

Federal Stafford Loan Plain Language Disclosure

You are receiving a student loan to help you cover the costs of your education. 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 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.

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 also two ways to cancel all or part of your loan after your loan money is sent to your school. You may contact the school within 14 days of the date the school informs you they have applied your loan to your account or you can 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. Master Promissory Note (MPN) – If you continue to attend school, you may receive multiple loans under the same MPN for up to 10 years. During this period, you may receive loans under the same MPN if the school you attend is eligible to participate in the multi-year loan process. You can write to your lender to stop loans from being made under your current MPN. You will need to sign a new MPN if you change your lender or transfer between a Federal Family Education Loan school and a Federal Direct Loan school.

4. Loan Amount – there are annual and total limits on the amounts you may borrow, as explained in the Rights and Responsibilities Statement you previously received. The total amount you borrow cannot be more than these limits.

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 Guarantee Fee – The federal government charges an origination fee on your loan. The lender who makes your loan will collect this fee. The origination fee may be up to 3 percent of the principal amount of the loan. The guaranty agency that guarantees your loan may charge a guarantee fee of up to 1 percent of the principal amount of the loan. Both fees come out of 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 guarantee 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 or no longer attend school on at least a half-time basis. You must also tell your lender while you are repaying your loan if you change your address, telephone number, e-mail address, name (e.g., maiden name to married name) or employer, or if the address of your employer changes at any time.

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. 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, Extended Repayment Plan. You may request a change to your repayment plan at any time; but your lender may limit you to one change in your repayment plan each year. These plans are designed to give you flexibility in meeting your repayment obligation. You may make loan payments before they are required, or in amounts greater than required, at any time without penalty. 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 telling you that you have paid-off your loan in a safe place.

9. Interest – The Interest rate on your loan is a variable rate, which can change each year on July 1. The rate will never be more than 8.25%. Interest is charged on the unpaid 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 you leave 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. The interest rate on loans you receive under an MPN may differ from loan to loan depending on when the loan is made.

10. Late Charges and Collection Costs – The lender may collect from you a late charge if you do not make any part of a payment 15 days after it becomes due. The lender may only collect one late charge for each payment, no matter how many days the payment is late. The lender may also collect from you any other charges and fees involved in collecting your loan.

11. Loan Consolidation – After you leave school, you may 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 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 Rights and Responsibilities Statement. The federal government pays the interest on subsidized loans during periods of deferment. You must pay the interest on unsubsidized loans during deferment periods, or it will be added to the principal amount of the loan. If interest is added to the principal amount, you will then pay interest on the larger amount. Having interest added to the principal amount of your loan may also cause your monthly payment amount to increase.

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. Interest continues to be charged on your loan during forbearance. The lender must grant you a forbearance in certain cases, as described in your Rights and Responsibilities.

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 (iv) acceptable documentation of your total and permanent disability is given to your lender. 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 provide acceptable documentation 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. Controlling Terms and Conditions – This Disclosure summarizes information concerning your loan. Please refer to your Promissory Note and Rights and Responsibilities Statement for the complete terms and conditions of your loan. Except as specifically stated in this Disclosure, your Note and Statement govern the terms and conditions of your loan.