

Federal Consolidation Loan Application and Promissory Note Documents (1845-0036)
Additional Changes Made by the U.S. Department of Education

October 25, 2006

	<i>Location on the Form</i>	<i>Change</i>	<i>Rationale</i>
Federal Consolidation Loan Application and Promissory Note			
1	Instructions after “Before You Begin”	Revise the sentence in bold uppercase at the end of the instructions to read as follows: “PAGES 1, 2, AND 3 OF THIS FORM MUST BE SUBMITTED FOR YOUR APPLICATION TO BE PROCESSED IN ORDER TO PROCESS YOUR LOAN REQUEST.”	Simpler wording.
2	Section E., instructions that follow the section heading.	Revise the last sentence to read as follows: “If you do not complete this item, the consolidating lender will provide a standard payment schedule <u>that does not to</u> exceed the maximum repayment period allowable for the amount of your loan.”	Simpler wording.
3	Section F., #27.D.	Revise to read as follows: “D. All of the loans selected for consolidation are in <u>a grace period</u> or in repayment status (including loans in deferment or forbearance).”	Clarity/simpler wording.
4	Section F., #28.B.	Revise the first sentence to read as follows: “B. I understand that I may no longer be eligible for some deferments types and for subsidized deferment periods on some loans being consolidated. I also understand...”	Simpler wording.
5	Interest	Revise the last sentence in the first paragraph to read as follows: “The interest rate is presented in a disclosure that is issued <u>provided</u> to me.”	Simpler wording.
6	Repayment	Revise the third sentence in the second paragraph to read as follows: “The maximum scheduled repayment period may be up to 30 years in length, depending upon the amount of my student loans indebtedness and my repayment plan.”	Simpler wording.
7	Acceleration and Default	Revise the second sentence in the third paragraph to read as follows: “I acknowledge that a default shall <u>will</u> have additional adverse consequences to me as disclosed in the Borrower’s Rights and Responsibilities Statement.”	Consistency with change from “shall” to “will” elsewhere.
8	Governing Law	Revise first sentence of the first paragraph to read as follows:	Simpler wording. The abbreviation “the Act” is

	and Notices	<p>“The terms of this Note will be interpreted according to the Higher Education Act of 1965, as amended (20 U.S.C. 1070 et seq.), other applicable federal statutes and regulations, and the guarantor’s policies.”</p>	established earlier in this section under Disclosure of Terms.
Instructions for Completing the Federal Consolidation Loan Application and Promissory Note			
9	Section D., Step 2.	<p>In the instructions for items 21-25, revise the first sentence of the second paragraph (following the three bullets) to read as follows:</p> <p>“In Items 21-25, list both eligible loans you do not wish to consolidate and outstanding education loans not eligible for consolidation that you want used to determine your maximum repayment period.”</p>	The word “both” is unnecessary here.
10	Section E., Item 26.	<p>Revise the first and fifth sentences to read as follows:</p> <p>“You may choose one of several repayment options <u>plans</u> for your Federal Consolidation Loan.”</p> <p>*****</p> <p>“Your <u>maximum</u> repayment period will be based on your student loan debt; however, you may request a repayment period that is shorter than the maximum period allowed.”</p> <p>Revise the sentence immediately preceding the repayment plan choices to read as follows:</p> <p>“Your repayment <u>plan</u> options include:”</p>	<p>Consistency with the term used in Section E.</p> <p>Clarification.</p> <p>Consistency.</p>
11	Section E., Item 26., paragraph D.	<p>Revise the first sentence to read as follows:</p> <p>“D. Extended Payments in which you may repay over a 25-year period on a standard or graduated payment plan if you have FFELP loans totaling in excess of more than \$30,000. Under the other...”</p>	Simpler wording.
12	Section E., Item 26., “Note” at end of section.	<p>Revise to read as follows:</p> <p>“Note: You may apply for a Federal Consolidation Loan from <u>any FFELP lender</u> a lender that holds your FFELP loan(s) or from another FFELP lender. Alternatively, if you are eligible for a FFELP consolidation loan and you are unable to obtain a Federal Consolidation Loan or a Federal Consolidation Loan with income-sensitive repayment terms that are acceptable to you, you may apply for a Federal Direct Consolidation Loan from the U.S. Department of Education. In addition, if you have a Federal Consolidation Loan that <u>has become seriously delinquent or that has defaulted the lender has submitted to the guaranty agency for default aversion</u>, you may be eligible to consolidate that loan into a Federal Direct Consolidation Loan for the purpose of obtaining an income-contingent repayment plan.”</p>	<p>Simpler wording.</p> <p>Consistency with change made in #6 of the Borrower’s Rights and Responsibilities Statement.</p>
Borrower’s Rights and Responsibilities Statement			

13	FFEL Program definition.	Revise the first and fourth bullets as follows: “Subsidized Federal Stafford Loan [formerly known as Guaranteed Student Loan (GSL)],” ***** “Federal Supplemental Loans for Students (SLS); also known as ALAS, ”	Consistency with changes made to loan codes elsewhere.
14	Item 8., Loan Discharge & Forgiveness	Revise the second sentence of the fourth paragraph to read as follows: “In order to <u>To</u> discharge a loan in bankruptcy, I must prove undue hardship in an adversary proceeding before the bankruptcy court.” Add the following new paragraph after the existing sixth paragraph: “Under some conditions, the spouse or parent of an individual who died or became totally and permanently disabled in the terrorist attacks on September 11, 2001 may qualify for a loan discharge. My loan holder can provide additional information.”	Simpler wording. Incorporates the new loan discharge provision included in the Third Higher Education Extension Act of 2006.
Request to Add Loans to a Federal Consolidation Loan (18-Day Add-On Provision)			
15	Instructions for Item 3, last paragraph.	Revise to read as follows: “If you are unsure of the correct information on your loans, call your loan holder or servicer- contact the entity to which you send your payments, or check the most recent correspondence from them-that entity. ” <u>You may also obtain information on your loan(s) by accessing the National Student Loan Data System at http://www.nslds.ed.gov.</u> ”	Consistency with the revised instructions for the corresponding section of the Application and Promissory Note.
Loan Verification Certificate			
16	Upper right corner of first page.	Added box for OMB Number and form expiration date.	Corrects omission from previous versions of the form.
17	Instructions for completing Item 4.	Revise to read as follows: “Item 4: Enter the anticipated loan payoff date if not provided by the consolidation consolidating lender. <u>if the consolidating lender did not provide a loan payoff date.</u> Enter a date which is 30 days from the date you receive the Certificate, if not provided by the consolidating lender. ”	Clarifies instructions.
18	Bottom of second page.	Added Paperwork Reduction Notice.	Corrects omission from previous versions of the form.