized Loan
Direct Unsubsidized Loan

Borrower Information

1. Name and Address

000001
Last Name, First Name Middle Initial
Street Address
City, St Zip

2. Date of Disclosure Statement

mm/dd/yyyy

3. Area Code/Telephone Number

School Information

4. School Name and Address

University Of Kansas
University Of Kansas
Arlington, VA 12345

5. School Code/Branch

GXXXXX

Loan Information

6. Loan Identification Number(s)

XXXXX9999S99GXXXXX001
XXXXX9999U99GXXXXX001

7. Loan Period(s)

mm/dd/yyyy - mm/dd/yyyy
mm/dd/yyyy - mm/dd/yyyy

8. Loan Fee %

0.000%
0.000%

9. Subsidized Eligibility Type

UNSUB-LOAN-USAGE-TYPE

10. Subsidized Usage

UNSUB-LOAN-SUBSD-USAGE

11. Total Subsidized Usage

UNSUB-LOAN-TOT-USAGE

12. Remaining Subsidized Eligibility

UNSUB-LOAN-REMAIN-ELIG

The information provided is anticipated—based on loans that your school plans to disburse to you—and is subject to change based on your future enrollment and borrowing practices.

13. Information about the loan(s) that your school plans to disburse (pay out) follows. This information is explained in detail on the back. The actual disbursement dates and amounts may be different than the dates and amounts shown below. The school and your servicer will notify you of the actual disbursement dates and amounts.

Direct Subsidized Loan	Gross Loan Amount \$0.00	- Loan Fee Amount \$0.00	+ Interest Rebate Amount \$0.00	= Net Loan Amount \$0.00
Your school plans to disburse the Net Loan Amount as follows:				
	Date	Net Disbursement Amount	Date	Net Disbursement Amount
Direct Unsubsidized Loan	Gross Loan Amount \$0.00	- Loan Fee Amount \$0.00	+ Interest Rebate Amount \$0.00	= Net Loan Amount \$0.00
Your school plans to disburse the Net Loan Amount as follows:				
	Date	Net Disbursement Amount	Date	Net Disbursement Amount
If there are further disbursements to be made on the loan(s) your school will inform you.				

APPENDIX B

Disclosure Statement (continued)

This Disclosure Statement provides information about the Direct Subsidized Loan and/or Direct Unsubsidized Loan that your school plans to disburse (pay out) by crediting your account at the school, paying you directly, or both. It replaces any Disclosure Statements that you may have received previously for the same loan(s). Keep this Disclosure statement for your records.

Your school will tell you what loans, if any, you are eligible to receive. If you have questions regarding your loan eligibility, the next steps in the processing of your loan, when the loan will be disbursed (paid out), or no longer wish to receive the loan, contact your school's financial aid office. Before any money is disbursed, you must have a signed Direct Subsidized Loan/Direct Unsubsidized Loan Master Promissory Note (MPN) on file. The MPN, the Borrower's Rights and Responsibilities statement, and the Plain Language Disclosure explain the terms of your loan(s). If you have any questions about your MPN or this Disclosure Statement, contact your school.

If you receive your first federal student loan after June 30, 2013, there are limits on how long you can receive Direct Subsidized Loans. In general, you may not receive Direct Subsidized Loans for more than 150% of the published length of your program (measured in academic years). This is called your "maximum eligibility period". Items 9-12 on the front of this Disclosure Statement provide:

- **Item 9:** The Subsidized Eligibility Type, tracked as either Undergraduate Program or Non-Credential Teacher Certification Program.
- **Item 10:** The Subsidized Usage Period associated with the Direct Subsidized Loan, if any, you are receiving.
- **Item 11:** The Total Subsidized Usage to this point in time, including the Subsidized Usage Period from Item 10.
- **Item 12:** The Remaining Subsidized Eligibility for the program associated with the Direct Subsidized Loan, if any, you are receiving.

Item 13 on the front of this Disclosure Statement provides the following information about the amount of each loan that your school plans to disburse to you:

- **Gross Loan Amount** - This is the total amount of the loan that you are borrowing. You will be responsible for repaying this amount.
- **Loan Fee Amount** - This is the amount of the fee that is charged on your loan. It is based on a percentage of your Gross Loan Amount. The percentage is shown in item 8. The Loan Fee Amount will be subtracted from your Gross Loan Amount.
- **Interest Rebate Amount** - This is the amount of an up-front interest rebate that you may receive to encourage the timely repayment of your Direct Loans. If you receive a rebate, the Interest Rebate Amount will be added back after the Loan Fee Amount is subtracted. To keep an up-front interest rebate that you receive on your loan, you must make all of your first 12 required monthly payments on time (each of your payments must be received no later than 6 days after the due date) when your loan enters repayment. You will lose the rebate if you do not make all of your first 12 required monthly payments on time. This will increase the amount that you must repay.
- **Net Loan Amount** - This is the amount of your loan that remains after the Loan Fee Amount is subtracted and the Interest Rebate Amount is added. The school will disburse the Net Loan Amount to you by crediting your account at the school, paying you directly, or both. Item 13 shows your school's plan for disbursing your Net Loan Amount to you. The actual disbursement dates and amounts may be different than the dates and amounts that are shown. Your school and your servicer will notify you of the actual disbursement dates and amounts.

Before your loan money is disbursed, you may cancel all or part of your loan(s) at any time by notifying your school.

After your loan money is disbursed, there are two ways to cancel all or part of your loan(s):

- If your school obtains your written confirmation of the types and amounts of Title IV loans that you want to receive for an award year before crediting loan money to your account at the school, you may tell the school that you want to cancel all or part of the loan within 14 days after the date the school notifies you of your right to cancel all or part of the loan, or by the first day of the school's payment period, whichever is later (the school can tell you the first day of the payment period). If your school does not obtain your written confirmation of the types and amounts of loans you want to receive before crediting the loan money to your account, you may cancel all or part of the loan by informing the school within 30 days of the date the school notifies you of your right to cancel all or part of the loan. In either case, the school will return the cancelled loan amount to the U.S. Department of Education.

If you ask your school to cancel all or part of your loan(s) outside the timeframes described above, your school may process your cancellation request, but it is not required to do so.

- Within 120 days of the date your school disburses your loan money (by crediting the loan money to your account at the school, by paying it directly to you, or both), you may return all or part of your loan(s) to the U.S. Department of Education. Contact your servicer for guidance on how and where to return your loan money.

You do not have to pay interest or the loan fee on the part of your loan that is cancelled or returned within the timeframes described above, and if you received an up-front interest rebate, the rebate does not apply. Your loan will be adjusted to eliminate any interest, loan fee, and rebate amount that applies to the amount of the loan that is cancelled or returned.

After the first disbursement of your loan has been made, your loan will be assigned to a loan servicer and you will receive the servicer's name, address and contact information. Your servicer will service, answer questions about, and process payments on your loan after you enter repayment.

To view the list of servicers and their contact information, visit StudentLoans.gov and select the "Additional Information" link on the "Contact Us" page.

Plain Language Disclosure for Direct Subsidized Loans and Direct Unsubsidized Loans William D. Ford Federal Direct Loan Program

1. General information. You are receiving a Direct Subsidized Loan and/or Direct Unsubsidized Loan to help cover the costs of your education. This Plain Language Disclosure (Disclosure) summarizes information about your loan. Please read this Disclosure carefully and keep a copy in a safe place. In this Disclosure, the words “we,” “us,” and “our” refer to the U.S. Department of Education (the Department).

We may use a servicer to handle billing and other communications related to your loan. If you have questions about your loan, contact your servicer. Your servicer’s telephone number and address are shown on correspondence you will receive related to your loan.

You must repay this loan, even if you are unhappy with your education, do not complete your program of study, or cannot find work in your area of study. Borrow only the amount you can afford to repay, even if you are eligible to borrow more.

By signing the Master Promissory Note, you certified under penalty of perjury that if you have been convicted of, or if you have pled *nolo contendere* (no contest) or guilty to, a crime involving fraud in obtaining federal student aid funds under Title IV of the Higher Education Act of 1965, as amended, you have fully repaid those funds to us, or to the loan holder in the case of a Title IV federal student loan.

Information about your loans will be reported to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific authorized purposes.

2. Master Promissory Note (MPN). You are receiving a loan under an MPN that you signed previously. You may receive additional loans under that MPN for up to 10 years if the school that you attend is authorized to use the multi-year feature of the MPN and chooses to do so. If your school is not authorized to use the multi-year feature of the MPN or chooses not to do so, or if you do not want to receive more than one loan under the same MPN, you must sign a new MPN for each loan. If you do not want to receive more than one loan under the same MPN, you must notify your school or your servicer in writing.

3. Loan terms and conditions. This Disclosure summarizes information about your loan. Please refer to your MPN and the Borrower’s Rights and Responsibilities Statement that you received previously for the complete terms and conditions of your loan. If you need another copy of the Borrower’s Rights and Responsibilities Statement, contact your servicer. Unless we tell you otherwise in this Disclosure, your MPN and the Borrower’s Rights and Responsibilities Statement control the terms and conditions of your loan. Loans made under your MPN are subject to the Higher Education Act of 1965, as amended (the HEA), and federal regulations (we refer to the HEA and these regulations as “the Act”). Any change to the Act that affects the terms of the MPN that you signed will be applied to your loans in accordance with the effective date of the change.

4. Direct Subsidized Loans and Direct Unsubsidized Loans. Direct Subsidized Loans are available only to undergraduate students. (Graduate and professional students were eligible to receive Direct Subsidized Loans for periods of enrollment that began before July 1, 2012.) Direct Unsubsidized Loans are available to both undergraduate students and graduate or professional students.

To receive a Direct Subsidized Loan, you must have financial need. Except as explained in Item 10 of this Disclosure, you are not required to pay the interest that accrues on Direct Subsidized Loans while you are in school, during the grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Plan.

Direct Unsubsidized Loans are not based on financial need. You must pay the interest that accrues on Direct Unsubsidized Loans during all periods. For more information on interest charges, see Item 10.

5. Time limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013. If you are a first-time borrower (see the Borrower’s Rights and Responsibilities Statement that you received previously) on or after July 1, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans.

In general, if you are a first-time borrower on or after July 1, 2013 you may not receive Direct Subsidized Loans for more than 150% of the published

length of your program of study. This is called your “maximum eligibility period.” For example, if you are enrolled in a 4-year bachelor’s degree program, the maximum period for which you can receive Direct Subsidized Loans is 6 years (150% of 4 years = 6 years).

Your maximum eligibility period is based on the published length of the program in which you are currently enrolled. This means that your maximum eligibility period can change if you change programs. If you receive Direct Subsidized Loans for one program and then change to a different program, the period of time for which you received Direct Subsidized Loans for the earlier program will generally count against your new maximum eligibility period.

After you have received Direct Subsidized Loans for your maximum eligibility period, you are no longer eligible to receive additional Direct Subsidized Loans, and if you are enrolled in school you may become responsible for paying interest on your Direct Subsidized Loans. You may continue to receive Direct Unsubsidized Loans. We will notify you if you are no longer eligible to receive additional Direct Subsidized Loans.

In addition, if you continue to be enrolled in any undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period, or if you enroll in another undergraduate program that is the same length as or shorter than your previous program, in most cases (there are certain exceptions as provided under the Act) you will become responsible for paying the interest that accrues on your Direct Subsidized Loans during all periods, beginning on the date of the enrollment that causes you to become responsible for paying the interest. We will notify you if you become responsible for paying all of the interest that accrues on your Direct Subsidized Loans.

You may obtain additional information about the limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013 from your school’s financial aid office or at StudentAid.gov.

6. Use of loan money. You may use your loan money only to pay for educational expenses (for example, tuition, room, board, books) at the school that determined you were eligible to receive the loan. If you accept this loan, your eligibility for other student assistance may be affected.

7. Information you must report. While you are still in school, you must notify your school if you (i) change your address or telephone number; (ii) change your name (for example, maiden name to married name); (iii) do not enroll at least half-time for the loan period certified by the school, or do not enroll at the school that certified your eligibility for the loan; (iv) stop attending school or drop below half-time enrollment; or (v) graduate or transfer to another school.

You must also notify your servicer of any of the above changes at any time after you receive your loan. In addition, you must notify your servicer if you (i) change employers or if your employer’s address or phone number changes; or (ii) have any other change in status that affects your loan (for example, if you received a deferment but no longer meet the eligibility requirements for that deferment).

8. Amount you may borrow. There are limits on the amount you may borrow each academic year (annual loan limits) and the amount you may borrow in total for undergraduate and graduate study (aggregate loan limits), as explained in more detail in the Borrower’s Rights and Responsibilities Statement. You cannot borrow more than these limits. The annual and aggregate loan limits are as follows:

Annual Loan Limits	
Dependent Undergraduates (<i>except</i> students whose parents cannot borrow Direct PLUS Loans)	
First Year (freshman)	\$5,500 (maximum \$3,500 subsidized)
Second Year (sophomore)	\$6,500 (maximum \$4,500 subsidized)
Third Year (junior) & Beyond	\$7,500 (maximum \$5,500 subsidized)
Independent Undergraduates (<i>and</i> dependent students whose parents cannot borrow Direct PLUS Loans)	
First Year (freshman)	\$9,500 (maximum \$3,500 subsidized)
Second Year (sophomore)	\$10,500 (maximum \$4,500 subsidized)
Third Year (junior) & Beyond	\$12,500 (maximum \$5,500 subsidized)

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Graduate and Professional Students	
For loan periods beginning before July 1, 2012	\$20,500 (maximum \$8,500 subsidized)
For loan periods beginning on or after July 1, 2012	\$20,500 (unsubsidized only)

Aggregate Loan Limits

Dependent Undergraduates (except students whose parents cannot borrow Direct PLUS Loans)	
	\$31,000 (maximum \$23,000 subsidized)
Independent Undergraduates (and dependent students whose parents cannot borrow Direct PLUS Loans)	
	\$57,500 (maximum \$23,000 subsidized)
Graduate and Professional Students	
	\$138,500 (maximum \$65,500 subsidized)

9. Interest rate. The interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans varies depending on when the loan is first disbursed and other factors, as explained below. Different loans that you received under the same MPN may have different interest rates. We will notify you of the interest rate for each loan you receive in a disclosure statement that we send to you.

If you qualify under the Servicemembers Civil Relief Act, the interest rate on your loans obtained prior to military service may be limited to 6% during your military service. Contact your servicer for information about how to request this benefit.

Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed on or after July 1, 2013

Loans first disbursed on or after July 1, 2013 have a fixed rate that is calculated in accordance with a formula specified in the Act. The interest rate is calculated each year. When the rate is calculated, it applies to all Direct Subsidized Loans and Direct Unsubsidized Loans for which the first disbursement is made during the period beginning on July 1 of one year and ending on June 30 of the following year. Different fixed interest rates may apply to separate loans made under an MPN depending on when the loan is first disbursed, and whether you are an undergraduate student or a graduate or professional student. The maximum interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans made to undergraduate students is 8.25%. The maximum interest rate for Direct Unsubsidized Loans made to graduate or professional students is 9.5%.

Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed on or after July 1, 2006 and before July 1, 2013

Direct Subsidized Loans first disbursed on or after July 1, 2006 and before July 1, 2013 have different fixed interest rates that range from 3.4% to 6.8%, depending on when the loan was first disbursed, and whether you received the loan as an undergraduate or graduate student.

All Direct Unsubsidized Loans first disbursed during on or after July 1, 2006 and before July 1, 2013 have a fixed interest rate of 6.8%.

Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed before July 1, 2006

Loans first disbursed before July 1, 2006 have a variable interest rate that is adjusted each year on July 1 but will never be more than 8.25%. Some variable interest rate loans have an interest rate that is lower during in-school, grace, and deferment periods, and higher during repayment and forbearance periods. For loans with a variable interest rate, we will notify you annually of the actual interest rate for each loan that you receive.

10. Payment of interest. In general (see **Note** below for exceptions), you are not required to pay the interest that accrues on Direct Subsidized Loans while you are enrolled in school at least half time, during your grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Plan. Except as explained below for certain borrowers who are active duty service members, you must pay the interest that accrues on Direct Subsidized Loans during all other periods (starting on the day after your grace period ends), including forbearance periods.

Note: You must pay the interest that accrues during the grace period on any Direct Subsidized Loan for which the first disbursement is made on or after July 1, 2012 and before July 1, 2014. In addition, if you are a first-time

borrower on or after July 1, 2013, under certain conditions you must pay the interest that accrues on your Direct Subsidized Loans during all periods, as explained in Item 5 of this Disclosure.

Except as provided below for certain borrowers who are active duty service members, you must pay the interest that accrues on Direct Unsubsidized Loans during all periods (starting on the day your loan is paid out). This includes periods while you are enrolled in school, during your grace period, and during deferment and forbearance periods. Therefore, you will pay more interest on Direct Unsubsidized Loans than on Direct Subsidized Loans.

If you do not pay the interest that is charged to you during in-school, grace, deferment, and forbearance periods, as explained above, we will add it to the unpaid amount of your loan. This is called capitalization. Capitalization increases the unpaid amount of your loan, and we will then charge interest on the increased amount.

Under the no accrual of interest benefit for active duty service members, you are not required to pay the interest that accrues on any type of Direct Loan Program loan first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months).

11. Loan fee. For each Direct Subsidized Loan or Direct Unsubsidized Loan you receive, we charge a loan fee that is a percentage of the principal amount of the loan. This fee will be subtracted proportionately from each disbursement of your loan and will be shown on a disclosure statement that we send to you.

12. Repayment incentive programs. A repayment incentive is a benefit 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. The following repayment incentive program may be available to you: *Interest Rate Reduction for Automatic Withdrawal of Payments*. This repayment incentive program is described in the Borrower's Rights and Responsibilities Statement. Contact your loan servicer for more information.

13. Disbursement of loan money. Generally, your school will disburse (pay out) your loan money in more than one installment, usually at the beginning of each academic term (for example, at the beginning of each semester or quarter). If your school does not use academic terms or does not have academic terms that meet certain requirements, it will generally disburse your loan in at least two installments, one at the beginning of the period of study for which you are receiving the loan and one at the midpoint of that period of study. Your school may disburse your loan money by crediting it to your student account, or may give it to you directly by check or other means.

14. Canceling your loan. Before your loan money is disbursed, you may cancel all or part of your loan at any time by notifying your school. After your loan money is disbursed, there are two ways to cancel all or part of your loan:

- **You may notify your school (within certain timeframes).** If your school obtains your written confirmation of the types and amounts of Title IV loans that you want to receive for an award year before crediting loan money to your account at the school, you may tell the school that you want to cancel all or part of that loan within 14 days after the date the school notifies you of your right to cancel all or part of the loan, or by the first day of your school's payment period, whichever is later (your school can tell you the first day of the payment period).

If your school does not obtain your written confirmation of the types and amounts of loans you want to receive before crediting the loan money to your account, you may cancel all or part of that loan by informing the school within 30 days of the date the school notifies you of your right to cancel all or part of the loan.

If you ask your school to cancel all or part of your loan within the timeframes described above, your school will return the cancelled loan amount to us. If you ask your school to cancel all or part of your loan outside the timeframes described above, your school may process your cancellation request, but it is not required to do so.

- **You may return all or part of your loan to us.** Within 120 days of the date your school disbursed your loan money (by crediting the loan money to your account at the school, by paying it directly to you, or both), you may cancel all or part of your loan by returning all or part of the loan money to us. Contact your servicer for guidance on how and where to return your loan money.

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You do not have to pay interest or the loan fee on the part of your loan that is cancelled or returned within the timeframes described above. We will adjust your loan amount to eliminate any interest and loan fee that applies to the amount of the loan that was cancelled or returned.

15. Grace period. You will receive a 6-month grace period on repayment that starts the day after you stop attending school or drop below half-time enrollment. You do not have to begin making payments on your loan until after your grace period ends.

16. Repaying your loan. You must repay each loan that you receive according to the repayment schedule provided by your servicer. You must begin repaying your loan after your grace period ends. The amount of time you have to repay your loan (the repayment period) will vary from 10 to 25 years, depending on the repayment plan that you choose and the total amount you have borrowed. If your loan has a variable interest rate, we may need to adjust the number or amount of your payments to reflect changes in the interest rate.

These plans are designed to give you flexibility in meeting your obligation to repay your loan. You may change repayment plans at any time after you have begun repaying your loan. You may make loan payments before they are due, or pay more than the amount due each month, without penalty. When you have repaid a loan in full, your servicer will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

You may choose one of the following repayment plans:

Standard Repayment Plan

You will make fixed monthly payments and repay your loan within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 per month (\$600 per year) and will be more, if necessary, to repay the loan within the required time period.

Graduated Repayment Plan

Your payments will usually be lower at first, and will then increase over time. You must repay your loan in full within 10 years (not including periods of deferment and forbearance) from the date the loan entered repayment. Your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment will be more than 3 times greater than any other payment.

Extended Repayment Plan

You may choose this plan only if (i) 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 (ii) you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time, and will repay your loan in full over a period not to exceed 25 years (not including periods of deferment and forbearance) from the date your loan entered repayment. If you make fixed monthly payments, your payments must be at least \$50 per month (\$600 per year) and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment under the graduated option will be more than three times greater than any other payment.

Income-Based Repayment Plan (IBR Plan)

Under this Plan, your monthly payment amount is generally 15% (10% if you are a new borrower; see **Note** below) of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size.

To initially qualify for the IBR Plan and to continue to make payments based on your income, the amount you would be required to pay on your eligible student loans under the IBR Plan must be less than the amount you would have to pay under the Standard Repayment Plan.

If you are married and file a joint federal income tax return, the loan amount used to determine if you initially qualify for the IBR Plan will include your eligible loans and your spouse's eligible loans, and the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse.

While you are repaying under the IBR Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years (20 years if you are a new borrower) of qualifying monthly payments and at least 25 years (20 years if you are a new borrower) have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven. Your servicer can provide more information about the IBR Plan.

Note: You are a new borrower for the IBR Plan if you have no outstanding balance on a Direct Loan Program or Federal Family Education Loan (FFEL) Program loan on July 1, 2014, or if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on the date you obtain a Direct Loan Program loan after July 1, 2014. Your servicer will determine whether you are a new borrower based on the information about your loans in NSLDS.

Pay As You Earn Repayment Plan (Pay As You Earn Plan)

Under this plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. The Pay As You Earn Plan is available only to new borrowers. You are a new borrower for the Pay As You Earn Plan if:

- (1) You had no outstanding balance on a Direct Loan Program or FFEL Program loan as of October 1, 2007, or you have no outstanding balance on a Direct Loan Program or FFEL Program loan when you obtain a new loan on or after October 1, 2007, and
- (2) You receive a disbursement of a Direct Subsidized Loan, Direct Unsubsidized Loan, or student Direct PLUS Loan (a Direct PLUS Loan made to a graduate or professional student) on or after October 1, 2011, or you receive a Direct Consolidation Loan based on an application received on or after October 1, 2011.

In addition to being a new borrower, to initially qualify for the Pay As You Earn Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the Pay As You Earn Plan must be less than the amount you would have to pay under the Standard Repayment Plan.

If you are married and file a joint federal income tax return, the loan amount used to determine if you initially qualify for the Pay As You Earn Plan will include your eligible loans and your spouse's eligible loans, and the income used to determine your Pay As You Earn Plan payment amount will be the combined adjusted gross income of you and your spouse.

While you are repaying under the Pay As You Earn Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the Pay As You Earn Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven. Your servicer can provide more information about the Pay As You Earn Plan.

Income Contingent Repayment Plan (ICR Plan)

Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your ICR Plan payment amount will be the combined adjusted gross income of you and your spouse. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues monthly on your loan unless you request a forbearance.

While you are repaying under the ICR Plan, you must annually provide documentation of your income and certify your family size. Your monthly

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payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the ICR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven. Your servicer can provide more information about the ICR Plan.

17. Transfer of loan. We may transfer one or all of your loans to another servicer without your consent. If there is a change in the address to which you must send payments or direct communications, you will be notified of the new servicer's name, address, and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different servicer does not affect your rights and responsibilities under that loan.

18. 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. We may also require you to pay other charges and fees involved in collecting your loan.

19. Demand for immediate repayment. The entire unpaid amount of your loan becomes due and payable (on your MPN this is called "acceleration") if you (i) receive loan money but do not enroll at least half-time at the school that determined you were eligible to receive the loan; (ii) use your loan money to pay for anything other than educational expenses at the school that determined you were eligible to receive the loan; (iii) make a false statement that causes you to receive a loan that you are not eligible to receive; or (iv) default on your loan.

20. Default. You are in default on your loan if you (i) do not repay the entire unpaid amount of your loan if we require you to do so; (ii) have not made a payment on your loan for at least 270 days; or (iii) do not comply with other terms and conditions of your loan, and we conclude that you no longer intend to honor your obligation to repay your loan.

If you default on your loan, we will report your default to nationwide consumer reporting agencies (see Item 21). We may sue you, take all or part of your federal tax refund, and/or garnish your wages so that your employer is required to send us part of your salary 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.

21. Consumer reporting agency notification. We will report information about your loan to nationwide consumer reporting agencies (commonly known as "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). Your loan will be identified as an education loan.

22. 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. For example:

- You may receive a deferment while you are attending an eligible school at least half-time, or for up to 3 years while you are unemployed or experiencing an economic hardship.
- You may receive a deferment while you are 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 were serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service.
- 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 least half-time at an eligible school, or within 6 months after having been enrolled at least half-time, you are eligible for a deferment during the 13 months following the conclusion of your active duty service, or until the date you return to enrolled student status on at least a half-time basis, whichever is earlier.

This is not a complete list of available deferments. For a complete list, refer to the Borrower's Rights and Responsibilities Statement that you received previously.

You are not required to pay interest on Direct Subsidized Loans during deferment periods, except as explained in Item 10 of this Disclosure. However, you are responsible for paying the interest on Direct Unsubsidized Loans during deferment periods.

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. For example, we may give you a forbearance if you are temporarily unable to make scheduled loan payments because of financial hardship or illness. We may also give you a forbearance under other conditions as described in the Borrower's Rights and Responsibilities Statement. You are responsible for paying the interest on both Direct Subsidized Loans and Direct Unsubsidized Loans during forbearance periods.

To request a deferment or forbearance, contact your servicer.

23. Loan discharge. We may discharge (forgive) all or part of your loan if (i) you die, and we receive acceptable documentation of your death; (ii) you become totally and permanently disabled and meet certain other requirements; (iii) your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship; (iv) you were unable to complete your course of study because your school closed; (v) your school falsely certified your eligibility; (vi) your school did not pay a refund of your loan money that it was required to pay under federal regulations; or (vii) a loan in your name was falsely certified as a result of a crime of identity theft.

We may forgive a portion of any loans you received under the Direct Loan or FFEL program after October 1, 1998 if you teach full-time for 5 consecutive years in certain low-income elementary or secondary schools, or for certain low-income educational service agencies, and meet certain other qualifications. In addition, you must not have owed 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. Contact your servicer for specific eligibility requirements.

A Public Service Loan Forgiveness program is also available. Under this program, we will forgive the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments on those loans (after October 1, 2007) under certain repayment plans while you are employed full-time in certain public service jobs.

For a discharge based on your death, a family member must contact your loan servicer. To request any other type of loan discharge (except for a discharge based on bankruptcy), you must complete a discharge application. Your servicer can tell you how to obtain an application.

The Act may provide for certain loan forgiveness or repayment benefits on your loan in addition to the benefits described above. If other forgiveness or repayment options become available, your servicer will provide information about these benefits.

In some cases, you may assert, as a defense against collection of your loan, that your school did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if what your school did or did not do would give rise to a legal cause of action under applicable state law. If you believe that you have a defense against repayment of your loan, contact your servicer.

24. Loan consolidation. You may consolidate (combine) one or more of your eligible federal education loans into a new loan with a single monthly payment. Consolidation may also allow you to extend the period of time that you have to repay your loans. This may make it easier for you to repay your loans. However, you will likely pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. Contact your servicer for more information about loan consolidation.

BORROWER:

Christopher Smith Jr.
1492 Columbus Way
Plymouth, MA 02360

CREDITOR:

First ABC Bank
12345 1st St
Anytown, CA 93120
(800) 555 - 5555

RIGHT TO CANCEL

You have a right to cancel this transaction, without penalty, by midnight on August 4, 2009. No funds will be disbursed to you or to your school until after this time. You may cancel by calling us at 800-555-5555.

Loan Rates & Estimated Total Costs

Total Loan Amount

\$10,600.00

The total amount you are borrowing.

Interest Rate

7.375%

Your current interest rate.

Finance Charge

\$18,541.24

The estimated dollar amount the credit will cost you.

Total of Payments

\$ 28,541.24

The estimated amount you will have paid when you have made all payments.

ITEMIZATION OF AMOUNT FINANCED

Amount paid to you	\$0.00
Amount paid to others on your Behalf: <ul style="list-style-type: none">ABC State University	+ \$10,000
Amount Financed (total amount provided)	= \$10,000
Initial finance charges (total) <ul style="list-style-type: none">Origination Fee (\$300)Loan Guarantee Fee (\$300)	+ \$600
Total Loan Amount	= \$10,600

ABOUT YOUR INTEREST RATE

• **Your rate is variable.** This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the LIBOR Rate (as published in the *Wall Street Journal*). For more information on this rate, see reference notes.

• **There is no limit on the amount the interest rate can increase.**

• **Your Annual Percentage Rate (APR) is 8.23%.** The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see reference notes.

FEES

- **Late Charge:** 5% of the amount of the past due payment, or \$25, whichever is greater.
- **Returned check charge:** up to \$25.
- **Fee when you begin repaying the loan:** 3.5% of loan balance.

Estimated Repayment Schedule & Terms

20 YEAR LOAN TERM	MONTHLY PAYMENTS	
	at 7.375% the current interest rate of your loan	No Maximum Rate example at 25%
Sept. 1, 2009 - Oct. 31, 2013 deferment period	No payment required (\$3,799.67 in interest will accrue during this time)	No payment required (Interest will accrue during this time)
Nov. 1, 2013 - Sept. 30, 2033 239 monthly payments	\$118.93	\$645.41 (your payments will be higher if the rate increases above 25%)
Oct. 1, 2033 1 monthly payment	\$116.97	\$674.63 (your payments will be higher if the rate increases above 25%)

◀ Though your loan does not have a maximum interest rate, an example rate of 25% has been used for comparative purposes.

The estimated **Total of Payments** if your rate rises to 25% would be **\$154,928**. Your Total of Payments will be higher if rate increases above 25%.

REFERENCE NOTES

Variable Interest Rate:

- Your loan has a variable Interest Rate that is based on a publicly available index, the London Interbank Offered Rate (LIBOR), which is currently 4.375%. Your rate is calculated each month by adding a margin of 3% to the LIBOR.
- The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate, and whether you defer (postpone) payments while in school.
- The rate will not increase more than once a month, but there is no limit on the amount that the rate could increase at one time. Your rate will never exceed 25%.
- If the Interest Rate increases your monthly payments will be higher.

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

Repayment Options:

- Although you elected to postpone payments, you can still make payments while you are in school. You can also choose to change your deferment choice to: Pay Interest Only or Make Full Payments. More information about repayment deferral or forbearance options is available in your loan agreement.

Prepayments:

- If you pay the loan off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charge.

See your loan agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

Congratulations on your acceptance to [REDACTED] University and welcome to the [REDACTED] family. An evaluation of your application for financial assistance for Aid Year 2018-2019 has been completed. Based on this evaluation, you have been awarded the following financial aid 'package' to help with the cost of your education.

***This award package may not include all scholarships for which you may be eligible to receive. There are many scholarships with deadlines that are still to come; therefore, until those deadline dates have been reached, the scholarships will not be awarded. You will receive a revised award email anytime your award package changes. Be sure and check your university email for updates.

FINANCIAL AID PACKAGE

Award Program(s)	Fall Semester 2018	Spring Semester 2019	Total
[REDACTED] Ath Scholarship	\$250.00	\$250.00	\$500.00
[REDACTED] Scholarship	\$250.00	\$250.00	\$500.00
Parent/Private Loan, Pay Plan	\$7,902.00	\$7,901.00	\$15,803.00
Fed Pell Grant FSU	\$3,048.00	\$3,047.00	\$6,095.00
Fed Direct Sub Loan FSU	\$1,750.00	\$1,750.00	\$3,500.00
Fed Direct Unsub Loan FSU	\$1,000.00	\$1,000.00	\$2,000.00
Total	\$14,200.00	\$14,198.00	\$28,398.00

Estimated Yearly Budget	\$28,398.00
(less) Expected Family Contribution	.00
(less) Other Resources	
Calculated Financial Need	\$28,398.00

Please review the information on the following page to better understand your financial aid package, estimated yearly budget and instructions on how to accept your award.

Please contact our office if you have questions or concerns regarding any of this information or your ability to finance your higher education. We look forward to working with you!

THE VALUE OF A [REDACTED] EDUCATION

When choosing your college, think about what you'll take with you when you graduate.

In addition to the foundation of a Jesuit education—intellectual curiosity, global perspective, and commitment to lifelong learning—your four-year [REDACTED] Experience will be filled with a combination of opportunities you won't find anywhere else.

- ▶ Take advantage of [REDACTED]—from cultural attractions to internship and career opportunities.
- ▶ Learn by doing, with hands-on experience in research and service learning.
- ▶ Enjoy the comfort of a traditional college campus and the advantages of an urban hub.
- ▶ Build your list of contacts with more than 150,000 alumni worldwide. Through the Career Center, [REDACTED] helps bring recent graduates and alumni together for career conversations, guidance, and mentoring.

STUDENT-
FACULTY
RATIO

STUDENTS
PER CLASS
On average

EMPLOYERS HIRED
STUDENTS FOR
INTERNSHIPS

525+

Mary [REDACTED]

YOUR 2018–2019 AWARD INCLUDES:

AWARD	Fall 2018	Spring 2019	TOTAL	MESSAGE
Direct Unsubsidized Stafford Loan	\$2,750.00	\$2,750.00	\$5,500.00	STAF
[REDACTED] Scholarship	\$10,000.00	\$10,000.00	\$20,000.00	TUIT

ADDITIONAL RESOURCES

AWARD	Fall 2018	Spring 2019	TOTAL	MESSAGE
Credit-Based PLUS Loan	\$18,193.00	\$18,193.00	\$36,386.00	EPLS

Reference the back page of this pamphlet and use your message code(s) above [REDACTED] to learn more about a particular award.

Greater detail on the awards you are eligible for can be found at [REDACTED] in the Student Aid Handbook. Please review the Handbook carefully.

ASSUMPTIONS MADE IN DETERMINING ELIGIBILITY

Your award reflects the most up-to-date information we have. Make sure you alert the Financial Aid Office to any changes in your finances or living arrangement.

	Fall 2018	Spring 2019
Living Arrangement	On Campus Residence Hall	On Campus Residence Hall

QUESTIONS?

FINANCIAL AID NOTIFICATION

Financial Aid Office

[REDACTED]
[REDACTED]
[REDACTED]

Congratulations on your acceptance to the [REDACTED]. We are pleased to offer you the following financial assistance for the 2015-2016 Aid Year. The award is based on the assumption you will be full-time, but should your enrollment be less, your financial aid award may be adjusted. To receive financial aid, you must maintain satisfactory academic progress. Scholarships and other resources must be reported and may result in an aid reduction. Please review the enclosures for more information or visit our website at [REDACTED].

Go online to [REDACTED] and click on **My Award** to accept, adjust, or decline your aid offer and to review any important fund information.

Your total award package is **\$12,685.00**.

Aid Type	Fall 2015	Spring 2016	Total
Fed Pell Grant	\$1,513.00	\$1,512.00	\$3,025.00
[REDACTED] Students	630.00	630.00	1,260.00
Fed Work-Study	700.00	700.00	1,400.00
Fed Perkins Loan	750.00	750.00	1,500.00
Fed Subsidized Loan	1,750.00	1,750.00	3,500.00
Fed Unsubsidized Loan	1,000.00	1,000.00	2,000.00
Grand Total	\$6,343.00	\$6,342.00	\$12,685.00

Total amount of outside resources: **\$.00**

You may apply for or receive up to **\$4,926.00** in other sources to finance your education.

Other options:

- Federal Direct Parent PLUS Loan
- Non-Federal Private Education Loan
- Military Benefits
- Outside Scholarships
- College Savings Plans
- Payment Plan

Estimated Direct Cost of Attendance

Tuition and Fees	\$7,683.00
Housing	4,136.00
Meals	2,857.00
Academic Year Total	\$14,676.00

Level: Undergraduate

Housing: On Campus

WI Residency Status: Resident

Student ID: 8576309

Budget*: \$17,611.00

Date of issue: April 6, 2015

*The budget amount includes the estimated direct cost of attendance plus situational costs such as transportation, child care, etc.