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

OMB No. 1845-0053
Form Approved
Exp. Date 04/30/2016

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or any accompanying documentation is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

BEFORE YOU BEGIN

Read the Instructions for Completing the Federal Direct Consolidation Loan Application and Promissory Note ("Instructions").
NOTE: PAGES 1 THROUGH 5 MUST BE SUBMITTED FOR YOUR LOAN REQUEST TO BE PROCESSED.

BORROWER INFORMATION

1. Last Name: _____ First Name: _____ Middle Initial: ____

2. Former Name(s): _____

3. Social Security Number: __ __ __ - __ __ - __ __ __ __

4. Date of Birth: _____

5. Permanent Address (Street, City, State, Zip Code) (if P.O. box or general delivery, see Instructions):

_____

6. Area Code/Telephone Number: _____

7. E-Mail Address (Optional): _____

8. Driver's License State and Number: _____

9. Employer's Name and Address (Street, City, State, Zip Code):

_____

10. Work Area Code/Telephone Number: _____

REFERENCE INFORMATION

List 2 persons with different U.S. addresses who do not live with you and who have known you for at least 3 years.

11. Last Name: _____ First Name: _____ Middle Initial: ____

Permanent Address (Street, City, State, Zip Code):

_____

E-Mail Address (optional): _____

Area Code/Telephone Number: _____

Relationship to You: _____

12. Last Name: _____ First Name: _____ Middle Initial: ____

Permanent Address (Street, City, State, Zip Code):

_____

E-Mail Address (optional): _____

Area Code/Telephone Number: _____

Relationship to You: _____

Borrower's Name: _____ Social Security Number: __ __ __ - __ __ - __ __ __ __

LOANS YOU WANT TO CONSOLIDATE

Read the Instructions before completing this section. List each federal education loan that you want to consolidate, including any Direct Loan Program loans that you want to include in your Direct Consolidation Loan. If you need more space to list loans, use the Additional Loan Listing Sheet included with this Note. List each loan separately.

We will send you a notice before we consolidate your loans. This notice will **(1)** provide you with information about the loans and payoff amounts that we have verified, and **(2)** tell you the deadline by which you must notify us if you want to cancel the Direct Consolidation Loan, or if you do not want to consolidate one or more of the loans listed in the notice. The notice will include information about loans that you listed in this section. If you have additional loans with a holder of a loan that you listed in this section, the notice may also include information about those additional loans. **See the Instructions for more information about the notice we will send.**

IN THIS SECTION, LIST ONLY LOANS THAT YOU WANT TO CONSOLIDATE

13. Loan Code (see Instructions)	**14.** Loan Holder/Servicer Name, Address, and Area Code/Telephone Number (see Instructions)	**15.** Loan Account Number	**16.** Estimated Payoff Amount

17. Grace Period End Date. If any of the loans you want to consolidate are in a grace period, you can have the processing of your Direct Consolidation Loan delayed until the end of your grace period by entering your expected grace period end date in the space provided.

If you leave this item blank, we will begin processing your Direct Consolidation Loan as soon as we receive this Note and any other required documents. Any loans listed in the **Loans You Want to Consolidate** section that are in a grace period will enter repayment immediately upon consolidation. You will then lose the remaining portion of the grace period on those loans.

Expected Grace Period End Date (month/year): _____

Borrower's Name: _____ Social Security Number: __ __ __ - __ __ - __ __ __ __

LOANS YOU DO NOT WANT TO CONSOLIDATE

Read the Instructions before completing this section. List all education loans that you are not consolidating, but want us to consider when we calculate the maximum repayment period for your Direct Consolidation Loan (see Item 11 of the **Borrower's Rights and Responsibilities Statement** that accompanies this Note). Remember to include any Direct Loan Program loans that you do not want to consolidate. If you need more space to list loans, use the Additional Loan Listing Sheet included with this Note. List each loan separately.

We will send you a notice before we consolidate your loans. This notice will **(1)** provide you with information about the loans and payoff amounts that we have verified, and **(2)** tell you the deadline by which you must notify us if you want to cancel the Direct Consolidation Loan, or if you do not want to consolidate one or more of the loans listed in the notice. The notice may also include information about any loans you listed in this section, but these loans listed will **not** be consolidated. **See the Instructions for more information about the notice we will send.**

IN THIS SECTION, LIST ONLY LOANS THAT YOU DO NOT WANT TO CONSOLIDATE

18. Loan Code (see Instructions)	**19.** Loan Holder/Servicer Name, Address, and Area Code/Telephone Number (see Instructions)	**20.** Loan Account Number	**21.** Current Balance

REPAYMENT PLAN SELECTION

To understand your repayment plan options, carefully read the repayment plan information in Item 11 of the **Borrower's Rights and Responsibilities Statement** that accompanies this Note and in any supplemental materials you receive with this Note. Then select a repayment plan for your Direct Consolidation Loan:

- To select the Standard Repayment Plan, the Graduated Repayment Plan, or the Extended Repayment Plan, complete the **Repayment Plan Selection** form that accompanies this Note.
- To select the Income-Based Repayment Plan (IBR Plan), the Pay As You Earn Repayment Plan (Pay As You Earn Plan), or the Income-Contingent Repayment Plan (ICR Plan), visit StudentLoans.gov to complete the application online or complete the **Income-Driven Repayment Plan Request** form that accompanies this Note.

NOTE: You **must** select the IBR Plan, the Pay As You Earn Plan, or the ICR Plan for repayment of your Direct Consolidation Loan if:

1. You want to consolidate a defaulted loan and you have not made a satisfactory repayment arrangement with your current loan holder(s); or
2. You are consolidating a delinquent Federal Consolidation Loan that the lender has submitted to the guaranty agency for default aversion, or you are consolidating a defaulted Federal Consolidation Loan, and you are not consolidating any additional eligible loans.

BORROWER UNDERSTANDINGS, CERTIFICATIONS, AND AUTHORIZATIONS

22. I understand that:

A. Applying for a Direct Consolidation Loan does not obligate me to agree to take the loan. The U.S. Department of Education (ED) will provide me with:

- The deadline by which I must notify ED if I want to cancel the Direct Consolidation Loan, or if I do not want to consolidate any of the loans that ED has verified; and
- A notice containing information about the loans and payoff amounts that ED has verified with the holders of my loans or through ED's National Student Loan Data System (NSLDS) before the actual payoffs occur.

The notice that ED sends will include information about the loans I listed in the **Loans You Want to Consolidate** section of this Note. If I have additional loans that are with a holder of a loan listed in the **Loans You Want to Consolidate** section, but I did not list those loans in that section, the notice may also include information about those additional loans. **I must inform ED by the deadline specified in the notice if I do not want all of the loans listed in the notice to be consolidated.**

The notice that ED sends may also include information about loans I listed in the **Loans You Do Not Want to Consolidate** section of this Note, but these loans will **not** be consolidated.

BORROWER UNDERSTANDINGS, CERTIFICATIONS, AND AUTHORIZATIONS (CONTINUED)

B. If ED accepts this application for a Direct Consolidation Loan, I understand that ED will send funds to the holders of the loans that I want to consolidate to pay off those loans. The amount of my Direct Consolidation Loan will be the sum of the balances of my outstanding eligible loans that I have chosen to consolidate. The payoff amount may be greater than or less than the estimated total balance I have indicated in the **Loans You Want to Consolidate** section.

The outstanding balance on each loan to be consolidated includes unpaid principal, unpaid accrued interest and late charges as defined by federal regulations and as certified by the loan holder. Collection costs may also be included. For a Direct Loan Program or Federal Family Education Loan (FFEL) Program loan that is in default, the amount of any collection costs that may be included in the payoff balances of the loans is limited to a maximum of 18.5% of the outstanding principal and interest. For any other defaulted federal education loans, all collection costs that are owed may be included in the payoff balances of the loans.

C. If the amount ED sends to my loan holders is more than the amount needed to pay off the balances of the selected loans, the holders will refund the excess amount to ED and this amount will be applied against the outstanding balance of my Direct Consolidation Loan. If the amount that ED sends to my holders is less than the amount needed to pay off the balances of the loans selected for consolidation, ED will include the remaining amount in my Direct Consolidation Loan.

D. If I am consolidating loans made under the FFEL, Direct Loan, or Federal Perkins Loan (Perkins Loan) programs, the outstanding balance of my Direct Consolidation Loan counts against the applicable aggregate loan limits for each type of loan. Under the Act ("the Act" is defined under "Governing Law" in the **Note Terms and Conditions** section of this Note), the percentage of the original amount of my Direct Consolidation Loan that is attributable to each loan type is counted against the loan limit for that type of loan.

E. I must agree to repay my Direct Consolidation Loan under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan if:

- I am consolidating a defaulted loan and I have not made a satisfactory repayment arrangement with the current holder of the defaulted loan, or
- I am consolidating a delinquent Federal Consolidation Loan (a consolidation loan made under the FFEL Program) that the lender has submitted to the guaranty agency for default aversion or a defaulted Federal Consolidation loan, and I am not including another eligible loan in the consolidation.

F. I may not consolidate an existing Direct Consolidation Loan unless I include at least one additional eligible loan in the consolidation. I may consolidate an existing Federal Consolidation Loan without including an additional eligible loan in the consolidation if I am:

- Consolidating a delinquent Federal Consolidation Loan that the lender has submitted to the guaranty agency for default aversion, or consolidating a defaulted Federal Consolidation Loan, and I agree to repay my new Direct Consolidation Loan under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan;
- Consolidating a Federal Consolidation Loan to use the Public Service Loan Forgiveness Program; or
- Consolidating a Federal Consolidation Loan to use the no accrual of interest benefit for active duty service members.

G. If I consolidate my loans, I may no longer be eligible for certain deferments, subsidized deferment periods, certain types of loan discharges or loan forgiveness, reduced interest rates, or repayment incentive programs that were available on the loans I am consolidating.

H. If I am consolidating a Perkins Loan:

- I will no longer be eligible for interest-free periods while I am enrolled in school at least half time, in the grace period on my loan, and during deferment periods; and
- I will no longer be eligible for full or partial loan cancellation under the Perkins Loan Program based on years of service in one of the following occupations: teacher in a low-income elementary or secondary school; staff member in an eligible preschool program; special education teacher; member of the Armed Forces who qualifies for special pay; Peace Corps volunteer or volunteer under the Domestic Volunteer Service Act of 1973; law enforcement or corrections officer; attorney in an eligible defender organization; teacher of mathematics, science, foreign languages, bilingual education or any other high-need field; nurse or medical technician providing health care services; employee of a public or private nonprofit child or family service agency that services high-risk children from low-income families and their families; fire fighter; faculty member at a Tribal College or University; librarian; or speech language pathologist.

I. Any payments I made on the loans I am consolidating before the date of consolidation will not count toward:

- The number of years of qualifying repayment required for loan forgiveness under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan (see Item 11 of the **Borrower's Rights and Responsibilities Statement**), or
- The 120 qualifying payments required for Public Service Loan Forgiveness (see Item 18 of the **Borrower's Rights and Responsibilities Statement**).

J. If I am consolidating a Direct PLUS Loan or a Federal PLUS Loan that I obtained to help pay for my child's undergraduate education, I will not be eligible to repay my Direct Consolidation Loan under the IBR Plan or the Pay As You Earn Plan. However, I may repay my Direct Consolidation Loan under the ICR Plan.

K. If I am consolidating a Direct Loan Program loan first disbursed before July 1, 2012 on which I received an up-front interest rebate, and I have not yet made the first 12 required on-time payments on that loan at the time the loan is consolidated, I will lose the rebate. This means that the rebate amount will be added back to the principal balance of the loan before it is consolidated.

L. ED will give me the opportunity to pay the interest that accrues on the unsubsidized portion of my Direct Consolidation Loan during deferment periods (including in-school deferment periods) and on the entire portion of my Direct Consolidation Loan during forbearance periods. If I do not pay the interest that accrues during these periods, ED may add the unpaid interest that accrues to the principal balance of my loan (this is called "capitalization") at the end of the deferment or forbearance period. Capitalization will increase the principal balance on my loan and the total amount of interest I must pay.

BORROWER UNDERSTANDINGS, CERTIFICATIONS, AND AUTHORIZATIONS (CONTINUED)

M. ED has the authority to verify information reported on this Note with other federal agencies.

23. Under penalty of perjury, I certify that:

A. The information that I have provided on this Note is true, complete, and correct to the best of my knowledge and belief and is made in good faith.

B. All of the loans I have selected for consolidation have been used to finance my education or the education of one or more of my children.

C. All of the loans I have selected for consolidation are in a grace period or in repayment ("in repayment" includes loans in deferment or forbearance).

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 and 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 I am consolidating, I have either made a satisfactory repayment arrangement with the holder of that defaulted loan, or I will repay my Direct Consolidation Loan under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan, except that I **must** repay my Direct Consolidation Loan under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan under the conditions described above in Item 22.E.

F. If I have been convicted of, or if I have 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, as amended (HEA), I have fully repaid the funds to ED or to the loan holder in the case of a Title IV federal student loan.

24. I make the following authorizations:

A. I authorize ED to contact the holders of the loans I have selected for consolidation to determine the eligibility for consolidation and the payoff amounts of:

- The loans listed in the **Loans You Want to Consolidate** section of this Note, and
- Any of my other federal education loans that are held by a holder of a loan listed in the **Loans You Want to Consolidate** section.

I further authorize the release of any information required to consolidate my education loans, in accordance with the Act, to ED or its agents and contractors.

B. I authorize ED to issue the proceeds of my Direct Consolidation Loan to the holders of the selected loans to pay off those loans.

C. 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.

D. I authorize my schools, ED, and their agents and contractors to release information about my Direct Consolidation Loan to the references on the loan and to my immediate family members, unless I submit written directions otherwise.

E. I authorize my schools, ED, and their agents and contractors to share information about my loan with each other.

F. I authorize my schools, ED, and their agents and contractors to contact me regarding my loan request or my loan, including repayment of my loan, at the number that I provide on this Note or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.

PROMISE TO PAY

25. I promise to pay ED all sums disbursed under the terms of this Note to pay off my prior loan obligations, plus interest and other charges and fees that may become due as provided in this Note.

26. If I do not make a payment on my Direct Consolidation Loan when it is due, I will also pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.

27. My signature on this Note serves as my authorization to pay off the balances of the loans I have selected for consolidation as provided by the holders of the loans.

28. I will not sign this Note before reading the entire Note, 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 Note and the **Borrower's Rights and Responsibilities Statement** .

29. My signature certifies that I have read, understand, and agree to the terms and conditions of this Note, including the **Borrower Understandings, Certifications, and Authorizations** section, and the **Borrower's Rights and Responsibilities Statement**.

I UNDERSTAND THAT THIS IS A LOAN THAT I MUST REPAY.

30. Borrower's Signature:

_____

Today's Date (mm-dd-yyyy) _____

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GOVERNING LAW

The terms of this Federal Direct Consolidation Loan Application and Promissory Note (Note) 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, any amendments to the HEA and the regulations in accordance with the effective date of those amendments, and other applicable federal laws and regulations (collectively referred to as the "Act").

Under applicable state law, except as preempted by federal law, you may have certain borrower rights, remedies, and defenses in addition to those stated in this Note and in the **Borrower's Rights and Responsibilities Statement** .

DISCLOSURE OF LOAN TERMS

This Note applies to a Federal Direct Consolidation Loan (Direct Consolidation Loan). Under this Note, the principal amount that you owe and are required to repay will be equal to all sums disbursed to pay off your prior loan obligations, plus any unpaid interest that is capitalized and added to the principal balance.

Although you will have a single Direct Consolidation Loan, your loan may have up to two separate loan identification numbers depending on the loans you consolidate. These loan identification numbers will represent prior subsidized loans and prior unsubsidized loans. Each applicable loan identification number is represented by this Note.

When the loans you are consolidating are paid off, a disclosure statement will be provided to you. The disclosure will identify the amount of your Direct Consolidation Loan, the loan identification number(s), and additional terms of the loan, such as the interest rate and repayment schedule. If you have questions about the information disclosed, you may contact your servicer. The **Borrower's Rights and Responsibilities Statement** accompanying this Note also contains important additional information. The **Borrower's Rights and Responsibilities Statement** and any disclosure you receive in connection with the loan made under this Note are hereby incorporated into this Note.

ED may use a servicer to handle billing and other communications related to your loan.

INTEREST

Unless ED notifies you in writing that a different rate will apply, the interest rate on your Direct Consolidation Loan is a fixed rate that is calculated in accordance with a formula specified in the Act. The interest rate for a Direct Consolidation Loan is based on the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher one-eighth of one percent. There is no cap on the interest rate that is determined under this formula. This is a fixed interest rate, which means that the rate will remain the same throughout the life of the loan.

Except as provided under the Act, you must pay the interest that accrues on your Direct Consolidation Loan during all periods, from the date of disbursement until the loan is paid in full or discharged. You are not required to pay the interest that accrues during deferment periods on the portion of your Direct Consolidation Loan that repaid subsidized loans, except as explained under the heading "Responsibility for Paying All Interest on All or Part of the Subsidized Portion of a Direct Consolidation Loan (for First-Time Borrowers on or after July 1, 2013)."

You will be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, ED may capitalize the interest (add it to the principal balance of your loan) at the end of the deferment, forbearance, or other period.

RESPONSIBILITY FOR PAYING ALL INTEREST ON ALL OR PART OF THE SUBSIDIZED PORTION OF A DIRECT CONSOLIDATION LOAN (FOR FIRST-TIME BORROWERS ON OR AFTER JULY 1, 2013)

If you were a **first-time borrower on or after July 1, 2013** when you received a Direct Subsidized Loan and you are now consolidating that loan, you may be responsible for paying the interest that accrues during all periods on the portion of your Direct Consolidation Loan that repaid the Direct Subsidized Loan. See Item 9 of the **Borrower's Rights and Responsibilities Statement** that accompanies this Note for more information.

LATE CHARGES AND COLLECTION COSTS

ED may collect from you:

- A late charge of not more than six cents for each dollar of each late payment if you fail to make any part of a required installment payment within 30 days after it becomes due, and
- Any other charges and fees that are permitted by the Act related to the collection of your Direct Consolidation Loan.

If you default on your loan, you must pay reasonable collection costs, plus court costs and attorney fees.

REPAYMENT

You must repay the full amount of the Direct Consolidation Loan made under this Note, plus accrued interest. You will repay your loan in monthly installments during a repayment period that begins on the date of the first disbursement of the loan, unless the loan is in a deferment or forbearance period. Generally, payments that you make or that someone else makes on your 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. However, any payments made under the Income-Based Repayment Plan or the Pay As You Earn Repayment Plan will be applied first to interest that is due, then to fees that are due, and then to the principal amount.

ED will provide you with a choice of repayment plans. The **Borrower's Rights and Responsibilities Statement** includes information on these repayment plans. You must select a repayment plan. If you do not select a repayment plan, ED will choose a plan for you in accordance with the Act.

ED will provide you with a repayment schedule that identifies your payment amounts and due dates. Your first payment will be due within 60 days of the first disbursement of your Direct Consolidation Loan unless the loan is in a deferment or forbearance period. If you intend to repay your loan but are unable to make your scheduled loan payments, ED may grant you a forbearance that allows you to temporarily stop making payments, or to temporarily make a smaller payment amount, which extends the time for making payments.

ED may adjust payment dates on your Direct Consolidation Loan or may grant you a forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

You may prepay all or any part of the unpaid balance on your loan at any time without penalty. After you have repaid your Direct Consolidation Loan in full, ED will send you a notice telling you that you have paid off your loan.

ACCELERATION AND DEFAULT

At ED's option, the entire unpaid balance of your Direct Consolidation Loan will become immediately due and payable (this is called "acceleration") if either of the following events occurs:

1. You make a false representation that results in your receiving a loan for which you are not eligible; or

2. You default on the loan.

The following events will constitute a default on your loan:

1. You do not pay the entire unpaid balance of the loan after ED has exercised its option under item 1 above;

2. You do not make installment payments when due and your failure to make payments has continued for at least 270 days; or

3. You do not comply with other terms of the loan, and ED reasonably concludes that you no longer intend to honor your repayment obligation.

If you default, ED may capitalize all outstanding interest. This will increase the principal balance of your loan, and the full amount of the loan, including the new principal balance and collection costs, will become immediately due and payable.

If you default, the default will be reported to nationwide consumer reporting agencies (credit bureaus) and will significantly and adversely affect your credit history. A default will have additional adverse consequences as explained in the **Borrower's Rights and Responsibilities Statement**. Following default, you may be required to repay the loan (potentially including amounts in excess of the principal and interest) under the Income-Based Repayment Plan or the Income-Contingent Repayment Plan in accordance with the Act.

LEGAL NOTICES

Any notice required to be given to you will be effective if sent by first class mail to the most recent address that ED has for you, by electronic means to an address you have provided, or by any other method of notification that is permitted or required by applicable statute or regulation.

You must immediately notify ED of a change in your contact information or status as specified in the **Borrower's Rights and Responsibilities Statement** under "Information you must report to us."

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

Information about your loan will be submitted to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by ED.

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 §484(a)(4) of the HEA (20 U.S.C. 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 the collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0053. Public reporting burden for this collection of information is estimated to average 30 minutes (0.5 hours) per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain a benefit in accordance with 34 CFR 685.201(c)(1).

If you have comments or concerns regarding the status of your individual submission of this form, contact:

Important Notice:

This Borrower's Rights and Responsibilities Statement provides additional information about the terms and conditions of the loan you will receive under the accompanying Federal Direct Consolidation Loan (Direct Consolidation Loan) Application and Promissory Note (Note). ***Please keep a copy of the Note and 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 your servicer.*

Throughout this Borrower's Rights and Responsibilities Statement, the words "we," "us," and "our" refer to the U.S. Department of Education.

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 (HEA), 20 U.S.C. 1070 *et seq.*

Direct Loans are made by the U.S. Department of Education. We contract with servicers to process Direct Loan payments, deferment and forbearance requests, and other transactions, and to answer questions about Direct Loans. We will provide you with the address and telephone number of the servicer for your loan.

2. LAWS THAT APPLY TO THIS NOTE

The terms and conditions of loans made under this Note are determined by the HEA 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. Under applicable state law, except as preempted by federal law, you may have certain borrower rights, remedies, and defenses in addition to those stated in the Note and this Borrower's Rights and Responsibilities Statement.

NOTE: Any amendment to the Act that affects the terms of this Note will be applied to your loan in accordance with the effective date of the amendment.

3. DIRECT CONSOLIDATION LOAN IDENTIFICATION NUMBERS

Depending on the type(s) of federal education loan(s) that you choose to consolidate, your Direct Consolidation Loan may have up to two individual loan identification numbers. However, you will have only one Direct Consolidation Loan and will receive only one bill.

3a. The subsidized portion of your Direct Consolidation Loan ("Direct Subsidized Consolidation Loan") will have one loan identification number representing the amount of the following types of loans that you consolidate:

- Subsidized Federal Stafford Loans
- Direct Subsidized Loans
- Subsidized Federal Consolidation Loans
- Direct Subsidized Consolidation Loans
- Federal Insured Student Loans (FISL)
- Guaranteed Student Loans (GSL)

3b. The unsubsidized portion of your Direct Consolidation Loan ("Direct Unsubsidized Consolidation Loan") will have one identification number representing the amount of the following types of loans that you consolidate:

- Unsubsidized and Nonsubsidized Federal Stafford Loans
- Direct Unsubsidized Loans
- Unsubsidized Federal Consolidation Loans
- Direct Unsubsidized Consolidation Loans
- Federal PLUS Loans (for parents or for graduate and professional students)
- Direct PLUS Loans (for parents or for graduate and professional students)
- Direct PLUS Consolidation Loans
- Federal Perkins Loans
- National Direct Student Loans (NDSL)
- National Defense Student Loans (NDSL)
- Federal Supplemental Loans for Students (SLS)
- Parent Loans for Undergraduate Students (PLUS)
- Auxiliary Loans to Assist Students (ALAS)
- Health Professions Student Loans (HPSL)
- Health Education Assistance Loans (HEAL)
- Nursing Student Loans (NSL)
- Loans for Disadvantaged Students (LDS)

4. ADDING ELIGIBLE LOANS TO YOUR DIRECT CONSOLIDATION LOAN

You may add eligible loans to your Direct Consolidation Loan by submitting a request to us within 180 days of the date your Direct Consolidation Loan is made. (Your Direct Consolidation Loan is "made" on the date we pay off the first loan that you are consolidating.) After we pay off any loans that you add during the 180-day period, we will notify you of the new total amount of your Direct Consolidation Loan and of any adjustments that must be made to your monthly payment amount and/or interest rate.

If you want to consolidate any additional eligible loan(s) after the 180-day period, you must apply for a new Direct Consolidation Loan.

5. LOANS THAT MAY BE CONSOLIDATED

General

Only the federal education loans listed in Items 3a.and 3b. of this Borrower's Rights and Responsibilities Statement may be consolidated into a Direct Consolidation Loan. You may only consolidate loans that are in a grace period or in repayment (including loans in deferment or forbearance). At least one of the loans that you consolidate must be a Direct Loan Program loan or a Federal Family Education Loan (FFEL) Program loan.

Defaulted loans

You may consolidate a loan that is in default if:

- You first make satisfactory repayment arrangements with the holder of the defaulted loan, or
- You agree to repay your Direct Consolidation Loan under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan (see Item 11).

Existing consolidation loans

If you want to consolidate an existing Direct Consolidation Loan, you must include an additional eligible loan in the consolidation. However, you may consolidate an existing Federal Consolidation Loan into a new Direct Consolidation Loan without including an additional loan if you are:

- Consolidating a delinquent Federal Consolidation Loan that the lender has submitted to the guaranty agency for default aversion, or consolidating a defaulted Federal Consolidation Loan, and you agree to repay your new Direct Consolidation Loan under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan;
- Consolidating a Federal Consolidation Loan to use the Public Service Loan Forgiveness program described in Item 18 of this Borrower's Rights and Responsibilities Statement; or
- Consolidating a Federal Consolidation Loan to use the no accrual of interest benefit for active duty service members described in Item 8.

You may not consolidate an existing joint consolidation loan. A joint consolidation loan is a Direct Consolidation Loan or Federal Consolidation that was made jointly to you and your spouse.

6. INFORMATION YOU MUST REPORT TO US

Until your loan is repaid, you must notify your servicer if you:

- Change your address or telephone number;
- Change your name (for example, maiden name to married name);
- 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 receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment).

7. INTEREST RATE

The interest rate on your Direct Consolidation Loan will be the weighted average of the interest rates on the loans you are consolidating, rounded to the nearest higher one-eighth of one percent. There is no cap on the interest rate that is determined under this formula. We will send you a notice that tells you the interest rate on your loan.

The interest rate on a Direct Consolidation Loan is a fixed rate. This means that the interest rate will remain the same throughout the life of your loan.

If you qualify under the Servicemembers Civil Relief Act, the interest rate on your loans obtained prior to military service may be limited to 6% during your military service. Contact your servicer for information about how to request this benefit.

8. PAYMENT OF INTEREST

General

In general, interest accrues on a Direct Consolidation Loan from the date the loan is made until it is paid in full or discharged. You are responsible for paying the interest that accrues as explained below.

Payment of interest on a Direct Subsidized Consolidation Loan

Except as explained in Item 9 of this Borrower's Rights and Responsibilities Statement, you are not required to pay the interest that accrues on a Direct Subsidized Consolidation Loan (see Item 3a. of this Borrower's Rights and Responsibilities Statement) during deferment periods, and during certain periods of repayment under the IBR Plan and the Pay As You Earn Plan. Except as explained below under ***No accrual of interest benefit for active duty service members***, you must pay the interest that accrues on a Direct Subsidized Consolidation Loan during all other periods.

If you were a first-time borrower on or after July 1, 2013 when you received a Direct Subsidized Loan that you are now consolidating, you may be responsible for paying the interest that accrues during all periods on the portion of your Direct Consolidation Loan that repaid the Direct Subsidized Loan, as explained in Item 9 of this Borrower's Rights and Responsibilities Statement.

Payment of interest on a Direct Unsubsidized Consolidation Loan

Except as explained below for certain borrowers who are active duty service members, you must pay the interest that accrues on a Direct Unsubsidized Consolidation Loan (see Item 3b. of this Borrower's Rights and Responsibilities Statement) during all periods.

No accrual of interest benefit for active duty service members

Under the no accrual of interest benefit for active duty service members, you are not required to pay the interest that accrues during periods of qualifying active duty military service (for up to 60 months) on the portion of a Direct Consolidation Loan that repaid a Direct Loan Program or FFEL Program loan first disbursed on or after October 1, 2008.

Interest capitalization

If you do not pay the interest as it accrues on either a Direct Subsidized Consolidation Loan or a Direct Unsubsidized Consolidation Loan (during periods when you are responsible for paying the interest), we will add the accrued interest to the unpaid principal balance of your loan at the end of the deferment or forbearance period. This is called "capitalization." Capitalization increases the unpaid principal balance of your loan, and interest then accrues on the increased principal balance.

The chart that follows shows the difference in the total amount you would repay on a $15,000 Direct Unsubsidized Consolidation Loan if you pay the interest as it accrues 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.

The example in the chart shows payments made under the Standard Repayment Plan (with a repayment period of 15 years based on the amount of the Direct Consolidation Loan) at an interest rate of 8.25%. In this example, you would pay $12 less per month and $2,150 less altogether if you pay the interest as it accrues during a 12-month deferment or forbearance period.

	If you pay the interest as it accrues…	**If you do not pay the interest and it is capitalized…**
Loan Amount	$15,000	$15,000
Interest for 12 Months	$1,238 (paid as accrued)	$1,238 (unpaid and capitalized)
Principal to be Repaid	$15,000	$16,238
Monthly Payment	$146	$158
Number of Payments	180	180
Total Repaid	$26,209	$28,359

Federal income tax deduction

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.

9. RESPONSIBILITY FOR PAYING ALL INTEREST ON ALL OR PART OF THE SUBSIDIZED PORTION OF A DIRECT CONSOLIDATION LOAN (FOR FIRST-TIME BORROWERS ON OR AFTER JULY 1, 2013)

If you were a **first-time borrower on or after July 1, 2013** (see Note below) when you received a Direct Subsidized Loan and you are now consolidating that loan, you may be responsible for paying the interest that accrues

during all periods on the portion of your Direct Consolidation Loan that repaid the Direct Subsidized Loan, as explained below.

There is a limit on the maximum period of time (measured in academic years) for which a first-time borrower on or after July 1, 2013 can receive Direct Subsidized Loans. In general, a first-time borrower may not receive Direct Subsidized Loans for more than 150% of the published length of his or her program of study. This is called the "maximum eligibility period."

Generally, a first-time borrower on or after July 1, 2013 will become responsible for paying the interest that accrues during all periods on previously received Direct Subsidized Loans if the borrower:

- Continues to be enrolled in any undergraduate program after having received Direct Subsidized Loans for his or her maximum eligibility period, or
- Enrolls in another undergraduate program that is the same length as or shorter than the borrower's previous program.

There are a few exceptions to this rule. Your school or servicer can provide you with more information about this requirement and the exceptions.

You must pay the interest that accrues during all periods (including deferment periods) on the portion of your Direct Consolidation Loan that repaid a Direct Subsidized Loan you received as a first-time borrower on or after July 1, 2013 if:

- Before consolidating the Direct Subsidized Loan, you become responsible for paying all interest that accrues on that loan, as explained above; or
- After consolidating the Direct Subsidized Loan you become responsible for paying all interest that accrues on that loan, as explained above.

Note: A first-time borrower on or after July 1, 2013 is an individual who has no outstanding balance on a Direct Loan Program loan or a Federal Family Education Loan (FFEL) Program loan on July 1, 2013, or who has no outstanding balance on a Direct Loan or FFEL program loan on the date he or she obtains a Direct Loan Program loan after July 1, 2013.

10. REPAYMENT INCENTIVE PROGRAMS

A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. The repayment incentive program described below may be available to you.

Interest rate reduction for automatic withdrawal of payments

Under the automatic withdrawal option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us. Automatic withdrawal helps to ensure that your payments are made on time. In addition, you receive a 0.25% interest rate reduction while you repay under the automatic withdrawal option. Your servicer will provide you with information about the automatic withdrawal option. You can also get the information on your servicer's web site, or by calling your servicer. Your servicer's web site address and toll-free telephone number are provided on correspondence that your servicer sends you.

Note: Another repayment incentive program, the up-front interest rebate, was available on Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans that were first disbursed before July 1, 2012. The rebate is equal to a percentage of the loan amount, and is the same amount that would result if the interest rate on the loan were lowered by a specific percentage. To permanently keep an up-front interest rebate, a borrower must make each of the first 12 required monthly payments on time when the loan enters repayment. If you consolidate a Direct Loan on which you received an up-front interest rebate before you have permanently earned the rebate (the correspondence you received about your loan will tell you if you received a rebate), you will lose the rebate. The rebate amount will be added back to the principal balance of the loan before it is consolidated.

11. REPAYING YOUR LOAN

General

Unless you receive a deferment or forbearance on your loan (see Item 17), your first payment will be due within 60 days of the first disbursement of your Direct Consolidation Loan. Your servicer 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.

You must repay all of your Direct Loans under the same repayment plan, unless you want to repay your loans under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan (see below) and you have other Direct Loans that do not qualify for repayment under those plans. In that case, you may select the IBR, Pay As You Earn, or ICR plan for the loans that are eligible for repayment under those plans, and may select a different repayment plan for the loans that may not be repaid under the IBR, Pay As You Earn, or ICR plan.

Repayment plans for all Direct Consolidation Loans

You may choose the Standard Repayment Plan, the Graduated Repayment Plan, the Extended Repayment Plan, or the Income-Contingent Repayment Plan to repay any Direct Consolidation Loan.

Standard Repayment Plan – Under this plan, you will make fixed monthly payments and repay your loan in full within 10 to 30 years (not including periods of deferment or forbearance) from the date the loan entered repayment, depending on the amount of your Direct Consolidation Loan and the amount of your other student loan debt (not to exceed the amount you are consolidating) as listed in the **Loans You Do Not Want to Consolidate** section of your Note (see the chart below). Your payments must be at least $50 a month ($600 a year) 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 to 30 years (not including periods of deferment or forbearance) from the date the loan entered repayment, depending on the total amount of your Direct Consolidation Loan and the amount of your other student loan debt (not to exceed the amount you are consolidating) as listed in **Loans You Do Not Want to Consolidate** section of your Note (see the chart below). Your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment will be more than three times greater than any other payment.

Standard and Graduated Plans: Maximum Repayment Periods	
Total Education Loan Indebtedness	**Maximum Repayment Period**
Less than $7,500	10 years
$7,500 to $9,999	12 years
$10,000 to $19,999	15 years
$20,000 to $39,999	20 years
$40,000 to $59,999	25 years
$60,000 or more	30 years

Extended Repayment Plan **–** You are eligible for this plan only if: **(1)** you have an outstanding balance on Direct Loan Program Loans that exceeds $30,000; and **(2)** 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 on or after October 7, 1998.

Under this plan, you will repay your loan in full over a repayment 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. If you make fixed monthly payments, your payments must be at least $50 a month ($600 a year) and will be more, if necessary, to repay the loan within the required time period. If you make graduated monthly payments, you will usually make lower payments at first, and your payments will gradually increase over time. If you make graduated payments, your monthly payment must at least be equal to the amount of interest that accrues each month, and no single payment will be more than three times greater than any other payment.

Income-Contingent Repayment Plan (ICR Plan) **–** Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your ICR Plan payment amount will be the combined adjusted gross income of you and your spouse. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues monthly on your loan unless you request a forbearance.

While you are repaying under the ICR Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the ICR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Additional repayment plans for Direct Consolidation Loans that did not repay parent PLUS loans

In addition to the four repayment plans listed above that are available for any Direct Consolidation Loan, if you are not consolidating any parent Direct PLUS Loans or parent FFEL PLUS Loans you may also choose the **Income-Based Repayment Plan** or the **Pay As You Earn Repayment Plan** to repay your Direct Consolidation Loan. A parent PLUS loan is a PLUS loan that you obtained to help pay for your child's undergraduate education. You may not choose the Income-Based Repayment Plan or the Pay As You Earn Plan if you are consolidating a parent PLUS loan, but you may choose the Income-Contingent Repayment Plan (see above).

Income-Based Repayment Plan (IBR Plan) **–** Under the IBR Plan, your monthly payment amount is generally 15% (10% if you are a new borrower; see Note below) of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse.

To initially qualify for the IBR Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the IBR Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your IBR Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a "partial financial hardship."

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse's eligible loans.

While you are repaying under the IBR Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the IBR Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the IBR Plan.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years (20 years if you are a new borrower) of qualifying monthly payments and at least 25 years (20 years if you are a new borrower) have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Note: You are a **new borrower** for the IBR Plan if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on July 1, 2014, or if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on the date you obtain a Direct Loan Program loan after July 1, 2014. Your servicer will determine whether you are a new borrower based on the information about your loans in the U.S. Department of Education's National Student Loan Data System.

Pay As You Earn Repayment Plan (Pay As You Earn Plan) **–** Under the Pay As You Earn Plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your Pay As You Earn Plan payment amount will be the combined adjusted gross income of you and your spouse.

The Pay As You Earn Plan is available only to new borrowers. You are a new borrower for the Pay As You Earn Plan if:

1. You had no outstanding balance on a Direct Loan Program or FFEL Program loan as of October 1, 2007, or you have no outstanding balance on a Direct Loan Program or FFEL Program loan when you obtain a new loan on or after October 1, 2007, and

2. You receive a disbursement of a Direct Subsidized Loan, Direct Unsubsidized Loan, or student Direct PLUS Loan (a Direct PLUS Loan made to a graduate or professional student) on or after October 1, 2011, or you receive a Direct Consolidation Loan based on an application received on or after October 1, 2011. However, you are not considered to be a new borrower for the Pay As You Earn Plan if the Direct Consolidation Loan you receive repays loans that would make you ineligible under part 1 of this definition.

In addition to being a new borrower, to initially qualify for the Pay As You Earn Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the Pay As You Earn Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your Pay As You Earn Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a "partial financial hardship."

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse's eligible loans.

While you are repaying under the Pay As You Earn Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the Pay As You Earn Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the Pay As You Earn Plan.

Under the Pay As You Earn Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Additional repayment plan information

If you can show to our satisfaction that the terms and conditions of the repayment plans described above 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.

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 (prepayments).

We apply your payments made under any plan other than the IBR Plan and the Pay As You Earn Plan in the following order:

1. Late charges and collection costs,
2. Outstanding interest, and
3. Outstanding principal.

We apply your payments made under the IBR Plan or the Pay As You Earn Plan in the following order:

1. Outstanding interest,
2. Late charges and collection costs, and
3. Outstanding principal.

We apply any prepayments in accordance with the Act. Your servicer can provide more information about how prepayments are applied.

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

12. TRANSFER OF LOAN

We may transfer the servicing of one or all of your loans to another servicer without your consent. If there is a change in the address to which you must send payments or direct communications, we will notify you of the new servicer's name, address and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different servicer does not affect your rights and responsibilities under that loan.

13. 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.

14. DEMAND FOR IMMEDIATE REPAYMENT

The entire unpaid amount of your loan becomes due and payable (this is called "acceleration") if you:

- Make a false statement that causes you to receive a loan that you are not eligible to receive; or
- Default on your loan.

15. DEFAULTING ON YOUR LOAN

Default (failing to repay your loan) is defined in detail under "Acceleration and Default" in the **Note Terms and Conditions** section of this Note. 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 and state tax refunds and other federal or state 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.

We will report your default to nationwide consumer reporting agencies (see Item 16). This will harm your credit history and may make it difficult for you to obtain credit cards, home or car loans, or other forms of consumer credit.

16. CONSUMER REPORTING AGENCY NOTIFICATION

We will report information about your loan to nationwide consumer reporting agencies (commonly known as "credit bureaus") on a regular basis. 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). Your loan will be identified as an education loan.

If you default on a loan, we will report this to nationwide consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agency unless you resume making payments on the loan within 30 days of the date of the notice. You will be given a chance to ask for a review of the debt before we report it.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response.

17. DEFERMENT AND FORBEARANCE (POSTPONING PAYMENTS)

General

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;
- While you are in a full-time course of study in a graduate fellowship program;
- While you are in an approved full-time rehabilitation program for individuals with disabilities;
- While you are unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- While you are experiencing an economic hardship (including Peace Corps service), as defined in the Act (for a maximum of three years);
- While you are 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 an additional 180-day period following the demobilization date for your qualifying service; or
- 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 least half time at an eligible school or within 6 months of having been enrolled at least half time, during the 13 months following the conclusion of your active duty service, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

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 FFEL Program before July 1, 1993. If you meet this requirement, contact your servicer about additional deferments that may be available.

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 to your servicer along with documentation of your eligibility for the deferment, or
2. Your servicer receives information from the school you are attending that indicates you are enrolled at least half time.

If your servicer 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 duty military service or qualifying National Guard duty during a war or other military operation or national emergency, a representative acting on your behalf) must submit a deferment request to your servicer, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if your servicer confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan. Your servicer 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 your servicer's web site.

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

You are not responsible for paying the interest on a Direct Subsidized Consolidation Loan during a period of deferment, except as explained in Item 9 of this Borrower's Rights and Responsibilities Statement. However, you are responsible for paying the interest on a Direct Unsubsidized Consolidation Loan during a period of 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 (Direct Loan Program loans, FFEL Program loans, and Federal Perkins Loans) is 20% 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 education award under the National and Community Service 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 are performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
- You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your servicer. Your servicer can explain the eligibility and documentation requirements for the type of forbearance you are requesting. You may also obtain information on forbearance eligibility requirements from your servicer'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 that accrues on your entire Direct Consolidation Loan during a period of forbearance.

18. DISCHARGE (HAVING YOUR LOAN FORGIVEN)

Loan discharge due to death, bankruptcy, total and permanent disability, school closure, false certification, identity theft, or unpaid refund

We will discharge (forgive) your loan if:

- You die. Your servicer must receive acceptable documentation (as defined in the Act) of your death. We will also discharge the portion of a Direct Consolidation Loan that repaid one or more Direct PLUS Loans or Federal PLUS Loans obtained on behalf of a child who dies.
- Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship. Direct Loans are not otherwise automatically discharged if you file for bankruptcy.
- You become totally and permanently disabled (as defined in the Act) and meet certain other requirements.

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

- One or more Direct Loan Program, FFEL Program, or Federal Perkins Loan Program loans that you consolidated was used to pay for a program of study that you (or the child for whom you borrowed a Direct PLUS Loan or Federal PLUS Loan) were unable to complete because the school closed;
- Your eligibility (or the eligibility of the child for whom you borrowed a Direct PLUS Loan or Federal PLUS Loan) for one or more of the Direct Loan Program or FFEL Program loans that you consolidated was falsely certified by the school;
- Your eligibility for one or more of the Direct Loan Program or FFEL Program loans that you consolidated was falsely certified as a result of a crime of identity theft; or
- The school did not pay a required refund of one or more Direct Loan Program or FFEL Program loans that you consolidated.

Teacher Loan Forgiveness

We may forgive a portion of your Direct Consolidation Loan that repaid Direct Subsidized Loans or Direct Unsubsidized Loans you received after October 1, 1998, or subsidized or unsubsidized Federal Stafford Loans you received under the FFEL program after October 1, 1998 if you:

- Teach full time for five consecutive years in certain low-income elementary or secondary schools, or for low-income educational service agencies;
- Meet certain other qualifications; and
- Did not owe a Direct Loan or a FFEL program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998.

Public Service Loan Forgiveness

A Public Service Loan Forgiveness program is also available. Under this program, we will forgive the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments on those loans (after October 1, 2007) under certain repayment plans while you are employed full-time in certain public service jobs.

Additional loan discharge information

The Act may provide for certain loan forgiveness or repayment benefits on your loans in addition to the benefits described above. If other forgiveness or repayment options become available, your servicer will provide information about these benefits.

For a discharge based on your death or the death of the child on whose behalf you obtained a Direct PLUS Loan or Federal PLUS Loan that was consolidated, a family member must contact your loan servicer. To request a loan discharge based on one of the other conditions described above (except for a discharge due to bankruptcy), you must complete an application. Your servicer can tell you how to obtain an application.

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 your servicer.

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 do not complete your education, 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 you paid for with the loan.

19. 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.

END OF BORROWER'S RIGHTS AND RESPONSIBILITIES STATEMENT