

# WHAT YOU NEED TO KNOW AS A FEDERAL STUDENT LOAN BORROWER

## You **MUST** complete an Exit Counseling Session

- Go to [www.studentaid.gov](http://www.studentaid.gov) and 'Log In'
- Click on 'Manage Loans' and then select 'Complete Exit Counseling'
- You will need two references to complete the counseling session

## Your Rights and Responsibilities

- You must repay your loans
- Know your lender(s) and/or servicer(s)
- If your contact and/or any other information changes, inform your lender/servicer
- Be sure to open and read all your mail and emails from your lender(s) and/or servicer(s)
- Know when you will enter repayment and your payment date
- You may request deferment/forbearance options if you are experiencing financial difficulty
- There is no pre-payment penalty for satisfying your repayment obligation
- You will be notified if your loan is sold

## Repayment Options

- There is a 6-month grace period and a 10-year repayment term (unless otherwise requested)
- **Upon request**, you may be eligible for different options that lower your monthly payment (Ask your servicer about borrower benefits such as an interest rate reduction for choosing auto-debit of your monthly loan payment)
- *Standard*: same amount every month for the next 10 years (least expensive over the life of the loan)
- *Graduated*: lower payments in the first few years with higher payments later
- *Income sensitive*: payments rise/fall on an annual basis based on your estimated income
- *Extended*: available if your federal loans exceed \$30,000 (can be increased up to 25 years)
- *Direct Loan consolidation*: Please refer to [www.studentaid.gov](http://www.studentaid.gov). Be sure to examine all benefits from all lenders before making this decision.
- **NOTE: The longer the repayment term, the more you will end up paying!**

## Deferment and Forbearance

- *Deferment*: allows you to postpone principal and/or interest payment due to in-school status, fellowship, graduate/professional school, etc. (student must be enrolled at least 6 credits)
- *Forbearance*: allows you to postpone payments for a pre-determined period of time due to unemployment, economic hardship, etc. Interest does accrue and the interest is capitalized at repayment
- **If you need to continue deferment or request forbearance, you must apply for these options! Contact your lender directly for assistance.**
- **Remember, the longer the repayment term, the more you will end up paying!**

## Delinquency and Default

- Generally, if you're more than 30 days late, you are **delinquent** with the national credit bureaus. More than 270 days past due on a payment, you are considered to be in **default**
- There are serious consequences to being delinquent or in default, including adverse effects on personal credit, being forced to pay the whole amount immediately, having tax refunds withheld, becoming ineligible for future financial aid, etc.

➤ **Bottom line, it is VERY IMPORTANT to pay on time!**

For a complete list of your federal loans and lenders please refer to [www.nslds.ed.gov](http://www.nslds.ed.gov) (You will need your FAFSA PIN number to access the information.) or call 1-800-4-FED-AID.

The Department of Education's FSA Ombudsman's Office is available if you are not receiving proper assistance from your lender or servicer. Please refer to [www.studentaid.gov](http://www.studentaid.gov) or call 1-877-557-2575.