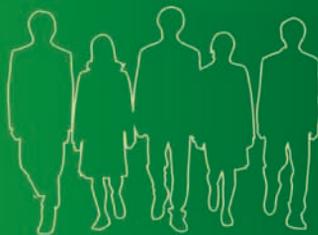


# ENTRANCE COUNSELING GUIDE

For Direct Loan Borrowers



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# ENTRANCE COUNSELING GUIDE

For Direct Loan Borrowers

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*This guide provides a general overview of information that you will need to successfully repay the Direct Loans that you are receiving to help pay for your college costs. For more detailed information about a specific topic, see the Master Promissory Note for your loan or your copy of the **Borrower's Rights and Responsibilities Statement**. Much of the information in this booklet is a part of entrance counseling, which first-time student borrowers must complete before receiving a Direct Subsidized/Unsubsidized Loan. Throughout this guide, the words "we," "us," "our" and "the Department" refer to the U.S. Department of Education. Also, all references to "loan" in the singular apply to more than one loan as well.*

# TYPES OF DIRECT LOANS

*The following Direct Loans are made through the William D. Ford Federal Direct Loan (Direct Loan) Program, which is administered by the U.S. Department of Education:*

## ▶ Direct Subsidized Loans

*Direct Subsidized Loans* for students. Interest is not charged while you are in school at least half-time, during your grace period or during deferment periods. To receive a Direct Subsidized Loan, you must have financial need. Your school will determine if you are eligible for a Direct Subsidized Loan.

## ▶ Direct Unsubsidized Loans

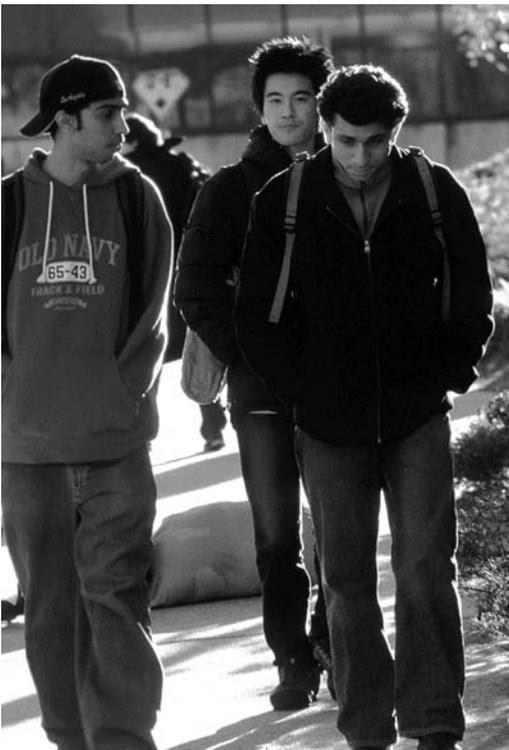
*Direct Unsubsidized Loans* for students. Interest is charged during all periods, including while you are in school and during grace and deferment periods.

## ▶ Direct PLUS Loans

*Unsubsidized Loans* for parents of dependent students. Graduate and professional students also may apply for a PLUS Loan. PLUS loans help pay for education expenses up to the cost of attendance minus all other financial assistance. Interest is charged during all periods.

## ▶ Direct Consolidation Loans

*Direct Consolidation Loans* loans for students or parents. Borrowers can combine different federal student loans into one loan.



# THINKING ABOUT BORROWING?



## How much can I borrow?

The table below shows the **MAXIMUM** amount you can borrow each academic year and in total, based on your dependency status and grade level. Whether you are considered dependent or independent is based on your age, marital status and other factors. Your school can tell you your dependency status. All graduate and professional students are considered independent.



**Direct PLUS Loans**—Applicants may borrow up to the cost of attendance less any estimated financial aid, as determined by the school. The interest rate on Direct PLUS Loans is fixed at 7.9%.

The actual loan amounts and types of loans (subsidized, unsubsidized or a combination of both) that you are eligible to receive each year are determined by your school, based on such factors as your cost of attendance, Expected Family Contribution, other financial aid and the length of your program. The actual amounts you are eligible to borrow may be less than the maximum amounts shown below. If you are enrolled in certain health professions programs, you may qualify for higher annual and aggregate limits on Direct Unsubsidized Loans.

Annual Loan Limits for Direct Subsidized Loans and Direct Unsubsidized Loans <sup>a</sup>		
	Dependent Undergraduate Students <sup>b</sup>	Independent Undergraduate Students <sup>b</sup>
First Year (freshman)	\$5,500 (maximum \$3,500 subsidized)	\$9,500 (maximum \$3,500 subsidized)
Second Year (sophomore)	\$6,500 (maximum \$4,500 subsidized)	\$10,500 (maximum \$4,500 subsidized)
Third Year (junior) and beyond	\$7,500 (maximum \$5,500 subsidized)	\$12,500 (maximum \$5,500 subsidized)
Graduate/Professional	N/A	\$20,500 (maximum \$8,500 subsidized)

Aggregate Loan Limits: Maximum Total Outstanding Loan Debt		
	Dependent Undergraduate Students <sup>b</sup>	Independent Undergraduate Students <sup>c</sup>
Undergraduate	\$31,000 (maximum \$23,000 subsidized)	\$57,500 (maximum \$23,000 subsidized) <sup>c</sup>
Graduate and Professional	N/A	\$138,500

<sup>a</sup> The annual loan limits do not include loan limits for independent undergraduate students enrolled in preparatory course work required for admission to an undergraduate program.

<sup>b</sup> Dependent students whose parents are unable to get PLUS Loans are eligible to apply for the independent undergraduate loan limits.

<sup>c</sup> The graduate/professional maximum includes Stafford Loans received for undergraduate study.

## How much *should* I borrow?

It's a good idea to borrow only as much as you need. That way, you'll have lower monthly payments when you're repaying your loan. This will leave you more money for things like housing, child care and the expenses of starting a new career when you leave school.

## How can I reduce the amount I need to borrow?

When you file your *Free Application for Federal Student Aid* (FAFSA), you'll automatically be considered for aid from all of the programs offered by the U.S. Department of Education, including grants and work-study. The information on your FAFSA is often used by your school to award grants and scholarships from other organizations, which may reduce the amount you have to borrow. You may be able to find additional sources of aid on your own—for instance, try a free scholarship search on the Web. The Department has a free search engine on *Student Aid on the Web* at: [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

Another way to help pay for college and minimize debt is to work part-time. Working while going to school is not for everyone—but studies show that students who work while going to school do better in their courses than students who don't work. Working also can provide you with valuable experience and skills needed for your career.

## How can budgeting help me?

Developing and sticking to a budget while you're in school can help minimize the amount you need to borrow. Make a list of your expected monthly expenses and subtract that from your available sources of income, such as your student aid and any outside employment. If your income is less than your expenses, you'll need to reduce your expenses, find other sources of income or both.

You also can use a budget to see how much you can afford to repay, based on your estimated income and expenses after you leave school. This estimated budget can help you decide how much you can afford to borrow to go to school.

Find help on the Web by using the interactive budget work sheet and calculator at: [www.ed.gov/offices/OSFAP/DirectLoan/calc.html](http://www.ed.gov/offices/OSFAP/DirectLoan/calc.html). Also see pp. 12–14 in this booklet.

## How will my student loan fit into my budget after I graduate?

To set up a monthly budget, start with your expected annual income. You can get rough estimates of salaries in different careers by checking the *Occupational Outlook Handbook* at: [www.bls.gov/oco](http://www.bls.gov/oco), and you may want to check jobs advertised in the area where you plan to live.



Credit cards are one tool for borrowing money, but they often carry very high interest rates. Many credit cards give you a low interest rate for the first few months and then raise the rate after this initial period. If you decide you need a credit card, it's best to stick with one card with a low credit limit. Pay off your total balance each month. If that is not possible, always pay more than the minimum. If you make a payment late (even a day late!), you may have to pay a finance charge, and your interest rate may go up.

As you make your budget, first subtract 30 percent of your salary for federal, state and local taxes. Then divide the remainder by 12 to find your monthly take-home pay. Then estimate your expenses using the following table. If you're not sure what to estimate for a particular category, multiply your monthly take-home pay by the suggested percentages in the second column of the worksheet below.

To show you how this works, let's take the example of Myra Mensa, who is planning to get a degree in nursing and work as a registered nurse (RN). Myra used the Web to look up nursing jobs in the area where she plans to work after college and found that the starting salary for an RN is about \$48,000. After taxes, she expects to have about \$33,600 of available income a year. Divided by 12, this gives her a monthly budget of \$2,800.

Based on this budget, Myra can afford student loan payments of approximately \$168 a month. Looking at the repayment chart on pp. 12–13 of this booklet, this would mean that Myra can afford to borrow approximately \$15,000 under the Standard Repayment Plan.

Keep in mind that these are rough estimates, as income and expense figures are likely to change due to inflation or other factors.

**Example of Student Expenses and Budget**

Monthly Expenses	Percentage of Monthly Take-Home Pay	Sample Budget	Your Budget
Rent/Mortgage	33%	\$924	
Groceries	15%	\$420	
Clothing	5%	\$140	
Car payments & insurance	12%	\$336	
Utility bills (gas, electric, water, telephone, cable)	7%	\$196	
Medical (insurance, doctor visits, etc.)	5%	\$140	
Entertainment & recreation (dining out, movies, music, vacation trips)	7%	\$196	
Other debts (including credit card debt)	5%	\$140	
Miscellaneous/Savings	5%	\$140	
Student loan payments	6%	\$168	
<b>TOTAL</b>	<b>100%</b>	<b>\$2,800</b>	



Remember, you must repay the full amount of your loan even if you don't complete your education program, can't find work related to your area of study or are dissatisfied with the education or services you received from your school.

## Can I get help repaying my loan?

There are some careers that can help you repay your loan. For instance, you might be eligible to have as much as \$17,500 of your Direct Subsidized or Unsubsidized Loan cancelled after 5 years of teaching in schools in low-income areas (for more details, see *Student Aid on the Web* at: [www.studentaid.ed.gov](http://www.studentaid.ed.gov)). As a part of their recruitment programs, the Armed Forces may repay your education loan if you enlist in the military. For more information, contact your local military service recruitment office.

If you are employed in certain public service jobs and have made 120 payments on your Direct Loans (on or after Oct. 1, 2007), the remaining balance that you owe may be forgiven. Only payments made under certain repayment plans may be counted toward the required 120 payments. You must not be in default on the loans that are forgiven. Contact the Direct Loan Servicing Center for more information on the Public Service Loan Forgiveness Program.

## How much interest do I have to pay?

Direct Subsidized and Unsubsidized Loans have a fixed interest rate. Fixed rates are just that: a set rate for the life of the loan.

The interest rate on Direct Subsidized Loans for undergraduate students is based on the first disbursement date as listed in the table below. The interest rate for Direct Unsubsidized Loans is fixed at 6.8%.

We do not charge interest on your subsidized loan while you are enrolled at least half-time, during your grace period and during deferment periods. We charge interest on your Direct Subsidized Loan during all other periods, starting on the day after your grace period ends (including forbearance periods). We charge interest on your unsubsidized loan during all periods, starting on the day it is disbursed.

Interest Rates for Direct Subsidized Loans	
First Disbursement Date of Your Loan	Interest Rate
On or after July 1, 2006 and prior to July 1, 2008	6.8%
On or after July 1, 2008 and prior to July 1, 2009	6.0%
On or after July 1, 2009 and prior to July 1, 2010	5.6%
On or after July 1, 2010 and prior to July 1, 2011	4.5%
On or after July 1, 2011 and prior to July 1, 2012	3.4%



## Should I pay interest on my loan while I'm in school?

If you choose not to pay the interest on your Direct Unsubsidized Loan while you're in school, 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 then will charge interest on the increased principal amount. It will save you some money in the long run if you pay the interest as it accrues on your loan while you're in school or during the grace period. This is also true if you pay any interest that accrues during periods when you defer loan payments after leaving school. Check your interest statements and use the online calculators at: [www.dl.ed.gov](http://www.dl.ed.gov) to find out how much you'll pay over the life of the loan if the in-school interest is added to your loan balance.



By law, a loan fee will be subtracted from each loan you receive. This fee will be subtracted proportionally from each disbursement of your loan. The loan fee will be shown on a disclosure statement that we send to you.

# GETTING A LOAN

## The Master Promissory Note

To get a Direct Loan, you must sign a Master Promissory Note (MPN). The MPN is a legally binding agreement that you will repay your loan to the Department. It contains the terms and conditions of the loan and explains how and when it should be repaid. You should keep the MPN and any other loan documents in a safe place for future reference.

The MPN can be used to make all of your Direct Loans during your college attendance (for up to 10 years), if your college chooses to use it to make multiple loans. For instance, if you're attending a community college, you could sign one MPN and receive a *subsidized* and an *unsubsidized* loan for your first year as well as your second year of study. You'll receive a disclosure statement that gives you specific information about any loan that the school plans to disburse under your MPN, including the loan amount and loan fees. The disclosure statement also tells you how to cancel your loan if you don't want it.



If you want to sign a separate MPN for each loan that you receive rather than using one MPN to cover all of your Direct Loans, you must notify your school.



Many schools use the electronic Master Promissory Note (e-MPN). Check with the financial aid office at your school about the option to use the e-MPN.

## How your loan money is paid

Generally, your school pays your loan money in at least two disbursements, for example, at the beginning of each semester or quarter or at the beginning and midpoint of your academic year.

Your school usually credits your loan payment to the school charges on your account (tuition and fees, room and board, and other authorized charges). If the loan money exceeds your school charges, the school will pay you the *credit balance* by check or other means. We notify you in writing each time your school disburses part of your loan money.

Unless you authorize your school to hold the credit balance for you, your school must pay it to you within 14 days after the start of classes for that academic term or payment period. If the loan money is credited to your school charges after classes start, the school has 14 days to pay the credit balance from the date it made the credit.



Review all documents carefully before signing and remember to keep copies of all financial aid information.

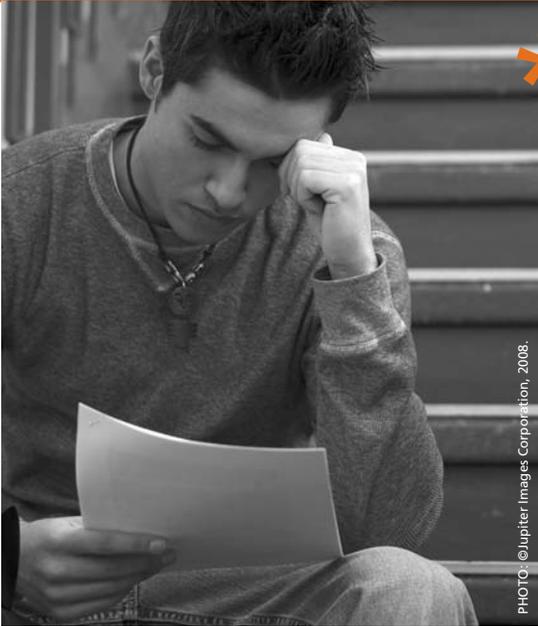


PHOTO: ©Jupiter Images Corporation, 2008.

### Cautions:

You may use the loan money you receive only to pay for your education expenses at the school that is giving you the loan. Education expenses include such school charges as tuition, room and board, fees and such indirect expenses as books, supplies, equipment, dependent child care expenses, transportation and rental or purchase of a personal computer.

The entire unpaid amount of your loan may become due and payable (on your MPN this is called “acceleration”) if it turns out that you are not eligible for the loan. For instance, you’ll have to pay back the loan immediately if:

- ▶ You don’t enroll at least half-time\* at the school that gave you the loan.
- ▶ You gave false information that made you eligible for the loan.

\*Check with your school for their definition of half-time enrollment.

Before your loan money is disbursed, you may cancel all or part of your loan at any time by notifying your school. To cancel all or part of the loan after it’s been credited to your account, you should let your school know before the first day of the payment period, or within 14 days of receiving the notice from the school that the loan money was credited, whichever is later. As an alternative, you may return all or part of the loan to the Department’s Direct Loan Servicing Center (go to [www.dl.ed.gov](http://www.dl.ed.gov) for contact information) within 120 days of the date your school credited your account or paid you the credit balance. For either type of cancellation, your loan will be adjusted to eliminate any interest or loan fee amount that applies to the cancelled portion of your loan.



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# PAYING BACK YOUR LOAN

Because we report information about your loan to national credit bureaus, making timely payments on your loan will help you keep a good credit rating. If you think you might have a problem making the scheduled payments on your loan, contact the Direct Loan Servicing Center immediately ([www.dl.ed.gov](http://www.dl.ed.gov) for contact information). The Direct Loan Servicing Center can help you avoid the costs and penalties of delinquency and default.

## Repayment options

When you leave school, you may need some time to find the right job and perhaps move to a new place. So that you won't have to start making payments on your loan right after you leave school, each of your Direct Subsidized and Unsubsidized Loans has a six-month "grace period" that starts the day after you stop attending school or you drop below half-time enrollment. You don't have to make payments during this grace period—we'll let you know when the grace period is coming to an end and when you need to make your first payment. Interest does continue to accrue on any unsubsidized loan.

You may choose one of the following repayment plans to repay your loan:

**STANDARD REPAYMENT PLAN**—You will make fixed monthly payments to repay your loan **in full within 10 years** (not including periods of deferment or forbearance) from the date the loan entered repayment.

**EXTENDED FIXED REPAYMENT or EXTENDED GRADUATED REPAYMENT PLAN**—You will make fixed or graduated monthly payments and repay your loan in full over a period of time, **not to exceed 25 years** (not including periods of deferment or forbearance).

**GRADUATED REPAYMENT PLAN**—Your payments will be lower at first and then will increase, usually every 2 years. You must repay your loan **in full within 10 years** (not including periods of deferment or forbearance). At a minimum, your payments must cover the interest that accumulates on your loan between payments.

**INCOME CONTINGENT REPAYMENT 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 Subsidized and Unsubsidized Loans. 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. Beginning July 1, 2009, student PLUS loan borrowers may choose this plan.

To be eligible for either Extended Repayment Plan, you must be a new borrower\* on or after Oct. 7, 1998, and you must have more than \$30,000 in outstanding Direct Loans.

\* You received your first Direct Loan on or after this date, or had no outstanding Direct Loan balance when you took out your first loan after this date.

Effective July 1, 2009, a new income-based repayment plan will become available to Direct Loan borrowers (parent Direct PLUS Loan borrowers may not repay their Direct PLUS Loans under this new plan).

**INCOME-BASED REPAYMENT 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 meet certain requirements over a specified period of time, you may qualify for cancellation of any outstanding balance on your loans.

If you don't choose a repayment plan, we'll use the Standard Repayment Plan, but you may change repayment plans at any time after you have begun repaying your loan. Another option is to combine your loans into a single Direct Consolidation Loan, which simplifies repayment and allows you to extend the repayment period. (Note that while your monthly payments may be lower, you may pay more interest over the life of the Direct Consolidation Loan.)

You can use the chart at the end of this guide to estimate the monthly and total amounts you would repay under these repayment plans. You can also get more precise estimates by using the online calculators at: [www.dl.ed.gov](http://www.dl.ed.gov).



If you are a reservist called to active duty for more than 30 days, the time you serve generally doesn't count against your grace period. See your copy of the *Borrower's Rights and Responsibilities Statement* for more details.

## Keep your loan account updated!

One of the most common reasons a loan goes into default is because we don't have current information on a borrower. You **must** notify the Direct Loan Servicing Center and your school's financial aid office about certain changes. This is your responsibility.

Until you graduate or leave school, you must notify your school's financial aid office and the Direct Loan Servicing Center if you:

- ▶ Change your local address, permanent address or telephone number;
- ▶ Change your name (for example, maiden name to married name);
- ▶ Do not enroll at least half-time for the loan period certified by the school;
- ▶ Do not enroll at the school that certified your loan;
- ▶ Stop attending school or drop below half-time enrollment;
- ▶ Transfer from one school to another school; or
- ▶ Graduate.



### Keep in Contact!

You must also notify the Direct Loan Servicing Center if any of these types of changes happen *after you leave school*. In addition, you must notify the Direct Loan Servicing Center if you have any other change that would affect your loan, for example, if your eligibility for a deferment has ended.

## Staying out of default

### **Make sure you take advantage of deferments and forbearances when you need them.**

You may qualify for a deferment if:

- ▶ You return to school at least half-time at a school that's eligible to participate in the Department's Federal Student Aid programs.
- ▶ You are unemployed or meet our rules for economic hardship.
- ▶ You are serving on active duty during a war or other military operation or national emergency, or you are performing qualifying National Guard duty during a war or other military operation or national emergency, and if you are serving on or after Oct. 1, 2007, for the 180-day period following the demobilization date for your qualifying service.
- ▶ You are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and are called or ordered to active duty while enrolled at an eligible school, or within 6 months after having been enrolled.

Forbearances also allow you to defer loan payments in certain situations, such as during an illness.

**You are delinquent if your monthly payment is not received by the due date.** If you fail to make a payment, we'll send you a reminder that your payment is late. If your account remains delinquent, we'll send you warning notices reminding you of your obligation to repay your loan and the consequences of default. Late fees may be added if your payments are late, and your delinquency will be reported to one or more national credit bureaus.

**Default occurs when you become 270 days delinquent in making payments on your loan.** If you default:

- ▶ The entire unpaid amount of your loan becomes due and payable.
- ▶ We will report your default to national credit bureaus.
- ▶ We may sue you, or take all or part of your federal tax refund or other federal payments, or garnish your wages so that your employer is required to send us part of your salary to pay off your loan, or a combination of these actions.
- ▶ You'll have to pay collection fees and costs, plus court costs and attorney fees.
- ▶ You'll lose eligibility for other federal student aid and most other federal benefit programs.
- ▶ You'll no longer be eligible for loan deferments (such as deferments while you're in school, unemployed or experiencing economic hardship).



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## Estimated Direct Subsidized and Unsubsidized Loan Repayment Amounts by Type of Repayment Plan and Debt Amounts.<sup>a</sup>

Initial Debt When You Entered Repayment	Standard		Extended Fixed <sup>b, c</sup>		Graduated		Income Contingent <sup>e, f</sup> Income = \$15,000	
							Single	
	Per Month	Total	Per Month	Total	Per <sup>d</sup> Month	Total	Per Month	Total
\$ 3,500	\$ 50	\$ 4,471	Not available		\$ 25	\$ 5,157	\$ 21	\$ 6,939
5,000	58	6,905	Not available		40	7,278	30	9,912
5,500	63	7,595	Not available		43	8,007	33	10,903
7,500	86	10,357	Not available		59	10,919	45	14,868
10,500	121	14,500	Not available		83	15,283	64	20,815
15,000	173	20,714	Not available		119	21,834	87	29,685
18,500	213	25,548	Not available		146	26,929	87	35,992
23,000	265	31,762	Not available		182	33,479	87	43,141
30,000	345	41,429	Not available		237	43,668	87	52,340
40,000	460	55,239	277	83,289	316	58,229	87	62,005
46,000	529	63,524	319	95,782	363	66,956	87	66,084
50,000	575	69,048	347	104,111	395	72,778	87	68,153
60,000	690	82,858	391	140,816	474	87,334	87	71,219
70,000	806	96,667	456	164,285	535	101,890	87	71,721
80,000	920	110,477	522	187,754	632	116,445	87	71,721
90,000	1,036	124,287	587	211,224	711	131,002	87	71,721
100,000	1,151	138,096	652	234,693	790	145,556	87	71,721
110,000	1,266	151,906	717	258,162	869	160,111	87	71,721
120,000	1,381	165,716	782	281,632	948	174,668	87	71,721
130,000	1,496	179,525	848	305,101	1,024	189,224	87	71,721
138,500	1,594	191,264	903	325,050	1,094	201,596	87	71,721

<sup>a</sup> The estimated payments were calculated using a fixed interest rate of 6.80%.

<sup>b</sup> This repayment plan is available only to borrowers who have an outstanding balance on Direct Loan Program loans that exceeds \$30,000, and who had no outstanding balance on a Direct Loan Program loan as of Oct. 7, 1998 or on the date they obtained a Direct Loan Program loan on or after Oct. 7, 1998.

<sup>c</sup> These amounts are fixed, rounded to the nearest dollar, and calculated based on a 25-year repayment term.

<sup>d</sup> This is your beginning payment, which may increase during your 10-year repayment term.

<sup>e</sup> Assumes a 5% annual income growth (Census Bureau).

<sup>f</sup> The estimated payments were calculated using the formula requirements in effect during 2006.

<sup>g</sup> HOH is head of household; assumes a family size of two.

Income Contingent <sup>e, f</sup> Income = \$15,000		Income Contingent <sup>e, f</sup> Income = \$25,000				Income Contingent <sup>e, f</sup> Income = \$45,000			
Married/HOH <sup>g</sup>		Single		Married/HOH <sup>g</sup>		Single		Married/HOH <sup>g</sup>	
Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total
\$ 20	\$ 6,673	\$ 27	\$ 6,092	\$ 25	\$ 6,405	\$ 36	\$ 5,128	\$ 36	\$ 5,128
29	9,533	38	8,703	36	9,150	51	7,326	51	7,326
30	10,463	42	9,574	40	10,065	56	8,059	56	8,059
30	14,019	57	13,055	54	13,725	76	10,989	76	10,989
30	18,877	80	18,277	76	19,215	107	15,385	107	15,385
30	25,229	114	26,110	108	27,451	153	21,978	153	21,978
30	29,465	140	32,203	134	33,856	188	27,106	188	27,106
30	34,128	174	40,036	166	42,091	234	33,699	234	33,699
30	39,756	228	52,221	197	55,743	407	43,956	407	43,956
30	44,827	253	72,717	197	84,352	468	58,608	468	58,608
30	46,378	253	89,828	197	105,472	509	67,399	509	67,399
30	46,860	253	103,268	197	111,575	587	73,260	587	73,260
30	46,934	253	136,615	197	124,085	587	88,251	587	88,251
30	46,934	253	148,551	197	133,106	587	106,551	587	106,551
30	46,934	253	157,373	197	138,907	587	128,146	587	128,146
30	46,934	253	163,227	197	141,925	587	152,967	587	152,967
30	46,934	253	166,457	197	142,386	587	181,224	587	181,224
30	46,934	253	167,172	197	142,386	587	213,485	587	213,485
30	46,934	253	167,172	197	142,386	587	250,281	587	250,281
30	46,934	253	167,172	197	142,386	587	292,313	587	292,313
30	46,934	253	167,172	197	142,386	587	332,912	587	332,912

For more customized estimates, use the Direct Loan Servicing Center's online repayment calculator at: [www.dl.ed.gov](http://www.dl.ed.gov).



## NOTEPAD

### Loan Repayment Notes

How much you expect to borrow over the full length of your program:

The estimated monthly repayment amount for that amount of your loan (see chart on next page):

Your expected monthly take-home salary in your new career:

### Resources

College costs and other information: [www.nces.ed.gov/ipeds/cool](http://www.nces.ed.gov/ipeds/cool)

*Occupational Outlook Handbook*—average current salaries in different career fields: [www.bls.gov/oco](http://www.bls.gov/oco)

### Contacts for Your Direct Loans

If you have questions about your eligibility, the amount you can borrow or disbursements, contact the school you are attending.

If you want to learn more about the Direct Loan Program, go to the Direct Loan Web site at: [www.direct.ed.gov](http://www.direct.ed.gov).

Once your loan has been disbursed, you may contact the Direct Loan Servicing Center for help, especially if you're having trouble repaying or you need to report a change of address or a name change: **1-800-848-0979** or (TTY) **1-800-848-0983**.

#### Direct Loan Servicing Online at: [www.dl.ed.gov](http://www.dl.ed.gov)

You can use this Web site to look up your account information, change your address, request a deferment, learn about making online payments or set up automatic payments, change your billing options, etc. You will need to use your Personal Identification Number (PIN) to see your account information. Most students receive their PIN in a separate mailing after they first apply for aid. If you can't find your PIN, you can request a new one at *Direct Loan Servicing Online* at: [www.dl.ed.gov](http://www.dl.ed.gov)

Direct Loans also are reported to the National Student Loan Data System (NSLDS), accessible at [www.nsls.ed.gov](http://www.nsls.ed.gov), which maintains your overall financial aid history for federal student aid.





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## Rights and Responsibilities Summary Checklist—Entrance Counseling

### I understand that I have a right to the following (check all boxes as you read):

- Written information on my loan obligations and information on my rights and responsibilities as a borrower
- A grace period and an explanation of what this means
- A disclosure statement, received before I begin to repay my loan, that includes information about interest rates, fees, the balance I owe, and the number of payments
- Deferment of repayment or forbearance for certain defined periods, if I qualify and if I request deferment or forbearance
- Prepayment of my loan in whole or in part anytime without an early-repayment penalty
- A copy of my MPN either before or at the time my loan is disbursed
- Documentation that my loan is paid in full

### I understand I am responsible for:

- Completing exit counseling before I leave school or drop below half-time enrollment
- Repaying my loan even if I do not complete my academic program, I am dissatisfied with the education I received, or I am unable to find employment after I graduate
- Notifying my school and the Direct Loan Servicing Center if I:
  - Move or change my address;
  - Change my name;
  - Withdraw from school or drop below half-time enrollment;
  - Transfer to another school;
  - Fail to enroll or reenroll in school for the period for which the loan was intended;
  - Change my expected graduation date; or
  - Graduate.
- Making monthly payments on my loan after my grace period ends, unless I have a deferment or a forbearance and repayment options will be provided during exit counseling.
- Notifying the Direct Loan Servicing Center of anything that might alter my eligibility for an existing deferment or forbearance.

**I have received entrance counseling materials for Direct Subsidized Loan and Direct Unsubsidized Loan borrowers. I have read and I understand my rights and responsibilities as a borrower.**

**I understand that I have a loan from the federal government that must be repaid.**

\_\_\_\_\_  
Student's Name (Please Print)

\_\_\_\_\_  
Student's Social Security Number

\_\_\_\_\_  
Student's Signature

\_\_\_\_\_  
Date



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## RESOURCES FOR MORE INFORMATION

General information about student aid and applying for student aid:

***Federal Student Aid Information Center***

1-800-4-FED-AID  
1-800-433-3243  
(TTY 1-800-730-8913)

***Student Aid on the Web:***  
[www.studentaid.ed.gov](http://www.studentaid.ed.gov)

*Visit the Web site or call for general information about student aid. From the Web site, you can access a variety of student aid publications in English and Spanish, including **Funding Education Beyond High School: The Guide to Federal Student Aid**, a comprehensive overview of the financial aid process.*

For information about everything related to Direct Loan Repayment:

**Borrower Services at the Direct Loan Servicing Center**

1-800-848-0979  
(TTY 1-800-848-0983)

***Direct Loan Servicing Online:***  
[www.dl.ed.gov](http://www.dl.ed.gov)

For information about Direct Loans:

**Direct Loans on the Web:**  
[www.direct.ed.gov](http://www.direct.ed.gov)

Track your outstanding federal student loans:

***National Student Loan Data System (NSLDS) Web site:***  
[www.NSLDS.ed.gov](http://www.NSLDS.ed.gov)

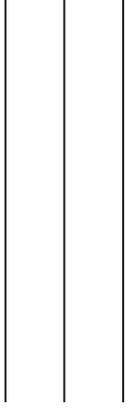
**Note:** NSLDS only tracks federal student loans; you will need to track any private education loans you may have using your own records.

For everything you need to know about Direct Consolidation Loans, including an online application:

***Direct Loan Consolidation Center***  
1-800-557-7392  
(TTY 1-800-557-7395)

***Direct Loan Consolidation Web site:***  
[www.loanconsolidation.ed.gov](http://www.loanconsolidation.ed.gov)





# 2013 Update to the Entrance and Exit Counseling Guides for Federal Student Loan Borrowers

## New Loans

- ◆ The FFEL Program ended July 1, 2010. No new loans, including consolidation loans, have been made under the FFEL Program since that date.
- ◆ Graduate and professional students are not eligible to receive Direct Subsidized Loans for any period of enrollment (loan period) that begins on or after July 1, 2012.

## Interest Rates

<b>Loan Interest Rates by Disbursement Date</b>		
<b>Loan Type</b>	<b>First Disbursed 7/1/2012—6/30/2013</b>	<b>Disbursed After 6/30/2013</b>
Direct Subsidized Loans (Undergraduate Students)	Fixed at 3.4%	Fixed at 6.8%
Direct Unsubsidized Loans	Fixed at 6.8%	Fixed at 6.8%
Direct PLUS Loans (Parents and Graduate or Professional Students)	Fixed at 7.9%	Fixed at 7.9%

## Grace Periods

- ◆ If your loan was/is first disbursed from July 1, 2012 through June 30, 2014, the federal government will not pay the interest during your grace period.
- ◆ Graduate and professional student borrowers with Direct and FFEL PLUS loans that were first disbursed on or after July 1, 2008, receive an automatic deferment while in school and a six-month deferment (comparable to a grace period) after they graduate, leave school, or drop below half-time enrollment.

## New Repayment Plan

*Pay As You Earn* – Like the Income Based Repayment (IBR) Plan, the Income Contingent Repayment (ICR) Plan (Pay As You Earn) is based on your income and generally offers the lowest monthly payments of the income-driven plans. Pay As You Earn is available to some Direct Loan borrowers whose federal student loan debt is high relative to their income. If you make payments under the Pay As You Earn plan for 20 years and meet other requirements, you may have the remaining balance of your loan(s) cancelled. Additionally, if you work in public service and have reduced loan payments through Pay As You Earn, after you have worked 10 years, the remaining balance could be cancelled. Contact your loan holder or loan servicer, or visit [www.StudentAid.gov](http://www.StudentAid.gov) for more detailed information about the Pay As You Earn Repayment Plan.

## New Online Financial Awareness Counseling

For an interactive experience to help you better understand and manage your student loans, visit [www.StudentLoans.gov](http://www.StudentLoans.gov). You'll find Financial Awareness Counseling under Tools and Resources on the home page.