





Contents

Direct Loan Types	1
Borrower Wisel	2
Borrower Direct Subsidized Loans and Direct Unsubsidized Loans First	2
Yearly Master Repayment Loans	3
Use of Your Loan Money	3
The Master Promissory Note	4
How Your Loans Will Be Disbursed (Paid Out)	4
Direct Subsidized and Unsubsidized Loan Limits	5
Direct PLUS Loan Limits	6
Direct Subsidized Loan and Direct Unsubsidized Loan Interest Rates and Payment of Interest	7
Direct PLUS Loan Interest Rate and Payment of Interest	8
Loan Fees	8
Half-time Enrollment	9
Changes You Must Report	10
Repaying Direct Loans	11
Repayment Incentives	12
Interest Rate Reduction for Automatic Withdrawal of Payments	15
Up-front Interest Rebate	15
Trouble Making Payments	15
Consequences If You Default	16
Consolidation	17
Conditions for Canceling All or Part of Your Loan	17
National Student Loan Data System (NSLDS)	18
Keep Your Loan Papers	19
Borrower's Rights and Responsibilities	19

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This publication is also available at
www.direct.ed.gov.

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Direct Loan Types

- u **Direct Subsidized Loans:**
Federal loans where the government pays the interest while the student is in school.
- u **Direct Unsubsidized Loans:**
Federal loans where the student is responsible for paying the interest.
- u **Direct PLUS Loans:**
Federal loans for parents or graduate students.

- u Direct Consolidation Loans:
Eligible federal student loans can be combined into one Direct Consolidation Loan.

Borrow Wisely

- u Your school will award you the maximum amount of loan money for which you are eligible, unless you request less. You may decline any portion or all of a loan you do not need.
- u Borrow conservatively. Never borrow more than you can

The Master Promissory Note

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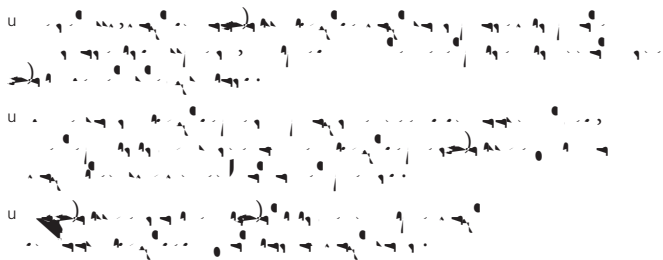
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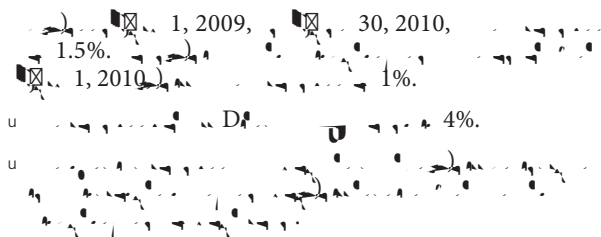
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Direct Subsidized Loan and Direct Unsubsidized Loan Interest Rates and Payment of Interest

- u As of the date of the first disbursement of a Direct Unsubsidized Loan, the borrower is responsible for paying interest on the loan.
- u Direct Unsubsidized Loans are not eligible for the grace period.

Date of First Disbursement	Interest Rate
July 1, 2009, through June 30, 2010	5.6%
July 1, 2010, through June 30, 2011	4.5%
July 1, 2011, through June 30, 2012	3.4%
on or after July 1, 2012	6.8%

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Half-time Enrollment

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Changes You Must Report

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Repaying Direct Loans

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Standard Repayment Plan

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Income Contingent Repayment Plan

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Income-based Repayment Plan

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Sample Monthly Payments for Direct Subsidized and Unsubsidized Loans Direct Subsidized and Unsubsidized Borrowers¹

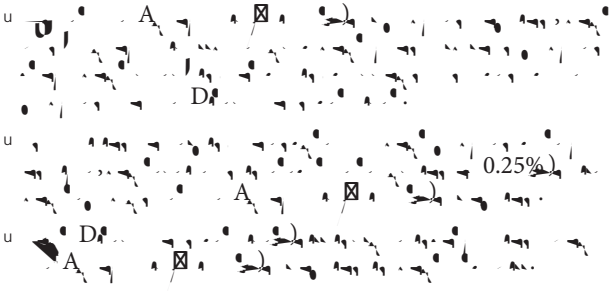
Initial Debt When You Enter Repayment	Standard		Extended Fixed		Extended Graduated		Graduated			Income Contingent ² Income = \$25,000				Income-Based ² Income = \$25,000				
	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total	Single		Married/HOH ³		Single		Married/HOH ³	
											Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total
\$5,000	\$58	\$6,904	Not A	Not A	Not A	Not A	\$40	\$7,275	\$37	\$8,347	\$36	\$11,088	Not A	Not A	\$39	\$8,005		
10,000	115	13,809	Not A	Not A	Not A	79	14,550	75	16,699	71	22,158	110	13,672	39	16,081			
25,000	288	34,524	Not A	Not A	Not A	198	36,375	186	41,748	178	55,440	110	45,014	39	60,754			
50,000	575	69,048	347	104,109	284	112,678	396	72,749	247	93,322	189	122,083	110	109,623	39	92,704		
100,000	1,151	138,096	694	208,217	568	225,344	792	145,498	247	187,553	189	170,153	110	118,058	39	97,020		

¹ Payments are calculated using a fixed interest rate of 6.8% for Direct Subsidized and Unsubsidized Loans disbursed on or after July 1, 2006.

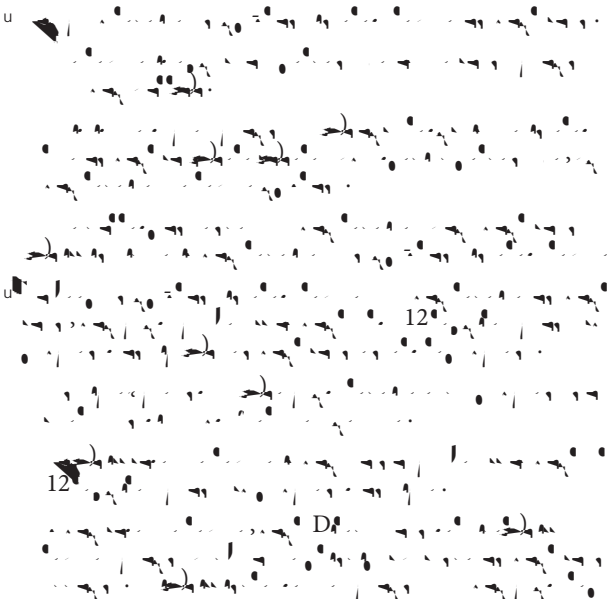
² Assumes a 5% annual income growth (Conservative).

³ HOH is Head of Household. Assumes a family size of two.

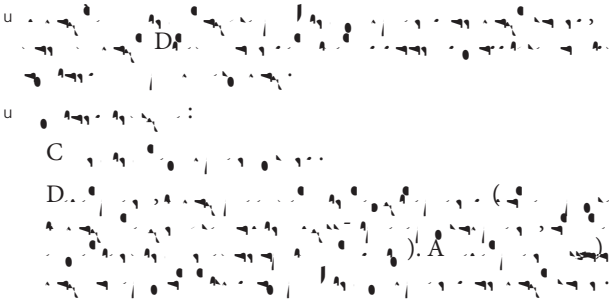
Interest Rate Reduction for Automatic Withdrawal of Payments



Up-front Interest Rebate



Trouble Making Payments



Forbearance, if you don't meet the eligibility requirements for a deferment but are temporarily unable to make your loan payments. Forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments or extend the time for making payments.

- x If you stop making payments and don't get a deferment or forbearance, your loan could go into default, which has serious consequences.
- x Your loan first becomes "delinquent" if your monthly payment is not received by the due date.
- x If you fail to make a payment, your Direct Loan servicer will send you a reminder that your payment is late.
- x If your account remains delinquent, your Direct Loan servicer will send you warning notices reminding you of your obligation to repay your loans and the consequences of default.
- x If you are delinquent on your loan payments, contact your Direct Loan servicer immediately to find out how to bring your account current.

Late fees may be added, and your delinquency will be reported to one or more national consumer reporting agencies (credit bureaus), but this is much better than remaining delinquent on your payments and going into default.

Consequences If You Default

Default occurs when you become 270 days past due (delinquent) in making a payment on your loan(s). The consequences of default can be severe.

The entire unpaid balance of your loan and accrued interest becomes due and payable immediately.

You lose eligibility for deferment.

You lose eligibility for additional federal student financial aid.

Your account is assigned to a collection agency.

The default will be reported as delinquent to credit bureaus, damaging your credit rating.

The federal government can take all or part of your federal tax refund.

Late fees, additional interest, court costs, collection fees, attorney's fees, and other costs incurred in collecting your loan will increase your loan debt.

Your employer (at the request of the federal government) can garnish part of your wages and send them to the government.

The federal government can take legal action against you.

Consolidation

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- u School-related discharges

In certain cases, you may be able to have all or a part of your loan canceled because:

Your school closed before you completed your program.

Your school forged your signature on your promissory note or falsely certified that you were eligible to get the loan.

Your loan was falsely certified as a result of the crime of identity theft (additional requirements apply).

You withdrew from school but the school didn't pay a refund that it owed under our regulations.

- u Disability, bankruptcy, or death

Your loan may be discharged if you are determined to be totally and permanently disabled and you meet certain other requirements.

Your loan may be canceled if it is discharged in bankruptcy; this is not an automatic process—you must prove to the bankruptcy court that repaying the loan would cause undue hardship.

Your loan will be canceled if a family member or other representative provides acceptable documentation of your death.



Contact your Direct Loan servicer for more information about loan cancellation benefits.

National Student Loan Data SystemSM (NSLDSSM)

- u You can find information about all of your Direct Loans, FFEL Program Loans, and Federal Perkins Loans by accessing the Department's National Student Loan Data SystemSM (NSLDSSM) at www.nsls.ed.gov or by calling toll free 1-800-999-8219.

You will need your federal student aid PIN to access NSLDS.

NSLDS does not include information about any private loans you may have received.

Keep Your Loan Papers

U.S. Department of Education
Federal Student Aid
Direct Loan Servicing
2010-2011
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Borrower's Rights and Responsibilities

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Direct Loan Servicing
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BORROWER'S RIGHTS AND RESPONSIBILITIES

Your school may ask you to sign this checklist to document that you completed entrance counseling.

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*I have received extra fee counseling materials for Direct 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 Signature _____ Date _____

Student's Name (Please Print) _____

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