

## Federal Stafford Loan Plain Language Disclosure

This notice summarizes information concerning your loan. Please read this notice carefully, print the document if it has been delivered in an electronic form, and maintain a hard copy in a safe place. If you have questions about your loan, contact your lender.

**1. General** - You are receiving a Federal Stafford Loan to help cover the costs of your education. You must repay this loan. You are responsible for repaying this loan even if you are dissatisfied with your education, do not complete it, or cannot find work in your area of study. Borrow only the amount you need.

By accepting your loan proceeds, you are certifying, under penalty of perjury, that if you have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, you have completed the repayment of such funds to the U.S. Department of Education, or to the loan holder in the case of a Title IV federal student loan.

**2. Loan Cancellation** - You may cancel or reduce the amount of your loan by writing to your school or lender before your lender sends your loan money to your school. There are two ways to cancel all or part of your loan after your loan money is sent to your school: you may contact your school within 14 days of the date your school informs you they have applied your loan to your account, or you may pay back all or a part of your loan within 120 days of the date your lender sends your loan money to your school.

**3. Federal Stafford Loan Master Promissory Note (MPN)** — If you continue to attend a participating school located in the United States, you may receive multiple loans under the same MPN for up to 10 years. You may write to your lender to stop loans from being made under your MPN. You will need to sign a new MPN if you want to change your lender or if you transfer between a Federal Family Education Loan Program (FFELP) school and a William D. Ford Federal Direct Loan (Direct Loan) Program school.

**4. Loan Amount** - There are annual and total limits on the amounts you may borrow, as explained in the Borrower's Rights and Responsibilities Statement you previously received. The total amount you borrow cannot be more than these limits. Your school determines the amount you are eligible to borrow using federal guidelines.

Effective for Federal Stafford Loans first disbursed on or after July 1, 2007, there are increased annual loan limits for certain categories of students, as shown in the following chart:

DEPENDENT UNDERGRADUATES	Subsidized	Total (Subsidized & Unsubsidized)
First Year	\$3,500	\$3,500
Second Year	\$4,500	\$4,500
INDEPENDENT UNDERGRADUATES (and dependents whose parents are unable to borrow under the PLUS program)		
First Year	\$3,500	\$7,500
Second Year	\$4,500	\$8,500
GRADUATE & PROFESSIONAL STUDENTS	\$8,500	\$20,500

**5. Use of Loan Money** - You may only use your loan money to pay educational expenses (e.g., tuition, room, board, books) at the school that certified your loan eligibility. If you accept this loan, your eligibility for other student assistance may be affected.

**6. Origination Fee and Federal Default Fee** - Federal law requires an origination fee and a federal default fee for each loan made under this MPN. (Before July 1, 2006, the federal default fee was called a guarantee fee or insurance premium.) The law specifies the maximum amount of each fee and authorizes both fees to be deducted from your loan amount. If you cancel or repay all or part of your loan within 120 days of the day your lender sends your loan money to your school, your origination and federal default fees will be canceled or reduced.

**7. Change of Status or Address** - You must tell your school and/or lender if you stop attending school, no longer attend school on at least a half-time basis, or transfer to another school. You must also tell your lender any time you change your address, telephone number, e-mail address, name (e.g., maiden name to married name) or employer, or if the address or telephone number of your employer changes.

**8. Repayment** - You must repay the full loan amount, and all interest on your loan, generally within 10 years. You will receive a 6-month grace period that starts the day after you leave school or drop below half-time enrollment status at your school. You do not have to make payments during your grace period. You must make payments after your grace period ends according to the schedule provided by your lender. Your lender will give you the choice of a Standard Repayment Plan, Graduated Repayment Plan, Income-Sensitive Repayment Plan or, if you are eligible, an Extended Repayment Plan. Effective July 1, 2009, you may also choose an Income-Based Repayment Plan under which your monthly payment will be based on your income during any period when you are experiencing a partial financial hardship. You may request a change to your repayment plan at anytime, but your lender may limit you to one change in your repayment plan each year. These plans are designed to give you flexibility in meeting your repayment obligation. You may make loan payments before they are required, or in amounts greater than required, at any time without penalty. When you pay back your loan in full, the current holder does not have to send you the original MPN but may instead send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

**9. Interest** - Loans with a first disbursement on or after July 1, 2006, have a fixed interest rate that is specified in the Higher Education Act. Loans made prior to that date have a variable interest rate that may change each year on July 1 and that 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. Interest is charged on the unpaid principal amount. Interest charges begin on the date the loan is disbursed and end when the loan is paid in full. For subsidized loans, the federal government pays your interest charges while you attend school at least half time, for 6 months after the day you leave school or drop below half-time

enrollment status at your school, and while you have a deferment on your loan. You must pay all other interest charges on your subsidized loan. For unsubsidized loans, you must pay all interest charges. You agree that the lender may add interest charges to your loan amount, as provided by law, if you do not make payments of interest. Since the federal government does not make any interest payments for you on unsubsidized loans, you will repay more interest on unsubsidized loans than on subsidized loans.

**10. Late Charges and Collection Costs** - Your lender may collect a late charge from you if you do not make any part of a payment within 15 days after it is due. Your lender may only collect one late charge for each payment, no matter how many days the payment is late. Your lender may also collect from you certain limited charges and fees involved in collecting your loan in accordance with the Department's regulations.

**11. Loan Consolidation** - If you are no longer enrolled in school as at least a half-time student and you are in the grace period or in the repayment period on your loan, you may be eligible to consolidate all of your eligible federal education loans into one loan. Consolidating your loans may give you up to 30 years to pay them back and may lower your monthly payments; however, you may be repaying your loans for a longer period and pay more interest. Contact your lender for more information about consolidating your loans.

**12. Deferments** - You do not have to make payments in certain circumstances. For example, you will not have to make payments while you are attending school at least half time or for up to 3 years while you are unemployed. For a complete list of deferments, and all documentation and eligibility requirements, please refer to your Borrower's Rights and Responsibilities Statement and any supplemental information you may receive. Effective July 1, 2006, a deferment is available 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 are serving on or after October 1, 2007, for the 180-day period following the demobilization date for your qualifying service. Effective October 1, 2007, if you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at an eligible school, or within 6 months of having been enrolled, you are also 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, whichever is earlier. The federal government pays the interest on subsidized loans during periods of deferment. You must pay the interest on unsubsidized loans during deferment periods, or it will be added to the principal amount of the loan. If interest is added to the principal amount, you will then pay interest on the larger amount. Having interest added to the principal amount of your loan may also cause your monthly payment amount to increase.

**13. Forbearance** - If you cannot make scheduled payments and do not qualify for a deferment, your lender may allow you to temporarily make smaller payments or temporarily stop making payments. This is called a forbearance. Interest continues to be charged on your loan during forbearance. The lender must grant you a forbearance in certain cases, as described in your Borrower's Rights and Responsibilities Statement.

**14. Loan Discharge** - Your loan will be discharged (forgiven) when (i) acceptable documentation of your death is given to your lender, (ii) you cannot complete a course of study because your school closes, (iii) your school falsely certifies your loan eligibility, or, effective July 1, 2006, (iv) a loan in your name was falsely certified as a result of a crime of identity theft.

If you provide acceptable documentation that you are totally and permanently disabled, your loan is assigned to the Department of Education and conditionally discharged for up to three years. If you meet certain requirements during and at the end of the conditional period, your loan will be discharged.

Your loan will not automatically be discharged in bankruptcy. Your loan may also be discharged up to the amount of any refund that your school should have made, but did not send to your lender.

**15. Credit Bureau Notification** - Information about your loan will be reported to one or more national credit bureaus. Information will include the disbursement date, amount, and repayment status of your loan (for example, whether you are current or behind schedule in making payments).

**16. Default and Acceleration** — If you default on your loan, that fact will be reported to all national credit bureaus. All unpaid amounts and collection fees on your loan will become immediately due and payable. You may be sued, your wages may be garnished, you may lose federal payments, and/or your tax refund may be withheld. You agree to pay reasonable collection fees and costs, plus court costs and attorney fees. You may face other serious consequences.

**17. Sale or Transfer of Your Loan** - Your lender may sell or assign this loan without your consent and without selling or assigning any of your other loans. The sale or transfer of your loan does not affect your rights and responsibilities with respect to the loan. You will be given the name, address, and telephone number of any new owner of your loan, if the change in ownership means you must send payments to a new address.

**18. Department of Defense Repayment Program** - Under certain circumstances, military personnel may have their loan(s) repaid by the Secretary of Defense. You should address any questions you have to the local service recruiter. This is a recruiting program and generally does not pertain to prior service individuals or those not eligible for enlistment in the Armed Forces.

**19. Loan Forgiveness for Public Service Employees Program** - Effective July 1, 2008, you may consolidate your FFELP loans into the Direct Loan Program to take advantage of the public service loan forgiveness program. This program provides for the cancellation of the remaining balance due on eligible Direct Loan Program loans after you have made 120 payments (after October 1, 2007) on those Direct Loans under certain repayment plans while you are employed in certain public service jobs.

**20. Controlling Terms and Conditions** - This Disclosure summarizes information concerning your loan. Please refer to your Federal Stafford Loan MPN, Borrower's Rights and Responsibilities Statement, and loan-specific disclosure for the complete terms and conditions of your loan. Except as specifically stated in this Disclosure, those documents govern the terms and conditions of your loan.