









### Important!

You never have to pay for help with your student loans.

Free assistance with managing your loans is provided by your federal loan servicer.

There is a growing number of so-called commercial student loan debt relief companies that claim to offer assistance in managing your federal student loans for a fee. Despite what these companies claim, there's nothing a student loan debt relief company can do for you that you can't do yourself for free with the assistance of your federal loan servicer.

If you ever need assistance, the Department of Education and our federal loan servicers will help you at no cost!

For more information on avoiding loan scams, go to <https://StudentAid.ed.gov/sa/repay-loans/avoiding-loan-scams>.

If you're having problems managing your student loans contact your federal loan servicer or the Federal Student Aid (FSA) Ombudsman Group.

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## INTRODUCTION

This guide provides an overview of information you will need to successfully repay the federal student loan(s) that you've received to help pay for your college costs under the William D. Ford Federal Direct Loan (Direct Loan) Program and the Federal Family Education Loan (FFEL) Program. For more detailed information about many of the topics covered in this guide, see your Master Promissory Note (MPN). If you have an FFEL Program loan, you can find a copy of your Borrower's Rights and Responsibilities on your loan servicer's website.

For Direct Loans, you can find this statement by going to

<https://StudentLoans.gov/myDirectLoan/>

logging in, scrolling down the page, and selecting either the PDF version of the Master Promissory Note (MPN) for Direct Subsidized and Unsubsidized Loans, or the PDF version of the Federal Direct PLUS Loan Master Promissory Note (MPN) if you are a graduate/professional student.

Exit counseling can be completed on paper or on the web. Please check with your school to see how (paper or web) it expects you to fulfill the exit counseling requirement.

## TERMS USED IN THIS GUIDE

Note:

**Aggregate Loan Limit**—A limit on the total amount of FFEL or Direct Subsidized Loans and/or Unsubsidized Loans that you may borrow for undergraduate and graduate study. If the total amount you receive over the course of your education reaches the aggregate loan limit, you will not be eligible to receive additional loans. However, if you repay some of your loans to bring your outstanding loan debt below the aggregate loan limit, you could then borrow again, up to the amount of your remaining eligibility under the aggregate loan limit.

**Annual Percentage Rate (APR)**—The actual yearly cost of borrowing money reflected as a percentage rate

Principal—The loan amount you borrow plus any capitalized interest

Promissory Note—A legally binding agreement that contains the terms and conditions of the loans made under the note. Most federal student loans are made under a Master Promissory Note (MPN).



### Master Promissory Note (MPN)

An MPN is a binding legal document that you must sign before receiving your first Direct Loan. The same MPN can be used to make one or more loans for one or more academic years (up to 10 years). Therefore, if you leave school and return, you may be able to receive additional loans without signing a new MPN. An MPN lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower. It's important to read your MPN and keep it in a safe place because you'll need to refer to it later when you begin repaying your loan or at other times when you need information about provisions of the loan such as deferment or forbearance.



### Identifying Your Loan Servicer

You can identify the servicer for your Direct Loan(s) by going to the National Student Loan Data System (NSLDS) website at [www.nsls.ed.gov](http://www.nsls.ed.gov)

## WELCOME TO EXIT COUNSELING

### Who should use this guide?

Student borrowers who are graduating, leaving school, or dropping below half-time enrollment are required to complete exit counseling.

### Why?

Exit counseling is required by law. Exit counseling provides important information that you will need as you prepare to repay your federal student loan(s). During exit counseling, you will review the terms and conditions that apply to your federal student loans.

### How do I fulfill the exit counseling requirement?

Check with your school to see how (paper or on the web) it expects you to fulfill the exit counseling requirement.

Information you should have on hand for exit counseling: [found2](#)



TYPES OF DIRECT LOANS AND FFEL PROGRAM LOANS

You may have received more than one type of loan under the Direct Loan Program or FFEL Program. Each loan type has its own terms and conditions, such as interest rates. In addition, the names you may see on the documentation for your loans may differ slightly from the naming in the chart below. For example, subsidized and unsubsidized loans are frequently called “Subsidized Stafford Loans, and Unsubsidized Stafford Loans.”

Types of Federal Student Loans (Excluding Consolidation Loans)			
	Direct and FFEL Subsidized Loans	Direct and FFEL Unsubsidized Loans	Direct and FFEL PLUS Loans
Who may receive this loan?	Undergraduate students with financial need	All students	PLUS loans are federal loans that graduate or professional students and parents of dependent undergraduate students can use to help pay for college or career school.  PLUS loans can help pay for education expenses not covered by other financial aid.
When does the government pay my interest? <sup>1</sup>	While you are enrolled, and for six months after you graduate or drop below half-time enrollment  Deferment periods  During certain periods of repayment under the Income-Based Repayment, Pay As You Earn, and Revised Pay As You Earn plans	You pay all interest charged over the course of your loan term.	You pay all interest charged over the course of your loan term.
When must I begin making payments?	Six months after you graduate or drop below half-time enrollment	Six months after you graduate or drop below half-time enrollment	Most PLUS Loans require you to start making payments six months after you leave school or drop below half-time enrollment. Graduate and professional student borrowers with Direct and FFEL PLUS Loans that were first disbursed on or after July 1, 2008, receive an automatic deferment while in school and a six-month deferment after they graduate, leave school, or drop below half-time enrollment.

<sup>1</sup> If you are a first-time borrower on or after July 1, 2013, and you exceed the limits described in the table on Direct Subsidized Loans, on page 6 of this guide, you (instead of the government) may become responsible for paying the interest that accrues on your Direct Subsidized Loans during all periods.

## TIME LIMITATION ON DIRECT SUBSIDIZED LOANS

If you receive your first federal student loan after June 30, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans.

If you continue to be enrolled in an undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period and did not complete the program or do not enroll in a longer program, you will have to pay the interest (with certain exceptions) that accrues on your Direct Subsidized Loans during all periods. This is called losing interest subsidy.

In general, you may not receive Direct Subsidized Loans for more than 150% of the published length of your program. This is called your “maximum eligibility period.”

### Remember

Loss of eligibility for Direct Subsidized Loans due to the time limitation has no impact on your eligibility for Direct Unsubsidized Loans.

The periods of time that count against your maximum eligibility period are periods of enrollment (also known as “loan periods”) for which you received Direct Subsidized Loans.

If you enroll in a new program that is longer than your previous program, you may regain eligibility to receive Direct Subsidized Loans.

For more information go to:

<https://StudentLoans.gov/myDirectLoan/directSubsidizedLoanTimeLimitation.action#additional.loss.eligibility>

### Effect of continued enrollment as an undergraduate after reaching the time limit

If you continue to be enrolled in an undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period, you become responsible (with certain exceptions) for paying the interest that is accruing on your Direct Subsidized Loans. Your responsibility for paying the interest that accrues on your Direct Subsidized Loans begins on the date of your enrollment that follows your exhausting the 150 percent limit.

If you received Direct Subsidized Loans for your maximum eligibility period for one program and then enroll in a longer program, you will not become responsible for interest that accrues on your Direct Subsidized Loans after you begin the longer program and before you reach your maximum eligibility period (i.e., 150 percent of the published length of the longer program).

## INTEREST RATES IN THE DIRECT LOAN PROGRAM

The interest rates on Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans are fixed rates that are calculated each year in accordance with formulas specified in the laws and regulations that set the terms and conditions of Direct Loans.

When the rates are calculated, they apply to all 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. Each loan you receive over the course of your education may have a different fixed interest rate, depending on when the loan is first disbursed, the loan type, and whether you are an undergraduate student or a graduate or professional student.

Each type of loan has a maximum fixed interest rate (or cap). The maximum interest rates are

8.25% on Direct Subsidized Loans made to undergraduate students and Direct Unsubsidized Loans made to undergraduates;

9.50% on Direct Unsubsidized Loans made to graduate students; and

10.50% on Direct PLUS Loans made to graduate and professional students, and parents of dependent undergraduate students.

<sup>1</sup>Graduate and professional students are not eligible for Direct Subsidized Loans.



### How interest accrues

Direct Loans are “simple daily interest” loans. This means that interest accrues daily. The amount of interest that accrues per day is calculated by dividing the interest rate on your loan (as a decimal) by the number of days in a year, and then multiplying that by the outstanding principal balance of the loan.

For example, on a \$10,000 Direct Unsubsidized Loan with a 6.8% interest rate, the amount of interest that accrues per day while the loan has an outstanding balance of \$10,000 is \$1.86, calculated as follows:

$$(0.068 / 365) \times \$10,000 = \$1.86$$

### How You Can Find the Interest Rates on Your Loans

You can find the interest rates for your Direct Loans and FFEL Program loans by going to the National Student Loan Data System (NSLDS) website at <https://nslds.ed.gov/npas/index.htm>, and logging in with your FSA ID. The site will open to your Financial Aid History page and you will see a record of the loans you’ve received. By selecting one of the loans, you will be able to see the loan detail, including the interest rate for that loan.



## Repayment Plan Options for Direct Loans and FFEL Program Loans

Repayment Plans	Eligible Loans	Monthly Payment and Time Frame	Eligibility and other Information
<b>Traditional Repayment Plans</b>			
<b>Standard Repayment Plan</b>	Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans all Consolidation Loans (Direct or FFEL)	Payments are a fixed amount that ensures your loans are paid off within 10 years (within 10 to 30 years for Consolidation Loans).	All borrowers are eligible for this plan. You'll usually pay less over time than under other plans.  Standard Repayment Plan with a 10-year repayment period is not a good option for those seeking Public Service Loan Forgiveness (PSLF).  Standard Repayment Plan for Consolidation Loans is not a qualifying repayment plan for PSLF.
<b>Graduated Repayment Plan</b>	Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans all Consolidation Loans (Direct or FFEL)	Payments are lower at first and then increase, usually every two years, for an amount that will ensure your loans are paid off within 10 years (within 10 to 30 years for Consolidation Loans).	All borrowers are eligible for this plan. You'll pay more over time than under the 10-year Standard Repayment Plan.  Generally not a qualifying repayment plan for PSLF.
<b>Extended Repayment Plan</b>	Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans all Consolidation Loans (Direct or FFEL)	Payments may be fixed or graduated and will ensure that your loans are paid off within 25 years..	You must have more than \$30,000 in outstanding Direct Loans.  Your monthly payments will be lower than under the 10-year Standard Repayment Plan or the Graduated Repayment Plan.  You'll pay more over time than under the 10-year Standard Repayment Plan.  Not a qualifying repayment plan for PSLF.

### What are my options if my federal student loan payments are high compared to my income?

#### Direct Loans

If your federal student loan payments are high compared to your income, you may want to repay your loans under an income-driven repayment plan (Direct Loan) or an income-sensitive plan (FFEL Program Loans).

Most Direct Loans are eligible for at least one income-driven repayment plan. If your income is low enough, your payment could be as low as \$0 per month.

The Direct Loan Program offers four income-driven repayment plans:

Revised Pay As You Earn Repayment Plan (REPAYE Plan)

Pay As You Earn Repayment Plan (PAYE Plan)

Income-Based Repayment Plan (IBR Plan)

Income-Contingent Repayment Plan (ICR Plan)

These plans are designed to make your student loan debt more manageable by reducing your monthly payment amount. If you'd like to repay your federal student loans under an income-driven plan, you need to fill out an application.

## FFEL Program Loans

The Income-Sensitive Repayment Plan is available to low-income borrowers who have Federal Family Education Loan (FFEL) Program loans.

The following FFEL Program loans are eligible for the Income-Sensitive Repayment Plan:

- Subsidized Federal Stafford Loans
- Unsubsidized Federal Stafford Loans
- FFEL PLUS Loans
- FFEL Consolidation Loans

Under the Income-Sensitive Repayment Plan, your monthly payments increase or decrease based on your annual income. Payments are made for a maximum period of 10 years.

If you have FFEL Program loans owned by the U.S. Department of Education, contact your loan servicer. If you have FFEL Program loans that are not owned by the U.S. Department of Education, contact your lender. If you are not sure who owns your loans, visit the National Student Loan Data System (NSLDS®) to find out.



### Did you know?

You can make payments during your grace period to prevent interest from accruing and reduce the amount of interest that may be capitalized when you enter repayment. You can find out how much you can save by contacting your loan servicer.

If you took out a private student loan, you may have to begin making payments while you're still in school. Contact the holder of that private student loan immediately to arrange payment.



### Remember!

Choose the repayment plan that's right for you. You can select and change your repayment plan at any time. Contact your loan servicer to find out what repayment plans are available to you.

If you do not select a repayment plan, your loan servicer will place you on the Standard Repayment Plan with fixed payments over a maximum of 10 years.






## What if I want to pay off my loan early?

You may prepay all or part of your federal student loan(s) at any time without a penalty.

If you intend any additional funds you send your servicer to be used to pay down your principal, you must instruct your loan servicer of your intention or the servicer will apply the funds to future scheduled payments.

## What happens if I return to school?

If you return to school on at least a half-time basis before the end of your six-month grace period, your loans will return to in-school status. You won't have to make payments until six months after you graduate, again leave school, or drop below half-time enrollment.

If you return to school on at least a half-time basis after your six-month grace period has ended, you'll qualify for an in-school deferment and won't have to make payments while you remain enrolled at least half-time. However, when you graduate, again leave school, or drop below half-time enrollment, your in-school deferment will end, and you'll be required to begin making payments right away.

## What if I'm called to active duty military service?

Active duty military service for more than 30 days in a reserve component of the U.S. armed forces is not counted as part of your grace period, as well as the time necessary for you to reenroll in school within your deferment period. However, your deferment, that is excluded from your grace period, may not exceed three years.

## REPAYMENT INCENTIVES

### Interest rate reduction for payments made with automatic withdrawal

The Automatic Debit payment option allows your loan servicer to automatically deduct your monthly payment from your checking or savings account. Under the automatic debit payment option, on your loans that are owned by the Department, you receive a 0.25% interest rate reduction during periods of repayment.



#### Did you know?

A lender in the FFEL Program may offer other incentives for making on-time payments or having payments automatically deducted from your savings or checking account.

Contact your loan servicer for more information.

## NAVIGATING REPAYMENT

### Where do I send my payments?

In the Direct Loan Program, each loan you obtain is assigned to a federal loan servicer, who handles payments and other administrative functions. The Department will make every effort to assign all your Direct Loans to a single servicer.

In the FFEL Program, you may send payments to and interact directly with your loan holder, or your loan holder may have assigned your federal student loan to a loan servicer.

In most cases, you will send your payment to your loan servicer. If you do not know who your loan servicer is, visit the National Student Loan Data System (NSLDS) at <https://nslds.ed.gov/>.

If you do not have a loan servicer, you will send your payments to your loan holder. Almost all loan servicers allow you to make your payment online.

### When should I contact my loan servicer?

Contact your loan servicer if you

- fail to begin classes at the school that determined you were eligible to receive your loan,
- do not begin classes as at least a half-time student for the loan period certified by your school,
- drop below half-time enrollment during the semester or term,
- transfer schools,
- leave school,
- graduate,





## Pay on time

It is very important that you make your federal student loan payments on time. Contact your loan servicer if you think you will have trouble making your payments or won't be able to pay on time.

## Stay in touch with your loan servicer

Visiting your servicer's website using their online payment options and signing up for electronic correspondence can help ensure that you never miss a letter or bill. Open all your mail and read everything about your federal student loan(s). Contact your loan servicer before you miss a payment on your federal student loan(s). Your loan servicer can explain your repayment options so you can avoid missing a payment. If you are not sure of your loan servicer, for this and other information about your loans, please visit <https://nslds.ed.gov/npas/index.htm>.

## Select a more appropriate repayment plan

One way to avoid default is to lower your monthly payments by changing to a different repayment plan. Some repayment plans have a monthly payment based on your income. You are never charged a fee to change repayment plans on your federal student loans.

If lowering your monthly payment is not an option or you are experiencing only a temporary problem repaying your loans, you may be able to temporarily postpone or lower your payments by applying for deferment or forbearance.

## Deferment

If you are having temporary problems repaying your federal student loans, contact your loan servicer to see if you are eligible for deferment. A deferment allows you to temporarily stop making payments on your federal student loans. If you have Direct Subsidized Loans and have not exceeded 150 percent of the published length of your program, not charged interest on

You may qualify for a deferment if you are

- enrolled at least half time at an eligible postsecondary school;
- in a full-time course of study in a graduate fellowship program;
- in an approved full-time rehabilitation program for individuals with disabilities;
- unemployed or unable to find full-time employment (for a maximum of three years);
- experiencing an economic hardship (including Peace Corps service) as defined by federal regulations (for a maximum of three years);
- serving on active duty during a war or other military operation or national emergency and, if you were serving on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service;
- performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service;
- a member of the National Guard or other reserve component of the U.S. armed forces (current or retired) and

## LOAN CONSOLIDATION

A Direct Consolidation Loan may help make payments more manageable by combining several federal student loans into one loan with one monthly payment. You need to apply for loan consolidation and choose a repayment plan. Depending on the amount of your federal student loans and the repayment plan you choose, you have between 10 and 30 years to repay your Direct Consolidation Loan. (Private education loans are not eligible for consolidation, but they may be taken into account when determining your maximum repayment period under certain repayment plans.)

The interest rate for Direct Consolidation Loans is fixed. The fixed rate is the weighted average of the interest rates on all of the loans you consolidate, rounded up to the nearest 1/8 of 1 percent. There is no cap on the interest rate on a Direct Consolidation Loan that is made based on an application received on or after July 1, 2013. To learn more, visit <https://studentaid.ed.gov/sa/repay-loans/consolidation>.

### How can consolidation help me manage my debt?

Loan consolidation can offer you benefits to help manage your education debt. Through consolidation, you can

- make lower monthly payments by increasing your repayment period, and
- make a single monthly loan payment on one bill to one lender.

As with other types of student loans, you may prepay a Direct Consolidation Loan without penalty and may change repayment plans if you find that your current plan no longer meets your needs.

### Is there a downside to consolidation?

Although consolidation can help many students manage their monthly payments, there are some cases when a Direct Consolidation Loan may not be right for you:

- You may lose repayment incentives on loans made under the FFEL Program that you consolidate





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## Total and permanent disability discharge

If you become totally and permanently disabled as defined in federal regulations and meet certain other requirements, your loan may be discharged. For more information, please visit <https://StudentAid.ed.gov/sa/repay-loans/forgiveness-cancellation/disability-discharge>.

## Death

If you die, or if you are a parent borrower of a PLUS Loan and the student for whom you obtained the loan dies, you may be eligible for a discharge.

## RESOLVING STUDENT LOAN DISPUTES

If you think there might be an issue with your federal student loan, first collect and review all of your loan paperwork, then identify and document what you think the problem is. Call your loan servicer to discuss the issue. A current listing of federal loan servicers can be found

## FINANCIAL PLANNING AND DEBT MANAGEMENT

Every successful aspect of your life requires planning, whether it is planning a weekend or planning a year-long project. Personal financial planning might be the most important of all because it can help secure your future.

### Budgeting

The first important step in planning your finances is to create a monthly budget that includes what you will earn, spend, and owe. Having a budget that you stick to will make you much more knowledgeable about your finances and about money in general.

Knowing exactly where your money is going every month can help you avoid falling further into debt and can help you see future financial issues before they arise. If you include the loan payments you will have to make under the various repayment options available to you, you can determine the repayment plans that offer payments you will be able to afford. Then you can choose the repayment plan that best helps you meet your goals (e.g., getting out of debt as quickly as possible).

#### Set short- and long-term goals:

- Pay off credit card debt.

- Buy a car without having to borrow.

- Pay off your student loans.

#### Save:

- Take advantage of any retirement savings plan offered by your employer, especially any matching plan. Increase automatic deposits when you get a raise.

- Start a private savings plan. As your budget becomes more familiar to you, you will be able to come up with new ways to squeeze savings out of your monthly income. Saving just \$10 per week at 3% interest adds up to \$6,000 in 10 years.

- Set up automatic deposits from your paycheck.

#### Create a monthly spending plan and spend wisely:

- Gather details on your income and expenses.

- Set monthly spending limits.

- Pay with money you have, and track whether you exceed your spending limits.

- Pay your credit card balance in full each month.

- Pay your bills on time.

#### Take advantage of education-related tax incentives:

- Stay up-to-date on federal tax deductions for education-related expenses and on interest you pay on your federal student loans.

- Learn about tax credits for education-related expenses while attending school.

## YOUR CREDIT AND IDENTITY

A credit report is a collection of information about you and your credit history, kept by the four major credit bureaus:

Equifax

TransUnion

Innovis

Experian

These credit bureaus track and store information on your credit history, such as

## Protect your credit and identity:

Never give your personal information (e.g., SSN, date of birth, account numbers, etc.) to someone if you did not contact them.

Store documents containing your personal information in a safe location, and shred unnecessary documents.

Protect your passwords.

Monitor your bank and credit card statements.

## Manage your debt:

### Manage credit card debt:

Spend only what you can pay back immediately.

Pay your balance in full each month to avoid interest and fees.

Look for the lowest annual interest rate (APR) and fees.

Read the fine print!

Limit the number of credit cards you hold.

### Limit other borrowing:

To reduce the amount borrowed for large purchases (e.g., a car),

plan ahead, try to save for large purchases, and

borrow only what you can afford to repay. (Look for low interest rates and fees.)



### Did you know...

Making only the minimum payment on a balance of \$1,000 at an interest rate of 18.9% will take five years to pay off, for a total \$1,563!

## HELPFUL RESOURCES

Keep your loan paperwork in a safe place, including your MPN, disclosure notices and billing statements. These provide you with a record of the terms of your federal student loan(s) and how much you have borrowed. Copies of your MPN are available on [StudentLoans.gov](http://StudentLoans.gov) if you completed your MPN electronically.

If you choose to receive electronic correspondence, copies of that correspondence will be available from your loan servicer.

You can find information about all of your federal student loans on the National Student Loan Data System (NSLDS) by visiting [www.nsls.ed.gov/nsls\\_SA/](http://www.nsls.ed.gov/nsls_SA/).

## STUDENT CONTACT INFORMATION AND ACKNOWLEDGMENT

You are required to provide your current contact information to your loan servicer. If you complete exit counseling online, your contact information will automatically be provided to your loan servicer. If you did not (and will not) complete exit counseling online, you may use this form to provide the information to your school. You are also required to notify your loan servicer of any changes to your contact information after you leave school. You can use the form for that as well. You must complete all items on both the front and back.

**Important:** You must provide your loan servicer with your contact information as well as information on your next of kin and two personal references. You must keep the information current.

### Personal Information (Please print clearly)

Last Name, First Name (Middle Name is Optional)

Your Permanent Home Street Address

References: You must list two persons with U.S. addresses different from yours,  
who will know your whereabouts for at least three years.

1

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Last Name, First Name

---

Street Address

---

City, State, Zip Code

---

Area Code/Telephone Number

Email Address

2

---

Last Name, First Name

---

Street Address

---

City, State, Zip Code

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Area Code/Telephone Number

Email Address

# YOUR RIGHTS AND RESPONSIBILITIES AS A BORROWER

I have the right to

written information on my loan obligations and information on my rights and responsibilities as a borrower;

a copy of my MPN either before or at the time my loan is disbursed;

a grace period and an explanation of what this means;

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**William D. Ford Federal**