Federal Stafford Loan Counseling Checklist

Student's Name (Please Print) **Social Security Number**

You are receiving a Federal Stafford loan to help you cover the costs of your education. You must repay this loan. Before you receive your Stafford loan funds, you must sign a promissory note agreeing to the conditions under which the loan is made and the terms under which you agree to repay the loan. The promissory note authorizes the school to credit loan proceeds to your student account. A copy of the Master Promissory Note, along with your Rights and Responsibilities Statement is part of your entrance and exit loan-counseling packet.

The Master Promissory Note (MPN) is designed for use as both a multi-year and a single -year note. If your school uses a multi-year feature, your MPN will be valid for up to 10 years for multiple loans. The multi-year MPN feature makes the borrowing process easier. However, you will be required to sign a new MPN if your school does not use the multi-year feature or you decide to change lenders. You may choose to sign a new MPN each time you borrow if you feel more comfortable doing so. Using the single-year feature, you will sign one MPN for every loan that you obtain.

The multi-year feature of the MPN will be revoked on whichever of the following dates occurs earliest: 12 months after the date you sign the MPN if there have been no disbursements during the 12 month period, the date your school receives your written notice that no additional loans may be distributed under the note, or 10 years from the date you sign the MPN. Your loan holder may also revoke the terms of the MPN in situations such as bankruptcy.

Repayment of your Federal Stafford Loan is a serious and important obligation. You are responsible for repaying your loan even if you are dissatisfied with your educational program or other services, do not complete your educational program, do not complete the program of study within the regular time for completion, or cannot find work after graduating. The Lender or Loan Servicer sends payment coupons or billing statements as a convenience to the borrower. Not receiving them does not relieve you of your obligation to make payments. You are encouraged to set up electronic debiting of a bank account to repay your loans, if available.

You should always contact your loan holder immediately if you anticipate difficulty making a payment. Your failure to pay all or part of a monthly payment, when it is due, may result in late charges. If you fail to make payments for 270 days, your loan is considered to be in default. Defaulting on your Federal Student Loan can result in consequences such as damage to your credit rating, collection costs, wage garnishment, withholding of your federal and state tax refunds, or delinquent debt collection procedures under federal law. Default can also cause acceleration of the amount due, a lawsuit filed against you (with possible liability for court costs/legal expenses), loss of eligibility for any additional financial aid, loss of deferment entitlements and forbearance eligibility, and referral of your account to a collection agency.

Always borrow conservatively! If you reduce the amount you borrow now, you will have less to repay later. You should seek alternatives to loans, if possible. Ask your school about the availability of any state grant funds in order to reduce your need for loans. State grant assistance might be available to both in-state and out-of-state students. It is important to note that accepting a loan might reduce your eligibility for other student aid such as grants, Federal Work Study (FWS), and institutional aid. Keep in mind that after you have finished your educational program, you would have more bills to worry about than just student loans -- for example, rent, utilities, car payments, clothing, and food. Be realistic in terms of how much money you can expect to earn after you graduate, and what size of student loan payments you will be able to afford. Above all, limit your borrowing to the amount absolutely necessary, even though you may be eligible to borrow more. You should develop a budget in order to determine the amount of loans you can afford to borrow.

The interest rate for Stafford loans first disbursed on or after July 1, 2006 is a fixed rate of 6.8%. The interest rate for Stafford loans first disbursed on or after July 1, 1994 but prior to July 1, 2006 is a variable rate, which can change each year on July 1. The rate will never be more than 8.25%. Loans first disbursed prior to July 1, 1994 have varying interest rates. For interest rates on a specific loan you obtained prior to July 1, 1994, you should contact your lender. Interest charges begin on the date the loan to 6.8% in 2012-13. These cuts are available only to undergraduate students, not graduate students, and only for Subsidized Stafford loans, not Unsubsidized Stafford loans. Those loans remain at a fixed rate of 6.8%.

Your lender may charge an origination fee of up to 2% of the principal amount of your loan for loans obtained on or after July 1, 2006 but prior to July 1, 2007. For any new loan obtained on or after July 1, 2007 but prior to July 1, 2008, the maximum origination fee that can be charged by your lender is 1.5%. The maximum origination fee decreased to 1% on July 1, 2008 and will decrease to 0.5% for new loans obtained on or after July 1, 2009. As of July 1, 2010, lenders will no longer be allowed to charge any origination fees. The guaranty agency may charge a Federal default fee that is 1% of the principal amount of your loan. Both fees are deducted proportionately from each loan disbursement. If you cancel or repay all or part of your loan within 120 days from the day your lender sends your loan money to your school, your Federal default fee and [illegible]

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Repayment Summary	
Period (years)	**Monthly Payment**
1 - 2	$ 276.56
3 - 4	$ 336.23
5 - 6	$ 408.76
7 - 8	$ 496.95
9 - 10	$ 604.17
Months in Repayment	120

Repayment plan (FFEL) has a maximum term of 10 years while the Income-Contingent Repayment plan (Direct) has a maximum term of 25 years. FFEL borrowers may consolidate their loans into the Direct Loan program to become eligible for the Income-Contingent Repayment plan. The terms of these repayment plans vary and you may receive information based specifically on your situation from the holder of your loan.

Example of payments for a subsidized Stafford loan repaid at 6.8% interest rate on the Income-Sensitive Repayment Plan with monthly payments based on 4% of gross monthly income. This plan has a maximum term of 10 years.

Loan Amount	Gross Monthly Income	Monthly Payment (1st 5 Years)	Monthly Payment (remaining 5 Years)	Total Paid (Loan + Interest)

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Tax benefits are available for certain higher education expenses, including a deduction for student loan interest for certain borrowers. This benefit applies to all loans used to pay for postsecondary education costs. The Internal Revenue Service (IRS) Publication 970, Tax Benefits for Higher Education, explains these credits and other tax benefits. You may get more information online at www.irs.gov or by calling the IRS at 1-800-829-1040.

Student and parent borrowers can consolidate (combine) multiple federal student loans with various repayment schedules into one loan, making a single monthly payment. With a consolidation loan, your monthly payment might be lower, you can take a longer time to repay (up to 30 years) if you're repaying your consolidation loan under the Standard or Graduated Repayment Plans and your total student loan debt is $60,000 or more. However, the maximum repayment period for a consolidation loan is based on the total amount of the Consolidation Loan and your other student loan debt. You will receive a fixed interest rate on your Consolidation Loan. You should compare the cost of repaying your unconsolidated loans with the cost of repaying a consolidation loan. Extending repayment will result in more interest charges over the life of the loan. Some things to consider are:

FFEL only borrowers may consolidate those loans into a Direct Consolidation Loan to benefit from an interest waiver for active duty military service personnel or to qualify for the Public Service Loan Forgiveness Program.

Whether you'll lose any borrower benefits if you consolidate, such as interest rate discounts or principal rebates, as these benefits can significantly reduce the cost of repaying your loans.

Whether you might lose some discharge and cancellation benefits if you include a Perkins Loan in your consolidation loan.

Carefully review your consolidation options and talk with the holder of your loan before you apply for a consolidation loan. If you're in default on a federal student loan, you still might be able to consolidate if you make satisfactory repayment arrangements on the defaulted loan or agree to repay the consolidation loan under the Income-Contingent, Income-Sensitive, or Income-Based Repayment Plans, provided the defaulted loan is not subject to a judgment or wage garnishment.

Student loans are often sold to secondary student loan markets such as the Student Loan Marketing Association (SALLIE MAE), and often lenders use outside contractors to service student loans. Your lender may sell or assign your 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.

You should have received a college catalog and/or enrollment agreement that contains the school's academic progress policy and refund policy. Also, if you withdraw from school, the Return of Title IV funds can affect your loan repayment. You are required to attend exit counseling before you graduate, withdraw, or cease to be enrolled at least half time. Exit counseling will provide you with specific information about your total indebtedness, lender contact information, repayment options, loan consolidation, and debt-management strategies.

To remain eligible for Federal Student Loans, you must remain enrolled on at least a half-time basis. If your enrollment status at any time drops below half-time status, you may be ineligible for any future scheduled disbursements and your loans may enter repayment. To determine the requirements for half-time status, please contact your school as the requirements may vary per program of study.

To avoid delinquency and default, you should inform your loan holder of changes to your name, mailing address, telephone

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Your loan holder understands that you may experience financial difficulty and offer options that temporarily reduce or suspend your monthly payment. If you are experiencing financial difficulty, you should contact your loan holder immediately for assistance in handling your repayment obligation.

Under certain circumstances, you may be eligible for a deferment and may not have to make payments for a period of time. 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.

If you cannot make scheduled payments and do not qualify for a deferment, you should ask your lender about forbearance. 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.

Keep a copy of the Borrower's Rights and Responsibilities Statement you received prior to signing the Master Promissory Note. The statement provides information regarding your student loan, such as Grace Period, Repayment, Deferments, etc.

You should keep all financial aid materials in one place especially any records relating to your loans. Keep a copy of your Master Promissory Note and any notices showing when you received loan payments or your account was credited. Keep the loan repayment schedule provided by the lender when repayment begins and any records of loan payments including canceled checks and money order receipts. You should keep copies of any requests for deferment and forbearance, or any correspondence with the lender.

Your loan history can be viewed online at the National Student Loan Data System – Student Access website http://www.nslds.ed.gov/nslds_SA/