





### It's easy to be organized.

This handy organizer can help you keep all of your financial aid documents, correspondence and important information in one place.

USA Funds® is a nonprofit organization that helps students pay for college and manage their student loans. Since 1960, we have helped make it possible for thousands of students, just like you, to get a higher education, and in turn, increased career opportunities, improved quality of life, and much more.

## Your rights and responsibilities as a borrower

### You are responsible for:

- Repaying your loan, including accrued interest and fees, regardless of whether you complete your education, complete your program of study in the normal period allowed for program completion, obtain employment, or are satisfied with your education.
- Completing exit counseling before you leave school or drop below half-time enrollment.
- Notifying your lender within 10 days if you change your name, address or phone number; drop below half-time enrollment status; withdraw from school or transfer; or change your graduation date.
- Directing all correspondence to your lender, which could change during the life of the loan.
- Making monthly payments on your loan after leaving school, unless you are in your grace period or have been granted a forbearance or deferment.
- Informing your lender of anything that might change your eligibility for an existing deferment.

### Office of the Ombudsman

If you have contacted your school, lender or guarantor regarding a dispute on your loan(s), and the dispute has not been resolved, you may contact the U.S. Department of Education's Student Loan Ombudsman's office. An ombudsman is available as a neutral party to work with you and all agencies involved to assist in resolving student loan disputes. You may contact the ombudsman at:

U.S. Department of Education  
FSA Ombudsman  
830 First Street, N.E., Fourth Floor  
Washington, DC 20202-5144  
(877) 557-2575

### You have a right to:

- Receive a copy of your promissory note before or after the loan is made.
- Receive a disclosure statement, including information about interest rates, fees, loan balance, and the size and number of payments, before repayment of your loan begins.
- Benefit from a grace period or deferred payment on certain loans after you leave school or drop below half-time enrollment, before your loan payments begin.
- Prepay all or part of your loan without a prepayment penalty.
- Choose from among several repayment options and periodically change your repayment plan, if necessary to obtain an affordable loan payment.
- Receive written notice if your loan is sold to another lender.
- Apply for a deferment (if eligible) of your loan payments for certain specified periods.
- Request forbearance from your lender if you're unable to make payments and don't qualify for a deferment.
- Receive proof when your loan is paid in full.

### Repayment Assistance and Loan Information

You may access information about your federal student loans, and other sources of federal financial aid, by visiting the website of the National Student Loan Data System at [www.nslds.ed.gov](http://www.nslds.ed.gov) or by calling the Federal Student Aid Information Center toll-free at (800) 4-FED-AID or TDD (800) 730-8913.

## Glossary of education loan terms

**Capitalization.** The addition of accrued interest to the principal balance of the loan.

**Default.** A borrower's failure to fulfill the agreement that the borrower signed when taking out a federal education loan. For example, you would be considered in default if you failed to make your monthly loan payment when due for a period of at least 270 days.

**Deferment.** A period during repayment in which the borrower is not required to make payments of loan principal.

**Dependent Student.** A student who does not meet the eligibility requirements for an "Independent Student" (see definition). Dependency status affects the maximum amount that a student may borrow in Stafford loans and whether a parent may take out a PLUS loan on behalf of the student.

**Disbursement.** The transfer of loan proceeds to the school.

**Discharge.** The release of a borrower from a loan obligation.

**FAFSA.** The Free Application for Federal Student Aid is the form that the student (and parents of dependent students) must complete to apply for federal financial assistance, including Stafford loans.

**Forbearance.** The period during which a borrower is permitted to temporarily cease making payments or reduce the amount of the payments. The borrower is responsible for the interest that accrues on the loan during the forbearance period. In many cases, forbearance is granted at the lender's discretion; in other instances, borrowers are entitled to forbearance.

**Grace Period.** The six-month period that begins the day after a Stafford loan borrower ceases to be enrolled at least half time at an eligible school. During the grace period, payments of principal are not required. Certain PLUS loan borrowers also may defer payments for a six-month period after they, or the student for whose benefit a parent took out a PLUS loan, ceases at least half-time enrollment.

**Guarantor.** A private, nonprofit organization or state-government entity that guarantees to the lender repayment of federal student loans made under the Federal Family Education Loan Program. The guarantor works with borrowers whose student loan payments are seriously past due to help them avoid default. If a borrower does default, the guarantor partially reimburses the lender, purchases the defaulted loan, and continues efforts to recover the amount owed by the borrower.

**Holder.** The current owner of a federal student loan.

**Independent Student.** A student who meets one or more of the following criteria: is at least 24 years old by Dec. 31 of the financial aid award year; is an orphan, in foster care, or ward of the court; is an emancipated minor or in a legal guardianship; is an unaccompanied youth who is homeless; is serving on active duty in the Armed Forces for purposes other than training; is a veteran of the U.S. Armed Forces; is a graduate or professional student; is a married person; has legal dependents other than a spouse; is a student for whom the school's financial aid administrator determines and documents the student's independent-student status based on the administrator's professional judgment of the student's unusual circumstances.

**Interest.** The charge made to a borrower for use of a lender's money.

**Lender.** The organization that funds education loans for students and parents.

**Master Promissory Note.** A legally binding agreement under which the borrower promises to repay one or more loans.

**Principal.** The amount of money borrowed plus any capitalized interest.

**Servicer.** An organization that contracts with a lender or other loan service provider to administer any aspect of the provider's participation in the loan program.