



Federal Direct PLUS Loan
Application and Master Promissory Note
William D. Ford Federal Direct Loan Program

OMB No. 1845-0068
Form Approved
Exp. Date 08/31/2010

Warning: Any person who knowingly makes a false statement or misrepresentation on this form will be subject to penalties which may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

SECTION A: BORROWER INFORMATION - TO BE COMPLETED BY ALL BORROWERS; READ THE INSTRUCTIONS IN SECTION G BEFORE COMPLETING THIS SECTION

CHECK ONE - I am a: [ ] Graduate or Professional Student [ ] Parent of a Dependent Undergraduate Student

1. Driver's License State and No. 2. Social Security No. 3. Date of Birth (mm-dd-yyyy)
4. E-mail Address (optional)
5. Name and Permanent Address (see instructions)
6. Area Code/Telephone No.
7. Citizenship Status (to be completed by parent borrowers only -- check one)
(1) [ ] U.S. Citizen or National
(2) [ ] Permanent Resident/Other Eligible Non-Citizen
If (2), Alien Registration No.
9. Work Area Code/Telephone No. ( )

10. References: List two persons with different U.S. addresses who do not live with you and who have known you for at least three years. If you are a parent borrower, do not list the student.
Name 1. \_\_\_\_\_ 2. \_\_\_\_\_
Permanent Street Address \_\_\_\_\_
City, State, Zip Code \_\_\_\_\_
Area Code/Telephone No. ( ) \_\_\_\_\_ ( ) \_\_\_\_\_
Relationship to Borrower \_\_\_\_\_

SECTION B: SCHOOL INFORMATION - TO BE COMPLETED BY THE SCHOOL

11. School Name and Address 12. School Code/Branch 13. Identification No.

SECTION C: DEPENDENT UNDERGRADUATE STUDENT INFORMATION - TO BE COMPLETED BY PARENT BORROWERS ONLY

14. Dependent Undergraduate Student's Name (last, first, middle initial) 15. Social Security No. 16. Date of Birth (mm-dd-yyyy)

SECTION D: BORROWER REQUEST, CERTIFICATIONS, AUTHORIZATIONS, AND UNDERSTANDINGS - ALL BORROWERS READ CAREFULLY BEFORE SIGNING BELOW

17. This is an Application and Master Promissory Note (MPN) for one or more Federal Direct PLUS (Direct PLUS) Loans. I request a Direct PLUS Loan under this MPN in an amount not to exceed my or (if I am a parent borrower) the student's annual cost of attendance, minus other financial aid received for each academic year.
18. Under penalty of perjury, I certify that:
A. The information I have provided on this MPN and as updated by me from time to time is true, complete, and correct to the best of my knowledge and belief and is made in good faith.
B. I am (1) a graduate or professional student, (2) the biological or adoptive parent of the student identified in Section C, or (3) the spouse of the parent and my income and assets were reported on the Free Application for Federal Student Aid (FAFSA), or would be reported if a FAFSA were filed.
C. The proceeds of loans made under this MPN will be used for authorized educational expenses incurred by me or (if I am a parent borrower) by the student and I will immediately repay any loan proceeds that cannot be attributed to educational expenses for attendance on at least a half-time basis at the school that certified my loan eligibility.
D. If I owe an overpayment on a Federal Perkins Loan, Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Academic Competitiveness Grant (ACG), National Science or Mathematics Access to Retain Talent (SMART) Grant, or Leveraging Educational Assistance Partnership Grant, I have made satisfactory arrangements to repay the amount owed.
E. If I am in default on any loan received under the Federal Perkins Loan Program (including National Direct Student Loans), the William D. Ford Federal Direct Loan (Direct Loan) Program, or the Federal Family Education Loan (FFEL) Program, I have made satisfactory repayment arrangements with the holder to repay the amount owed.
F. If I have been convicted of, or pled nolo contendere (no contest) or guilty to, a crime involving fraud in obtaining funds under title IV of the Higher Education Act of 1965 (HEA), as amended, I have completed the repayment of the funds to the U.S. Department of Education (ED) or to the loan holder in the case of a Title IV federal student loan.
19. For each Direct PLUS Loan I receive under this MPN, I make the following authorizations:
A. I authorize the school to certify my eligibility for the loan.
B. For each loan that I receive under this MPN, I authorize ED to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
C. I authorize the school to credit my loan proceeds to my account at the school (if I am a graduate or professional student borrower) or to the student's account at the school (if I am a parent borrower).
D. I authorize the school to pay to ED any refund that may be due up to the full amount of the loan.
E. Unless I notify ED differently, I authorize ED to defer repayment of principal on my loan if I enroll at least half-time at an eligible school.
F. I authorize the school and ED to release information about my loan to the references on the loan and to members of my immediate family, unless I submit written directions otherwise.
G. I authorize the schools, lenders and guarantors, ED, and their agents to release information about my loan to each other.
20. I will be given the opportunity to pay the interest that ED charges during deferment, forbearance, and other periods as provided under the Act ("the Act" is defined in Section F under Governing Law). Unless I pay the interest, I understand that ED may add unpaid interest that is charged on each loan made under this MPN to the principal balance of that loan (this is called "capitalization") at the end of the deferment, forbearance, or other period. Capitalization will increase the principal balance on my loan and the total amount of interest I must pay.
21. I understand that ED has the authority to verify information reported on this MPN with other federal agencies.

SECTION E: PROMISE TO PAY - TO BE COMPLETED BY ALL BORROWERS

22. I promise to pay to ED all loan amounts disbursed under the terms of this MPN, plus interest and other charges and fees that may become due as provided in this MPN. I understand that, if I qualify, more than one loan may be made to me under this MPN for myself or for the student identified in Section C. I understand that by accepting any disbursement issued at any time under this MPN, I agree to repay the loan associated with that disbursement. I understand that, within certain timeframes, I may cancel or reduce the amount of a loan by refusing to accept or by returning all or a portion of any disbursement that is issued. Unless I make interest payments, interest that ED charges on my loan during deferment, forbearance, or other periods will be added to the principal balance of the loan as provided under the Act. If I do not make a payment on a loan made under this MPN when it is due, I will also pay reasonable collection costs, including but not limited to attorney's fees, court costs, and other fees. I will not sign this MPN before reading the entire MPN, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this MPN and the Borrower's Rights and Responsibilities Statement. My signature certifies that I have read, understand, and agree to the terms and conditions of this MPN, including the Borrower Request, Certifications, Authorizations, and Understandings in Section D, the Notice About Subsequent Loans Made Under this MPN in Section F, and the terms and conditions described in Section F of this MPN and in the Borrower's Rights and Responsibilities Statement.

I UNDERSTAND THAT I MAY RECEIVE ONE OR MORE LOANS UNDER THIS MPN, AND THAT I MUST REPAY ALL LOANS THAT I RECEIVE UNDER THIS MPN.

23. Borrower's Signature \_\_\_\_\_ 24. Today's Date (mm-dd-yyyy) \_\_\_\_\_

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**Direct PLUS Loan MPN (continued)**

**GOVERNING LAW**

The terms of this Application and Master Promissory Note (MPN) will be interpreted in accordance with the Higher Education Act of 1965, as amended (20 U.S.C. 1070 *et seq.*), the U.S. Department of Education's (ED's) regulations, as they may be amended in accordance with their effective date, and other applicable federal laws and regulations (collectively referred to as the "Act"). Applicable state law, except as preempted by federal law, may provide for certain borrower rights, remedies, and defenses in addition to those stated in this MPN.

**DISCLOSURE OF LOAN TERMS**

This MPN applies to Federal Direct PLUS (Direct PLUS) Loans. Under this MPN, the principal amount that I owe, and am required to repay, will be the sum of all disbursements that are made (unless I reduce or cancel any disbursements as explained below under Loan Cancellation), plus any unpaid interest that is capitalized and added to the principal amount.

At or before the time of the first disbursement of each loan, a disclosure statement will be sent to me identifying the amount of the loan and additional terms of the loan. Important additional information is also contained in the Borrower's Rights and Responsibilities Statement accompanying this MPN. The Borrower's Rights and Responsibilities Statement and any disclosure statement I receive in connection with any loan under this MPN are hereby incorporated into this MPN.

I may request additional loan funds to pay for my or the student's educational costs by contacting the school's financial aid office. The school will determine if I am eligible for any additional loan funds. I will be notified of any increase or other change in the amount of my loan.

I understand that each loan made under this MPN is separately enforceable based on a true and exact copy of this MPN.

**LOAN CANCELLATION**

I may pay back all or part of a disbursement within the timeframes set by the Act, as explained in the Borrower's Rights and Responsibilities Statement and in a disclosure statement that I will receive. If I return the full loan amount within those timeframes, I will not incur any loan fee or interest charges. If I return part of a disbursement within those timeframes, the loan fee and interest charges will be reduced in proportion to the amount returned.

**INTEREST**

Unless ED notifies me in writing of a lower rate, the interest rate for any loan I receive under this MPN is determined using a formula specified in the Act. As explained in the Borrower's Rights and Responsibilities Statement, I will be notified of the actual interest rate for each loan that I receive.

ED charges interest on the unpaid principal balance of each loan from the date of disbursement until the loan is paid in full. This includes interest that accrues during deferment, forbearance, or other periods. I agree to pay all interest charges on my loan. I will be given the opportunity to pay the interest that accrues during a period of authorized deferment or forbearance. If I do not pay the interest, I understand that ED may capitalize the interest at the end of the deferment or forbearance, as provided under the Act.

**LOAN FEE**

A loan fee is charged for each Direct PLUS Loan as provided by the Act, and will be deducted proportionately from each disbursement of each of my loans. The loan fee will be shown on disclosure statements that will be issued to me. I understand the loan fee may be refundable only as permitted by the Act.

**LATE CHARGES AND COLLECTION COSTS**

ED may collect from me: (1) a late charge of not more than six cents for each dollar of each late payment if I fail to make any part of a required installment payment within 30 days after it becomes due, and (2) any other charges and fees that are permitted by the Act related to the collection of my loans. If I default on my loans, I will pay reasonable collection costs, plus court costs and attorney fees.

**REPAYMENT**

I must repay the full amount of the loans made under this MPN, plus accrued interest. I will repay each loan in monthly installments during a repayment period that begins on the day of the final disbursement of that loan. Payments made by me or on my behalf will be applied first to late charges and collection costs that are due, then to interest that has not been paid, and finally to the principal amount of the loan, except during periods of repayment under an Income-Based Repayment Plan, when payments will be applied first to interest that is due, then to fees that are due, and then to the principal amount. [CCRAA]

ED will provide me with a choice of repayment plans. Information on these repayment plans is included in the Borrower's Rights and Responsibilities Statement.

ED will provide me with a repayment schedule that identifies my payment amounts and due dates. If I am unable to make my scheduled loan payments, ED may allow me to temporarily stop making payments, reduce my payment amount, or extend the time for making payments, as long as I intend to repay my loan. Allowing me to temporarily delay or reduce loan payments is called forbearance.

ED may adjust payment dates on my loans or may grant me forbearance to eliminate a delinquency that remains even though I am making scheduled installment payments.

I may prepay all or any part of the unpaid balance on my loans at any time without penalty. If I do not specify which loans I am prepaying, ED will determine how to apply the prepayment in accordance with the Act. After I have repaid in full a loan made under this MPN, ED will send me a notice telling me that I have paid off my loan.

**ACCELERATION AND DEFAULT**

At ED's option, the entire unpaid balance of a loan made under this MPN will become immediately due and payable (this is called "acceleration") if any one of the following events occurs: (1) I (or the student) do not enroll as at least a half-time student at the school that certified my loan eligibility; (2) I do not use the proceeds of the loan solely for my or the student's educational expenses; (3) I make a false representation that results in my receiving a loan for which I am not eligible; or (4) I default on the loan.

The following events will constitute a default on my loan: (1) I do not pay the entire unpaid balance of the loan after ED has exercised its option under items (1), (2), and (3) in the preceding paragraph; (2) I do not make installment payments when due, provided my failure has persisted for at least 270 days; or (3) I do not comply with other terms of the loan, and ED reasonably concludes that I no longer intend to honor my repayment obligation. If I default, ED may capitalize all the outstanding interest into a new principal balance, and collection costs will become immediately due and payable.

If I default, the default will be reported to national credit bureaus and will significantly and adversely affect my credit history. I understand that a default

will have additional adverse consequences to me as disclosed in the Borrower's Rights and Responsibilities Statement.

**LEGAL NOTICES**

Any notice required to be given to me will be effective if mailed by first class mail to the most recent address ED has for me. I will immediately notify ED of a change of address or status as specified in the Borrower's Rights and Responsibilities Statement.

If ED fails to enforce or insist on compliance with any term of this MPN, this does not waive any right of ED. No provision of this MPN may be modified or waived except in writing by ED. If any provision of this MPN is determined to be unenforceable, the remaining provisions will remain in force.

**NOTICE ABOUT SUBSEQUENT LOANS MADE UNDER THIS MPN**

This MPN authorizes ED to disburse multiple loans to me to pay my educational expenses or, if I am a parent borrower, the educational expenses of the student identified in Section C during the multi-year term of this MPN, upon my request and upon the school's annual certification of my loan eligibility. If I have an adverse credit history and obtain an endorser to receive a Direct PLUS Loan, only one loan may be made under this MPN.

At schools that are authorized to use the multi-year feature of the MPN and choose to do so, subsequent loans may be made under this MPN for subsequent academic years. At any school, subsequent loans may be made under this MPN for the same academic year.

I understand that no subsequent loans will be made under this MPN after the earliest of the following dates: (1) the date ED or the school receives my written notice that no further loans may be made; (2) one year after the date I sign the MPN or the date ED receives the MPN if no disbursements are made under the MPN; or (3) ten years after the date I sign the MPN or the date ED receives the MPN.

Any amendment to the Act governs the terms of any loan disbursed on or after the effective date of the amendment, and any amended terms are considered part of this MPN.



## SECTION G: INSTRUCTIONS FOR COMPLETING THE MPN

This is a Master Promissory Note (MPN) under which you may receive multiple Direct PLUS Loans for yourself or for the dependent undergraduate student identified in Section C over a maximum ten-year period.

Print using a blue or black ink ballpoint pen or type. Do not use pencil. Report all dates as month-day-year (mm-dd-yyyy). Use only numbers. Example: June 24, 1982 = 06-24-1982.

Some of the items in Sections A and C may have been completed for you. If so, review these items carefully to make sure that the information is correct. Cross out any information that is incorrect and enter the correct information. Put your initials next to any information that you change.

### SECTION A: BORROWER INFORMATION

**IMPORTANT:** Check the appropriate box to indicate whether you are a Graduate or Professional Student or a Parent of a Dependent Undergraduate Student **before** completing the Borrower Information section.

**Item 1.** Enter the two-letter abbreviation for the state that issued your current driver's license, followed by your driver's license number. If you do not have a driver's license, enter N/A.

**Item 2.** Enter your nine-digit Social Security Number.

**Item 3.** Enter your date of birth.

**Item 4.** Enter your preferred e-mail address for receiving communications. You are not required to provide this information. If you do, we may use your e-mail address to communicate with you. If you do not have an e-mail address or do not wish to provide one, enter N/A.

**Item 5.** Enter your last name, then your first name and middle initial. Enter your permanent address (number, street, apartment number, or rural route number and box number, then city, state, zip code). If your mailing address is a post office box or general delivery, you must list **both** your street address and your mailing address. A temporary school address is not acceptable.

**Item 6.** Enter the area code and telephone number at which you can most easily be reached. (Do not list your work telephone number here.) If you do not have a telephone, enter N/A.

**Item 7.** Complete this item only if you are a parent borrower. Place a check in the box that corresponds to your citizenship status. If you check box (2), enter your Alien Registration Number.

(1) "U.S. Citizen" includes citizens of the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands. "National" includes not only all U.S. citizens, but also citizens of American Samoa and Swain's Island.

(2) "Permanent Resident" means someone who can provide documentation of this status from the U.S. Citizenship and Immigration Services (USCIS). "Other Eligible Non-Citizen" includes individuals who can provide documentation from the USCIS that they are in the United States for a purpose that is not temporary, with the intention of becoming a citizen or permanent resident. This category includes refugees, persons granted asylum, Cuban-Haitian entrants, temporary residents under the Immigration Reform and Control Act of 1986, and others.

**NOTE: If your citizenship status is not one of the categories described above, you are not eligible to receive a Direct PLUS Loan.**

**Item 8.** Enter your employer's name and address (street, city, state, zip code). If you are self-employed, enter the name and address of your business. If you are not employed, enter N/A.

**Item 9.** Enter your work area code and telephone number. If you are self-employed, enter the area code and telephone number of your business.

**Item 10.** Enter the requested information for two adults with different U.S. addresses who do not live with you and who have known you for at least three years. If you are a parent borrower, do not list the student for whom you are borrowing as a reference. References who live outside the United States are not acceptable. If a reference does not have a telephone number, enter N/A.

### SECTION B: SCHOOL INFORMATION

This section will be completed by the school that certifies your loan eligibility.

### SECTION C: DEPENDENT UNDERGRADUATE STUDENT INFORMATION

Complete this section only if you are a parent borrowing for a dependent undergraduate student.

**Item 14.** Enter the student's last name, then first name and middle initial.

**Item 15.** Enter the student's nine-digit Social Security Number.

**Item 16.** Enter the student's date of birth.

### SECTION D: BORROWER REQUEST, CERTIFICATIONS, AUTHORIZATIONS, AND UNDERSTANDINGS

Items 17, 18, 19, 20, and 21. Read these items carefully.

### SECTION E: PROMISE TO PAY

Item 22. Read this item carefully.

Items 23 and 24. Sign your full legal name, in blue or black ink, and enter the date you signed this MPN.

By signing this MPN, you:

- (1) Acknowledge that you have read, understand, and agree to the terms and conditions of the MPN, including the Borrower Request, Certifications, Authorizations, and Understanding in Section D and the accompanying Borrower's Rights and Responsibilities Statement.
- (2) Agree to repay the loan(s) in full according to the terms and conditions of the MPN.





## SECTION H: IMPORTANT NOTICES

### GRAMM-LEACH-BLILEY ACT NOTICE

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

We disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

### PRIVACY ACT NOTICE

**The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:**

The authority for collecting the requested information from and about you is §451 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your Social Security Number (SSN) are §§428B(f) and 484(a)(4) of the HEA (20 U.S.C. 1078-2(f) and 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the Direct Loan Program, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case by case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

### FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), ED will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program.

### PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control

number. The valid OMB control number for this information collection is 1845-0068. The time required to complete this information collection is estimated to average 0.5 hours (30 minutes) per response, including the time to review instructions, search existing data sources, gather and maintain the data needed, and complete and review the information. **If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving the form, please write to:** U.S. Department of Education, Washington, DC 20202-4700. **If you have any comments or concerns regarding the status of your individual submission of this form, write directly to:**

U.S. Department of Education  
Common Origination and Disbursement School Relations Center  
Attn: Applicant Services  
PO Box 9002  
Niagara Falls, NY 14302



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**William D. Ford Federal Direct Loan Program  
Direct PLUS Loan Borrower's Rights and Responsibilities Statement**

# William D. Ford Federal Direct Loan Program

## Direct PLUS Loan Borrower's Rights and Responsibilities Statement

**Important Notice:** This Borrower's Rights and Responsibilities Statement provides additional information about the terms and conditions of the loans you receive under the accompanying Federal Direct PLUS Loan (Direct PLUS Loan) Application and Master Promissory Note (MPN). **Please keep this Borrower's Rights and Responsibilities Statement for your records.** You may request another copy of this Borrower's Rights and Responsibilities Statement at any time by contacting the Direct Loan Servicing Center.

Throughout this Borrower's Rights and Responsibilities Statement, the words "we," "us," and "our" refer to the U.S. Department of Education. The word "loan" refers to one or more loans made under the Direct PLUS Loan MPN.

**Note to Endorser:** An endorser is someone who agrees to repay a Direct PLUS Loan if the borrower does not repay the loan. If you are the endorser of a Direct PLUS Loan, you are not entitled to all of the same benefits as a Direct PLUS Loan borrower, and not all of the terms and conditions of a Direct PLUS Loan apply to you. However, you should read the entire Borrower's Rights and Responsibilities Statement. We have highlighted important information that applies to you as an endorser.

**1. The William D. Ford Federal Direct Loan Program.** The William D. Ford Federal Direct Loan (Direct Loan) Program includes the following types of loans, known collectively as "Direct Loans":

- Federal Direct Stafford/Ford Loans (Direct Subsidized Loans)
- Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans)
- Federal Direct PLUS Loans (Direct PLUS Loans)
- Federal Direct Consolidation Loans (Direct Consolidation Loans)

The Direct Loan Program is authorized by Title IV, Part D, of the Higher Education Act of 1965, as amended.

Direct Loans are made by the U.S. Department of Education. Our Direct Loan Servicing Center services, answers questions about, and processes payments on Direct Loans. We will provide you with the address and telephone number of the Direct Loan Servicing Center after the school notifies us that the first disbursement of your loan has been made.

**2. Laws that apply to this MPN.** The terms and conditions of loans made under this MPN are determined by the Higher Education Act of 1965, as amended (20 U.S.C. 1070 *et seq.*) and other applicable federal laws and regulations. These laws and regulations are referred to as "the Act" throughout this Borrower's Rights and Responsibilities Statement. State law, unless it is preempted by federal law, may provide you with certain rights, remedies, and defenses in addition to those stated in the MPN and this Borrower's Rights and Responsibilities Statement.

**NOTE: Any change to the Act applies to loans in accordance with the effective date of the change.**

**3. Direct PLUS Loans.** Direct PLUS Loans are loans made to graduate or professional

students or to parents of dependent undergraduate students to help pay for the cost of education beyond high school. To be eligible for a Direct PLUS Loan:

- You must be a graduate or professional student or the biological or adoptive parent of the dependent undergraduate student for whom you are borrowing. If you are the spouse of the dependent undergraduate student's parent, you may borrow a Direct PLUS Loan if your income and assets were reported on the Free Application for Federal Student Aid (FAFSA), or would be reported if a FAFSA were filed.
- You and (if you are a parent borrower) your child must be a U.S. citizen or national, a permanent resident of the United States, or an otherwise eligible non-citizen.
- You and (if you are a parent borrower) your child must not be in default on a federal education loan or owe an overpayment on a federal education grant, and must not have been convicted of, or pled *nolo contendere* (no contest) or guilty to, a crime involving fraud in obtaining funds under the Act.
- You must not have an adverse credit history (unless you meet certain other requirements – see below).
- You or (if you are a parent borrower) your child must be enrolled at a school that participates in the Direct Loan Program.

We will check your credit history each time you request a Direct PLUS Loan. If you have an adverse credit history, you may still borrow a Direct PLUS Loan if you (1) document to our satisfaction that there are extenuating circumstances, or (2) obtain an endorser who does not have an adverse credit history. An endorser is someone who agrees to repay the Direct PLUS Loan if you do not repay it. If you are a parent borrower, the endorser of a Direct PLUS Loan may not be the student for whom you are borrowing the loan.

If you are a graduate or professional student, you must complete a Free Application for Federal Student Aid (FAFSA) and your school must determine your eligibility for the maximum annual Direct Subsidized Loan and Direct Unsubsidized amount before you apply for a Direct PLUS Loan.

If you have questions about your eligibility for a Direct PLUS Loan, contact the financial aid office at the school you or (if you are a parent borrower) the student attend or are planning to attend.

**4. About the MPN.** You may receive more than one loan under this MPN over a period of up to 10 years to pay for your educational costs (if you are a graduate or professional student borrower) or for the educational costs of the student identified in Section C of the MPN (if you are a parent borrower), as long as the school is authorized to use the multi-year feature of the MPN and chooses to do so.

If the school is not authorized to use the multi-year feature of the MPN or chooses not to do so, or if you do not want to receive more than one loan under this MPN, you must sign a new

MPN for each loan that you receive. If you do not want to receive more than one loan under this MPN, you must notify the school or the Direct Loan Servicing Center in writing.

If we determine that you have an adverse credit history and you obtain an endorser (see #3, "Direct PLUS Loans"), you may receive only one loan under this MPN. If you later want to receive another Direct PLUS Loan, you must sign a new MPN. If you receive a loan under this MPN without an endorser, but are later determined to have an adverse credit history and obtain an endorser for a future Direct PLUS Loan, you will have to sign a new MPN for that loan.

**5. Direct PLUS Loans and eligibility for other financial aid.** If you borrow a Direct PLUS Loan, this may affect eligibility for other financial aid. Therefore, we suggest that you contact the school's financial aid office to determine eligibility for grants, work-study funds, or other forms of private and federal student aid that do not have to be repaid before you apply for a Direct PLUS Loan.

**6. Use of your loan money.** You may use the loan money you receive only to pay for your authorized educational expenses or, if you are a parent borrower, for the student's authorized educational expenses for attendance at the school that determined you were eligible to receive the loan. Authorized expenses include the following:

- Tuition
- Room
- Board
- Institutional fees
- Books
- Supplies
- Equipment
- Dependent child care expenses
- Transportation
- Commuting expenses
- Rental or purchase of a personal computer
- Loan fees
- Other documented, authorized costs

**7. Information you must report to us after you receive your loan.** You must notify the Direct Loan Servicing Center and/or the financial aid office at the school about certain changes.

Until you or (if you are a parent borrower) the student graduate or otherwise leave school, you must notify the school's financial aid office if:

- You change your address or telephone number;
- You change your name (for example, maiden name to married name);
- You or (if you are a parent borrower) the student) --
  - Do not enroll at least half-time for the loan period certified by the school, or
  - Do not enroll at the school that determined you were eligible to receive the loan;
- You or (if you are a parent borrower) the student stop attending school or drop below half-time enrollment;

# William D. Ford Federal Direct Loan Program

## Direct PLUS Loan Borrower's Rights and Responsibilities Statement

- You or (if you are a parent borrower) the student transfer from one school to another school; or
- You or (if you are a parent borrower) the student graduate.

You must also notify the Direct Loan Servicing Center if any of the above events occur at any time after you receive your loan. In addition, you must notify the Direct Loan Servicing Center if you:

- Change your employer, or your employer's address or telephone number changes; or
- Have any other change in status that would affect your loan (for example, if you received a deferment while you were unemployed, but you have found a job and therefore no longer meet the eligibility requirements for the deferment).

**Note to Endorser:** You must notify the Direct Loan Servicing Center if you change your address, telephone number, name, or employer, or if your employer's address or telephone number changes.

**8. Amount you may borrow.** For each academic year, you may borrow up to – but not more than – the amount of your estimated cost of attendance (if you are a graduate or professional student borrower) or the student's estimated cost of attendance (if you are a parent borrower), minus the amount of any other financial aid received for that academic year. The school determines the cost of attendance using federal guidelines. It is important not to borrow more than you can afford to repay, even if you are eligible to borrow more.

**9. Interest rate.** The interest rate on a Direct PLUS Loan is a fixed rate of 7.9 percent.

**10. Payment of interest.** We charge interest on each Direct PLUS Loan that you receive from the date the loan is first disbursed until it is repaid in full, including during periods of deferment or forbearance. If you do not pay the interest as it is charged, we will add it to the unpaid principal amount of your loan. This is called "capitalization." Capitalization increases the unpaid principal balance of your loan, and we will then charge interest on the increased principal amount.

The chart that follows shows the difference in the total amount you would repay on a \$15,000 Direct PLUS Loan if you pay the interest as it is charged during a 12-month deferment or forbearance period, compared to the amount you would repay if you do not pay the interest and it is capitalized. In this example, you would pay \$15 less per month and \$1,718 less altogether if you pay the interest as it is charged during a 12-month deferment or forbearance period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

	<b>If you pay the interest as it is charged...</b>	<b>If you do not pay the interest and it is</b>
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		<i>capitalized...</i>
<b>Loan Amount</b>	\$15,000	\$15,000
<b>Capitalized Interest for 12 months (at the maximum rate of 7.9%)</b>	\$0	\$1,185
<b>Principal to be Repaid</b>	\$15,000	\$16,185
<b>Monthly Payment (Standard Repayment Plan)</b>	\$181	\$196
<b>Number of Payments</b>	120	120
<b>Total Amount Repaid</b>	\$21,744	\$23,462

**11. Loan fee.** We charge a loan fee of 4 percent of the principal amount of each loan you receive. This fee will be subtracted proportionately from each disbursement of your loan. The loan fee will be shown on a disclosure statement that we send to you.

**12. Repayment incentive programs.** A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. Under a repayment incentive program, the interest rate we charge on your loan may be reduced. Some repayment incentive programs require you to make a certain number of payments on time to keep the reduced interest rate. The two repayment incentive programs described below may be available to you. The Direct Loan Servicing Center can provide you with more information on other repayment incentive programs that may be available.

**(1) Interest Rate Reduction for Electronic Debit Account Repayment**

Under the Electronic Debit Account (EDA) repayment option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us. EDA helps to ensure that your payments are made on time. In addition, you receive a 0.25 percent interest rate reduction while you repay under the EDA option. We will include information about the EDA option in your first bill. You can also get the information on the Direct Loan Servicing Center's web site, or by calling the Direct Loan Servicing Center. The Direct Loan Servicing Center's web site address and toll-free telephone number are provided on all correspondence that the Direct Loan Servicing Center sends you.

**(2) Up-Front Interest Rebate**

You may receive an up-front interest rebate on your Direct PLUS Loan. The rebate is equal to a percentage of the loan amount that you borrow. This is the same amount that would result if the interest rate on your loan were lowered by a specific percentage, but you receive the rebate up front. The correspondence that you receive about your loan will tell you if you received an up-front interest rebate.

To keep an up-front interest rebate that you receive on your loan, you must make all of your first 12 required monthly payments on time when your loan enters repayment. "On time"

means that we must receive each payment no later than 6 days after the due date.

You will lose the rebate if you do not make all of your first 12 required monthly payments on time. If you lose the rebate, we will add the rebate amount back to the principal balance on your loan account. This will increase the amount that you must repay.

**13. Disbursement (how your loan money will be paid out).** Generally, the school will disburse (pay out) your loan money in more than one installment, usually at the beginning of each academic term (for example, at the beginning of each semester or quarter). If the school does not use academic terms, it will generally disburse your loan in at least two installments, one at the beginning of the period of study for which you are receiving the loan, and one at the midpoint of that period of study.

The school may disburse some or all of your loan money by crediting it to your account at the school (if you are a graduate or professional student borrower) or to the student's account at the school (if you are a parent borrower), or may give it to you directly by check or other means. The Direct Loan Servicing Center will notify you in writing each time the school disburses part of your loan money.

If you are a graduate or professional student and have not previously received a Direct PLUS Loan or a Federal PLUS Loan under the Federal Family Education Loan (FFEL) Program, you must receive entrance counseling before your school can make the first disbursement of your loan. [NOV. 2007 REGS.]

If the school credits your loan money to your or the student's account and the amount credited is more than the amount of the tuition and fees, room and board, and other authorized charges, the excess amount is called a credit balance.

Unless you authorize the school to hold the credit balance for you, the school must pay you the credit balance within the following timeframes:

- If the credit balance occurs after the first day of class of a payment period (the school can tell you this date), the school must pay you the credit balance no later than 14 days after the date the balance occurs.
- If the credit balance occurs on or before the first day of class of a payment period, the school must pay you the credit balance no later than 14 days after the first day of class of the payment period.

If you are a parent borrower, you may authorize the school to pay the credit balance to the student.

**14. Canceling your loan.** Before your loan money is disbursed, you may cancel all or part of your loan at any time by notifying the school. After your loan money is disbursed, there are two ways to cancel all or part of your loan:

- If the school obtains your written confirmation of the types and amounts of Title IV loans that you want to receive for an award year before crediting within 14 days after the date the school notifies you that it has credited loan money to your or

## William D. Ford Federal Direct Loan Program Direct PLUS Loan Borrower's Rights and Responsibilities Statement

the student's account at the school, you may tell the school that you want to cancel all or part of that loan within 14 days after the date the school notifies you of your right to cancel all or part of the loan, or by the first day of the school's payment period, whichever is later (the school can tell you the first day of the payment period); ~~you may tell the school that you want to cancel all or part of the loan money that was credited to your or the student's account. If the school does not obtain your written confirmation of the types and amounts of loans you want to receive before crediting the loan money to your or the student's account, you may cancel all or part of that loan by informing the school within 30 days of the date the school notifies you or your right to cancel all or part of the loan. In either case, the school will return the cancelled loan amount to us. You do not have to pay interest or the loan fee on the part of your loan that you tell the school to cancel within this—these timeframes.~~ If you received an up-front interest rebate on your loan, the rebate does not apply to the part of your loan that you tell the school to cancel. Your loan will be adjusted to eliminate any interest, loan fee, and rebate amount that applies to the amount of the loan that was cancelled.

If you ask the school to cancel all or part of your loan outside the timeframe timeframes described above, the school may process your cancellation request, but it is not required to do so. [\[NOV. 2007 REGS.\]](#)

- Within 120 days of the date the school disbursed your loan money (by crediting the loan money to your or the student's account at the school, by paying it directly to you, or both), you may return all or part of your loan to us. Contact the Direct Loan Servicing Center for guidance on how and where to return your loan money. You do not have to pay interest or the loan fee on the part of your loan that you return within 120 days of the date that part of your loan is disbursed. If you received an up-front interest rebate on your loan, the rebate does not apply to the part of your loan that you return. Your loan will be adjusted to eliminate any interest, loan fee, and rebate amount that applies to the amount of the loan that you return.

**15. Repaying your loan.** The repayment period for each Direct PLUS Loan made under this MPN begins on the date of the final disbursement for that loan. This means that the repayment period for each loan you receive under this MPN will begin on a different date. Your first payment on each loan will be due within 60 days of the final disbursement of that loan. The Direct Loan Servicing Center will notify you of the date your first payment is due.

You must make payments on your loan even if you do not receive a bill or repayment notice. Billing information is sent to you as a convenience, and you are obligated to make payments even if you do not receive any notice.

You may choose one of the following repayment plans to repay your Direct PLUS Loan:

- **Standard Repayment Plan** – Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period.
- **Graduated Repayment Plan** – Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. No single payment will be more than three times greater than any other payment.
- **Extended Repayment Plan** – Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. You are eligible for this repayment plan only if (1) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan after October 7, 1998, and (2) you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000.

Effective July 1, 2009, the following additional repayment plans are available to graduate and professional student Direct PLUS Loan borrowers (parent Direct PLUS Loan borrowers may not repay their loans under these plans): [\[CCRAA\]](#)

- **Income Contingent Repayment Plan** – Under this plan, your monthly payment amount will be based on your annual income (and that of your spouse if you are married), your family size, and the total amount of your Direct Loans. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that has accrued on your loan unless you request a forbearance. As your income changes, your payments may change. If you do not repay your loan after 25 years under this plan, the unpaid portion will be forgiven. You may have to pay income tax on any amount forgiven. [\[CCRAA\]](#)
- **Income-Based Repayment Plan** – Under this plan, your required monthly payment amount will be based on your income during any period when you have a partial financial hardship. Your monthly payment amount may be adjusted annually. The

maximum repayment period under this plan may exceed 10 years. If you repay under this plan and meet certain other requirements over a specified period of time, you may qualify for cancellation of any outstanding balance on your loans. [\[CCRAA\]](#)

If you can show to our satisfaction that the terms and conditions of the above repayment plans are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

If you do not choose a repayment plan, we will place you on the Standard Repayment Plan.

The chart at the end of this Borrower's Rights and Responsibilities Statement ("Repaying Your Loans") allows you to estimate the monthly and total amounts you would repay under each of the Standard, Graduated, and Extended ~~three~~ repayment plans for various initial loan amounts. [\[CCRAA\]](#)

You may change repayment plans at any time after you have begun repaying your loan. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month.

**Note to Endorser:** If you are making payments on the borrower's Direct PLUS Loan, you may request a change of repayment plans by contacting the Direct Loan Servicing Center.

Except as provided by the Act for payments made under the Income-Based Repayment Plan, ~~We~~ apply your payments and prepayments in the following order: (1) late charges and collection costs first, (2) outstanding interest second, and (3) outstanding principal last. [\[CCRAA\]](#)

When you have repaid a loan in full, the Direct Loan Servicing Center will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

**16. Late charges and collection costs.** If you do not make any part of a payment within 30 days after it is due, we may require you to pay a late charge. This charge will not be more than six cents for each dollar of each late payment. If you do not make payments as scheduled, we may also require you to pay other charges and fees involved in collecting your loan.

**17. Demand for immediate repayment.** The entire unpaid amount of your loan becomes due and payable (on your MPN this is called "acceleration") if you:

- Receive loan money, but you or the student for whom you obtained the loan do not enroll at least half-time at the school that determined you were eligible to receive the loan;
- Use your loan money to pay for anything other than expenses related to your or the student's education at the school that determined you were eligible to receive the loan;
- Make a false statement that causes you to receive a loan that you are not eligible to receive; or
- Default on your loan.

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## Direct PLUS Loan Borrower's Rights and Responsibilities Statement

**18. Defaulting on your loan.** Default (failing to repay your loan) is defined in detail in the Terms and Conditions section of your MPN. If you default:

- We will require you to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal tax refund or other federal payments, and/or garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.

**Note to Endorser:** If the borrower defaults on the loan, and you do not make payments on the loan, you may also be subject to the actions described above.

- We will also report your default to national credit bureaus (see #19, "Credit bureau notification").

**19. Credit bureau notification.** We will report information about your loan to one or more national credit bureaus. This information will include the disbursement dates, amount, and repayment status of your loan (for example, whether you are current or delinquent in making payments).

If you default on a loan, we will also report this to national credit bureaus. We will notify you at least 30 days in advance that we plan to report default information to a credit bureau unless you resume making payments on the loan within 30 days. You will be given a chance to ask for a review of the debt before we report it. If a credit bureau contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the credit bureau with a prompt response.

**Note to Endorser:** If the borrower of a Direct PLUS Loan becomes delinquent in making payments or defaults on the loan, we may also report your name to credit bureaus in connection with the delinquent or defaulted loan.

**20. Deferment and forbearance (postponing payments)**

If you meet certain requirements, you may receive a **deferment** that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a **forbearance**. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Deferment

You may receive a deferment while you are:

- Enrolled at least half-time at an eligible 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 (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment); ~~or~~
- Experiencing an economic hardship (including Peace Corps service), as determined under the Act (for a maximum of three years); ~~or~~
- Serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after October 1, 2007, for the 180-day period following the demobilization date for your qualifying service. [CCRAA]

Effective October 1, 2007, if you are a member of the National Guard or other reserve component of the U.S. Armed forces (current or retired) and you are called or ordered to active duty while you are enrolled at an eligible school or within 6 months of having been enrolled, you are also eligible for a deferment during the 13 months following the conclusion of your active duty service, or until you return to enrolled student status, whichever is earlier. [CCRAA]

~~For loans that were first disbursed on or after July 1, 2001, you may receive a deferment for up to three years while you are serving on active duty during a war or other military operation or national emergency, or while you are performing qualifying National Guard duty during a war or other military operation or national emergency. [CCRAA]~~

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal Family Education Loan (FFEL) Program before July 1, 1993. If you meet this requirement, you may receive a deferment while you are: **[CONFORMING CHANGE BECAUSE THE TERM "FFEL" IS NOW INTRODUCED EARLIER]**

- Temporarily totally disabled, or unable to work because you are required to care for a spouse or dependent who is disabled (for a maximum of three years);
- On active duty in the U.S. Armed Forces or serving full-time as an officer in the Commissioned Corps of the Public Health Service (for a combined maximum of three years);
- Serving in the Peace Corps (for a maximum of three years);
- A full-time paid volunteer for a tax-exempt organization or an ACTION program (for a maximum of three years);
- In a medical internship or residency program (for a maximum of two years); or
- While the student for whom you borrowed a Direct PLUS Loan is dependent and is enrolled at least half-time at an eligible school; or
- While the student for whom you borrowed a Direct PLUS Loan is dependent and is in an approved full-time rehabilitation training program for individuals with disabilities.

You may receive a deferment based on your enrollment in school on at least a half-time basis if (1) you submit a deferment request form to the Direct Loan Servicing Center along with documentation of your eligibility for the deferment, or (2) the Direct Loan Servicing Center receives information from the school you are attending that indicates you are enrolled at least half-time. If the Direct Loan Servicing Center processes a deferment based on information received from your school, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active military duty or qualifying National Guard duty during a war or other military operation or national emergency, your representative) must submit a deferment request form to the Direct Loan Servicing Center, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if the Direct Loan Servicing Center confirms that you have been granted the same deferment for the same time period on a FFEL Program loan.

The Direct Loan Servicing Center can provide you with a deferment request form that explains the eligibility and documentation requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from the Direct Loan Servicing Center's web site. **[NOV. 2007 REGS.]**

If you are in default on your loan, you are not eligible for a deferment.

You are responsible for paying the interest on a Direct PLUS Loan during a period of deferment.

**Note to Endorser:** You are not eligible to receive a deferment.

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

We will give you a forbearance if:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Act is 20 percent or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
- You qualify for partial repayment of your loans under the Student Loan Repayment Program, as administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact the Direct Loan Servicing Center. The Direct Loan

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## Direct PLUS Loan Borrower's Rights and Responsibilities Statement

Servicing Center can provide you with a forbearance request form that explains the eligibility and documentation requirements for the type of forbearance you are requesting. You may also obtain forbearance request forms and information on forbearance eligibility requirements from the Direct Loan Servicing Center's web site.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;
- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (we do not capitalize the interest that is charged during this period); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

You are responsible for paying the interest on a Direct PLUS Loan during a period of forbearance.

**Note to Endorser:** Although you are not eligible to receive a deferment, you may receive a forbearance.

### 21. Discharge (having your loan forgiven).

We will discharge (forgive) your loan if:

- You die, or the student for whom you borrowed a Direct PLUS Loan dies. The Direct Loan Servicing Center must receive acceptable documentation of your or the student's death, an original or certified copy of a death certificate for you or for the student. In exceptional circumstances, we may discharge your loan based on other reliable documentation of your death or the death of the student. **[NOV. 2007 REGS.]**
- Your loan is discharged in bankruptcy. However, federal student loans are not automatically discharged if you file for bankruptcy. In order to have your loan discharged in bankruptcy, you must prove to the bankruptcy court that repaying the loan would cause undue hardship.
- We determine that you are totally and permanently disabled (as defined in the Act), based on a physician's certification, and you meet additional requirements during a 3-year conditional discharge period. During that period, your earnings from work must not exceed the poverty line amount for a family of two, and you must not receive any additional loans under the Direct Loan, FFEL, or Federal Perkins Loan programs. You may not receive a discharge due to total and permanent disability based on a condition that existed before your loan was made, unless a doctor certifies that the condition substantially deteriorated after the loan was made.

In certain cases, we may also discharge all or a portion of your loan if:

- You (or the student) could not complete a program of study because the school closed;
- Your loan eligibility was falsely certified by the school;
- A loan in your name was falsely certified as a result of a crime of identity theft; or
- The school did not pay a refund of your loan money that it was required to pay under federal regulations.

A public service loan forgiveness program is also available. Under this program, the remaining balance due on your eligible Direct Loan Program loans may be cancelled after you have made 120 payments on those loans (after October 2, 2007) under certain repayment plans while you are employed in certain public service jobs. [CCRAA]

To request a loan discharge based on one of the conditions described above (except for discharges due to death or bankruptcy), you must complete a loan discharge application that you may obtain from the Direct Loan Servicing Center.

In some cases, you may assert, as a defense against collection of your loan, that the school did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if the school's act or omission directly relates to your loan or to the educational services that the loan was intended to pay for, and if what the school did or did not do would give rise to a legal cause of action against the school under applicable state law. If you believe that you have a defense against repayment of your loan, contact the Direct Loan Servicing Center.

We do not guarantee the quality of the academic programs provided by schools that participate in federal student financial aid programs. You must repay your loan even if you or (if you are a parent borrower) the student do not complete the education paid for with the loan, are unable to obtain employment in the field of study for which the school provided training, or are dissatisfied with, or do not receive, the education paid for with the loan.

**Note to Endorser:** If we discharge the full amount of the borrower's loan for any of the conditions described above, you are no longer obligated to make any payments on the loan.

**22. Loan consolidation.** A Direct Consolidation Loan Program is available that allows you to consolidate (combine) one or more of your eligible federal education loans into one loan. Consolidation allows you to extend the period of time that you have to repay your loans, and to combine several loan debts into a single monthly payment. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. Contact the Direct Loan Servicing Center for more information about loan consolidation.

**Note to Endorser:** You are not eligible to apply for a Direct Consolidation Loan to

repay a Direct PLUS Loan for which you are the endorser.

**23. Department of Defense and other federal agency loan repayment.** Under certain circumstances, military personnel may have their federal education loans repaid by the Secretary of Defense. This benefit is offered as part of a recruitment program that does not apply to individuals based on their previous military service or to those who are not eligible for enlistment in the U.S. Armed Forces. For more information, contact your local military service recruitment office.

Other agencies of the federal government may also offer student loan repayment programs as an incentive to recruit and retain employees. Contact the agency's human resources department for more information.

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Repaying Your Loans <sup>1</sup>

Initial Debt When You Enter Repayment	Standard		Graduated		Extended <sup>3</sup>	
	Per Month	Total	Per Month <sup>2</sup>	Total	Per Month	Total
\$2,500	50	3,042	25	3,746	Not Available	Not Available
\$5,000	60	7,248	42	7,694	Not Available	Not Available
\$7,500	91	10,872	63	11,543	Not Available	Not Available
\$10,000	121	14,496	84	15,388	Not Available	Not Available
\$15,000	181	21,744	127	23,083	Not Available	Not Available
\$20,000	242	28,992	169	30,778	Not Available	Not Available
\$25,000	302	36,240	211	38,472	Not Available	Not Available
\$30,000	362	43,488	253	46,166	Not Available	Not Available
\$35,000	423	50,736	295	53,859	268	80,346
\$40,000	483	57,984	338	61,554	306	91,824
\$45,000	544	65,232	380	69,248	344	103,302
\$50,000	604	72,480	422	76,942	383	114,781
\$55,000	664	79,708	464	84,636	421	126,259
\$60,000	725	86,976	507	92,330	459	137,737
\$65,000	785	94,224	549	100,023	497	149,215
\$70,000	846	101,472	591	107,718	536	160,693
\$75,000	906	108,720	633	115,413	574	172,171
\$80,000	966	115,968	675	123,107	612	183,649
\$90,000	1,087	130,464	760	138,496	689	206,605
\$100,000	1,208	144,960	844	153,882	765	229,561
\$110,000	1,329	159,456	929	169,270	842	252,517
\$120,000	1,450	173,952	1,013	184,661	918	275,473
\$130,000	1,570	188,448	1,097	200,047	995	298,429
\$140,000	1,691	202,944	1,182	215,435	1,071	321,385
\$150,000	1,812	217,440	1,266	230,824	1,148	344,342

<sup>1</sup> The **estimated** payments were calculated using the maximum interest rate for Direct PLUS Loan borrowers, 7.9%.

<sup>2</sup> This is your beginning payment, which may increase.

<sup>3</sup> You may choose the Extended Repayment Plan only if (1) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan after October 7, 1998, and (2) you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000. Under the Extended Repayment Plan, you may choose to make fixed or graduated monthly payments. This example shows fixed monthly payments.