

DIRECT LOAN SEQUESTRATION BORROWER NOTIFICATIONS
Attachment to Electronic Announcement Dated March x, 2013

Borrowers of Direct Subsidized and/or Direct Unsubsidized Loans

Dear <first name of borrower>:

Our records indicate that you either recently received or are scheduled to receive a Direct Loan from the U.S. Department of Education to help meet your educational expenses. We want to bring to your attention some recent changes in the law that will affect your Direct Subsidized and/or Direct Unsubsidized Loan.

On August 2, 2011, Congress passed the Budget Control Act of 2011, which put into place automatic federal budget cuts, known as the "sequester." While this law does not otherwise change the amount or terms or conditions of your Direct Loan, it does increase loan fees on Direct Subsidized and Direct Unsubsidized Loans first disbursed after March 1, 2013. Specifically, the fee on your loan will increase from 1.0 percent of your loan amount to 1.051 percent. For example, the fee on a \$5,500 loan will increase by \$2.80 from \$55.00 to \$57.80.

If you accept the loan that has been or will be disbursed for you, you will be agreeing to this higher fee and there is nothing you need to do at this time. However, if you wish to cancel or reduce your loan, you may do so by contacting your school's financial aid office. Requests for cancellation should be made as soon as possible. If you have additional questions about your loan, please do not hesitate to contact your school's financial aid office.

We wish you good luck in your educational pursuits.

Sincerely,

U.S. Department of Education