

## ***Terms & Conditions under Which Students Receive Federal Loans***

Students who receive loans have terms and conditions associated with these loans. These terms and conditions explain the rules of the loan including interest rates, eligible amounts based on the student's grade level in school, and at what point the student has earned the right to keep the full amount of the loan based on enrollment, etc. The borrowers' right and responsibilities regarding the loan are also included. The student receives information on the types of available loans, rights and responsibilities, and the terms and conditions of their loan during entrance and exit counseling.

### **Federal Direct Loan (FDL)**

- Student must be enrolled at least half-time during the period of enrollment to retain their eligibility for FDL program funds. Students whose enrollment status is below half-time are not eligible for FDL program funds. If eligibility is lost due to being enrolled less than half-time, a student can regain eligibility if enrolled at least half-time during a subsequent period of enrollment.
- A student who is borrowing a loan for the first time is required to participate in loan entrance counseling prior to the first disbursement of the loan. The first disbursement of a loan cannot be made earlier than thirty (30) days after the start of the term or period of enrollment.
- A student borrower who is in default on a FSA loan is not eligible for additional DL loan funds unless eligibility is regained.

### **Financial Aid Loan Management**

#### ***Federal Loan Payment Obligations and Options***

Students who receive federal student loans sign a Master Promissory Agreement (MPN) which states the student is obligated to repay the student loan funds regardless of the student's graduation, withdrawal from school, or the student's inability to obtain employment.

The student loan program offers students may different repayment options. Students are responsible for selecting the appropriate payment plan to suit their needs. The school's financial aid office and lender are available to review the different repayment options.

If at any time a student becomes delinquent on a loan, it is the student's responsibility to contact the school or lender to determine what options are available to the student.

#### ***The Financial Aid Loan Entrance Counseling***

The following information is included in the Loan Entrance Counseling, which will be presented to a first-time student borrower prior to the first disbursement of loan funds.

- Explanation and use of the Master Promissory Note (MPN)
- Effect of accepting the loan on eligibility for other aid
- Seriousness and importance of the repayment obligation
- Option of the borrower to pay interest on Unsubsidized Stafford and Graduate PLUS loans while in school
- Interest accrual process and interest capitalization when a borrower elects not to pay interest or if the interest is not paid by the US Department of Education
- Definition of half-time enrollment
- Consequences of not maintaining half-time enrollment

- Importance of contacting the appropriate office at the school if the student plans to withdraw before completing the academic program to allow the school to provide exit counseling to the borrower
- Obligation to repay the loans even if: the borrower does not complete the program or does not complete the program within the regular completion time for that program, is unable to find employment, or is dissatisfied with the school or program
- The importance of repayment and the consequences of default, including adverse credit reports, federal offset, and other federal delinquent debt collection procedures and litigation
  - Sample monthly repayment amounts based on a range of levels of indebtedness or the average cumulative indebtedness of other loan borrowers within the same academic program as the borrower
- Information regarding the National Student Loan Data System (NSLDS) and how a borrower can access and monitor his or her loan records
  - Name and contact information of the person the student may contact with questions regarding rights and responsibilities or loan terms and conditions

### *The Financial Aid Loan Exit Counseling*

Students are required to attend a Financial Aid Loan Exit Counseling session prior to graduating or shortly before the student ceases enrollment of at least half-time study. Students who seek to withdraw from the school should see the financial aid office to obtain exit counseling. Several topics presented at the entrance counseling session are again presented at the exit counseling. Exit counseling is required for all graduated, withdrawn, or dismissed students prior to exiting the institution as well when a student ceases to attend at least half-time. If a student leaves school or chooses to postpone their education, the student should meet with a Financial Aid Administrator to understand the financial impact of this decision and complete loan exit counseling.

Exit counseling includes the following information:

- Explanation of all repayment plans available
- Comparative analysis of the features of each type of repayment plan, including average projected monthly payments and the difference in interest and total payments
- Explanation of the terms and conditions to obtain full or partial loan forgiveness or discharge
- Explanation of the terms and conditions the borrower may obtain a deferment or forbearance
- Debt management strategies to assist the student in successful loan repayment
- Information regarding the average anticipated monthly repayment amount based on the student loan borrower's actual indebtedness or the average indebtedness of student borrowers in the same academic program receiving the same types of loans
  - A review of the use of the Master Promissory Note (MPN) and the student's obligation to repay the loan
    - Explanation of the student's responsibility to repay the loan even if: the student did not complete the program or did not complete the program within the regular completion time for that program, is unable to obtain employment, or is dissatisfied with the school or education received.
  - Explanation regarding the consequences of default, including adverse credit reports, federal offset other federal delinquent debt collection procedures and litigation under federal law
    - Effects of loan consolidation, including the effect on total interest and fees to be paid, length of the repayment term, effect on borrower benefits on underlying loans (grace periods, deferment, loan forgiveness, and loan discharge), option to prepay or change repayment plans, and how borrower benefits may differ between lenders
  - Explanation of the tax benefits available to the student

- Information concerning the National Student Loan Data System (NSLDS) and how the student can utilize NSLDS to access his or her records
- Information regarding the availability of the Student Loan Ombudsman's Office

In addition, the financial aid office is responsible to collect the following information as part of the exit counseling and provide the information to the Secretary of Education within sixty (60) days of receipt:

- Name
- Address
- Social Security Number
- References
- Driver's License Number and State
- Expected Permanent Address
- Name and address of next-of-kin
- Name and address of the student's employer or expected employer

#### *Loan Deferments for Borrowers*

Students should visit the financial aid office for the terms and conditions under which students receiving federal education loans may obtain a deferment for repaying student loan debt.

#### *Loan Deferments for Certain Individuals*

Loan deferment terms and conditions are further defined for those serving in the Peace Corps; under the Domestic Volunteer Service Act; and as a volunteer for a tax-exempt organization of demonstrated effectiveness in the field of community service. These individuals should visit the financial aid office for additional information.

Additional information is also available on the Direct Loan web page at <http://www.direct.ed.gov/student.html>

#### ***Student Loan Borrower Rights and Responsibilities***

Student Loan Borrower Rights and Responsibilities for education loans can lead to a brighter future, but they need to be used carefully. Never borrow more than you need, and be aware of your rights and responsibilities. Additional information and questions will be addressed during your financial aid appointment at your school, during the enrollment process.

As a borrower, you have the right to know:

- School policy on enrollment, attendance and good academic standing.
- School policy on when you must pay tuition, fees and other costs.
- Students' average indebtedness, default rate, and graduation rate at your school.
- The consequences of defaulting on your loan.
- How financial aid is determined.
- The financial aid programs available at the school and how to qualify for them.
- The type and amount of fees deducted from the loan amount.
- When loan proceeds will be available and the number and timing of the disbursements.
- When repayment will begin and your average monthly payment.
- Information on deferment (postponement of repayment), cancellations and forbearances.
- If and when your loan is sold or otherwise transferred.
- That your loan(s) will not automatically be discharged if you file for bankruptcy.

### **Students also have responsibilities. It's up to you to:**

- Complete all applications and forms accurately and on time.
- Provide additional information or documentation, such as income tax forms, if requested.
- Inform the financial aid office of any change in your family's financial circumstances.
- Attend pre-loan counseling sessions before you receive your first loan disbursement.
- Keep track of all your loans and know the terms and conditions regarding repayment and deferment.
- Notify your lender of any changes in your address, name, telephone number or Social Security number.
- Inform the lender if your expected graduation date changes, if you drop out of school, or if you drop below half-time attendance.
- Inform the lender if you transfer to another school or if your employer's address changes.
- Attend an exit interview before graduating or leaving school.
- Repay the loan regardless of whether you have completed your education, are satisfied with it, or are able to find a job.

### **Repaying Your Loan**

You are required to begin repaying your Federal Stafford loan six months after you graduate, leave school or drop below half-time attendance. Borrowers generally have 10 years to repay these loans.