

**DCL ID: FP-08-02**

**Subject:** Promissory Note Addenda and Plain Language Disclosures for Federal Family Education Loan (FFEL) Program Loans

**Summary:** This letter announces revised promissory note addenda and Plain Language Disclosures for Federal Stafford Loans and Federal PLUS Loans, and a new promissory note addendum for Federal Consolidation Loans.

Dear Colleague:

Attached to this letter are revised promissory note addenda and Plain Language Disclosures (PLDs) for Federal Stafford Loans and Federal PLUS Loans, and a new promissory note addendum for Federal Consolidation Loans. The revised Federal Stafford Loan and Federal PLUS Loan addenda and PLDs explain the changes to loan terms and conditions that were made by both the Higher Education Reconciliation Act of 2005 (the HERA) and the College Cost Reduction and Access Act of 2007 (the CCRAA). The new addendum for the Federal Consolidation Loan Application and Promissory Note explains the changes to the terms and conditions of Federal Consolidation Loans that were made by the CCRAA. Microsoft Word and PDF versions of the following documents are attached:

- Addendum to the Federal Stafford Loan Master Promissory Note (Stafford MPN Addendum)
- Federal Stafford Loan Plain Language Disclosure (Stafford PLD)
- Addendum to the Federal PLUS Loan Application and Master Promissory Note and Endorser Addendum (PLUS MPN Addendum)
- Federal PLUS Loan Plain Language Disclosure (PLUS PLD)
- Addendum to the Federal Consolidation Loan Application and Promissory Note (Consolidation Addendum)

Until revised Stafford and PLUS MPNs and a revised Federal Consolidation Loan Application and Promissory Note are approved for use, the attached addenda must be used with the current promissory notes to inform borrowers of the changes made to the terms and conditions of their loans by the HERA and/or the CCRAA. The revised Stafford and PLUS PLDs provide information on the HERA and CCRAA changes for borrowers who are receiving second or subsequent loans under previously signed MPNs, or who may have signed an MPN for the first time before the addenda were available. The Secretary will be using similar forms in the William D. Ford Federal Direct Loan Program.

**Implementation of the revised Stafford and PLUS MPN addenda and PLDs, and the new addendum for the Federal Consolidation Loan Application and Promissory Note**

Program participants must discontinue use of the current Stafford and PLUS Addenda and PLDs (see Dear Colleague Letters [FP-06-05](#) and [FP-07-02](#)) and begin using the attached revised addenda and PLDs as soon as possible.

As explained in Dear Colleague Letter [FP-07-05](#), the approval of a revised Federal Consolidation Application and Promissory Note that included the HERA changes eliminated the need for the previous Consolidation Addendum. However, a new Consolidation Addendum is now required to explain the CCRAA changes. Program participants must begin providing individuals who apply for Federal Consolidation Loans with the attached Consolidation Addendum as soon as possible.

For more detailed guidance on the use of the attached addenda and PLDs, program participants should continue to refer to Dear Colleague Letter [FP-06-05](#).

**Printing Instructions**

No changes to, deletions from, or additions to the language of the attached addenda and PLDs are permitted.

The revised Stafford and PLUS Addenda and the new Consolidation Addendum must be printed using black ink on white paper. The typeface, point size, and general presentation of the addenda may not be changed from the documents that the Department has approved.

The text of the revised Stafford and PLUS PLDs may be enhanced by printing in any format or colors and may be combined with other information or graphics.

**Obtaining Copies for Reproduction**

The revised Stafford and PLUS Addenda and PLDs are available in Microsoft Word and PDF format as attachments to this letter. In addition, the documents are available on the National Council of Higher Education Loan Programs (NCHELP) website at [www.nchelp.org](http://www.nchelp.org).

Guaranty agencies and lenders are responsible for ensuring that the addenda and PLDs they use are identical to the documents approved by the Department. No changes may be made to the documents except as expressly authorized above.

Sincerely,

Jeff Baker, Director  
Policy Liaison and Implementation  
Federal Student Aid

Attachments/Enclosures:

**Addendum to the Federal Stafford Loan Master Promissory Note  
Federal Family Education Loan Program**

The Higher Education Reconciliation Act of 2005 (HERA) and the College Cost Reduction and Access Act of 2007 (CCRAA) changed some of the terms of Federal Stafford Loans made under the Federal Family Education Loan Program (FFELP). As a result, certain terms of the loan(s) you receive under the accompanying Federal Stafford Loan Master Promissory Note (MPN) differ from the terms in the MPN and Borrower's Rights and Responsibilities Statement.

This Addendum describes the changes made to the loan terms by the HERA and CCRAA. Your loan is subject to those changes. The changes set forth in this Addendum are incorporated into and made a part of the accompanying MPN that you sign and the Borrower's Rights and Responsibilities Statement.

- **MPN: Borrower Certifications and Authorizations.** *Effective for MPNs signed on or after July 1, 2006*, by signing your MPN, you are certifying, under penalty of perjury, that if you have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, you have completed the repayment of such funds to the U.S. Department of Education, or to the loan holder in the case of a Title IV federal student loan.
- **MPN: Borrower Certifications and Authorizations, Item 14E.** The first part of this item is revised to read as follows: "I request and authorize my lender to: (i) during the in-school and grace periods of any loans made under this Master Promissory Note, defer and align the repayment of principal on all of my FFELP loans, except for Federal PLUS Loans and Federal Consolidation Loans, that are in repayment status; and (ii)..."
- **Borrower's Rights and Responsibilities Statement: Item 4, Maximum Program Loan Amounts.** *Effective for loans first disbursed on or after July 1, 2007*, the annual loan maximums for certain categories of students in the chart titled "Federal Stafford Loan Maximums" are revised to read as follows:

<b>DEPENDENT UNDERGRADUATES</b>	<b>Subsidized</b>	<b>Total (Subsidized and Unsubsidized)</b>
First Year	\$3,500	\$3,500
Second Year	\$4,500	\$4,500
<b>INDEPENDENT UNDERGRADUATES</b> (and dependents whose parents are unable to borrow under the PLUS program)		
First Year	\$3,500	\$7,500
Second Year	\$4,500	\$8,500
<b>GRADUATE AND PROFESSIONAL STUDENTS</b>	\$8,500	\$20,500

There are no changes to any of the other annual or total loan maximums shown in the Federal Stafford Loan Maximums chart.

- **Borrower's Rights and Responsibilities Statement: Item 7, Loan Fees.** *Effective for loans for which the date of guarantee of principal is on or after July 1, 2006*, this item is revised to read as follows: "7. **Loan Fees** - I may be charged an origination fee and/or a federal default fee for each loan made under this MPN. Neither fee may exceed the rate as specified in the Act. If I am charged these fees, they will be deducted proportionately from each disbursement." **NOTE:** Any reference to a guarantee fee in the MPN is deemed to be a reference to the federal default fee.
- **Borrower's Rights and Responsibilities Statement: Item 8, Disbursement of Loan Money.** *Effective July 1, 2006*, loan money for students enrolled in foreign schools generally must be sent to the school and disbursed in multiple installments.
- **Borrower's Rights and Responsibilities Statement: Item 12, Repayment.** *Effective July 1, 2009*, an Income-Based Repayment Plan is available. Under this plan, the required monthly payment amount will be based on a borrower's income during any period when the borrower has a partial financial hardship. The maximum repayment period under this plan may exceed 10 years. Eligible borrowers who meet certain requirements over a specified period of time may qualify for cancellation of any outstanding balance on their loans.
- **Borrower's Rights and Responsibilities Statement: Item 13, Interest Rates.** *Effective for loans first disbursed on or after July 1, 2006*, a Federal Stafford Loan has a fixed interest rate. However, different fixed interest rates may apply to separate loans made under the MPN depending on when the first disbursement of the loan is made.
- **Borrower's Rights and Responsibilities Statement: Item 14, Payment of Interest.** The first sentence in this item is revised to read as follows: "My lender will, during the in-school, grace, and deferment periods and during any period in which I am on active-duty military service, postpone and align principal payments on my outstanding FFELP loans, except for Federal PLUS Loans and Federal Consolidation Loans."
- **Borrower's Rights and Responsibilities Statement: Item 17, Loan Discharge.** *Effective July 1, 2006*, a loan is also eligible for discharge if it is determined that the borrower's eligibility for the loan was falsely certified as a result of a crime of identity theft.
- **Borrower's Rights and Responsibilities Statement: Item 20, Special Repayment Arrangements.** *Effective for consolidation applications received on or after July 1, 2006*, a married couple may no longer borrow a Federal Consolidation Loan as joint borrowers. *Effective July 1, 2008*, a borrower may consolidate his or her FFELP loans into the William D. Ford Federal Direct Loan (Direct Loan) Program to take advantage of the public service loan forgiveness program. This program provides for the cancellation of the remaining balance due on eligible Direct Loan Program loans after the borrower has made 120 payments (after October 1, 2007) on those Direct Loans under certain repayment plans while the borrower is employed in certain public service jobs.
- **Borrower's Rights and Responsibilities Statement: Item 21, Deferments.** *Effective July 1, 2006*, a deferment is available for a period during which a borrower is 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 a borrower is serving on or after October 1, 2007, for the 180-day period following the demobilization date for the qualifying service. *Effective October 1, 2007*, a borrower who is a member of the National Guard or other reserve component of the U. S. Armed Forces (current or retired) and who is called or ordered to active duty while enrolled at an eligible school, or within 6 months after having been enrolled, is eligible for a deferment during the 13 months following the conclusion of the active duty service, or until the date the borrower returns to enrolled student status, whichever is earlier.

## Addendum to the Federal PLUS Loan Application and Master Promissory Note and Endorser Addendum Federal Family Education Loan Program

The Higher Education Reconciliation Act of 2005 (HERA) and the College Cost Reduction and Access Act of 2007 (CCRAA) changed some of the terms of Federal PLUS Loans made under the Federal Family Education Loan Program (FFELP). As a result, certain terms of the loan(s) you receive under the accompanying Federal PLUS Loan Application and Master Promissory Note (MPN) or endorse under the accompanying Endorser Addendum to Federal PLUS Loan Application and Master Promissory Note (Endorser Addendum) differ from the terms in the MPN, Endorser Addendum, and Borrower's Rights and Responsibilities Statement. This Addendum describes the changes made to the loan terms by the HERA and CCRAA. Your loan is subject to those changes. The changes set forth in this Addendum are incorporated into and made a part of the accompanying MPN or Endorser Addendum that you sign and the Borrower's Rights and Responsibilities Statement.

- **Graduate and Professional Students May Borrow PLUS Loans.** *Effective for loans certified on or after July 1, 2006*, a graduate or professional student may borrow a Federal PLUS Loan. Before applying for a Federal PLUS Loan, a graduate or professional student must first complete the Free Application for Federal Student Aid (FAFSA) and must have been determined eligible for his or her maximum loan amount under the Federal Subsidized and Unsubsidized Stafford Loan Program. Except as provided in this Addendum, the terms and conditions of the Federal PLUS Loan as described in the accompanying MPN and Borrower's Rights and Responsibilities Statement apply regardless of whether the borrower is a parent or a graduate or professional student.

*The following changes apply only to graduate or professional student Federal PLUS Loan borrowers and to endorsers of Federal PLUS Loans made to graduate or professional student borrowers:*

- **General Changes.** If you are a graduate or professional student, all references to "student," "dependent student," "dependent" or "parent" throughout the MPN refer to you. If you are an endorser for a graduate or professional student Federal PLUS Loan borrower, all references to "student," "dependent student," or "parent" throughout the Endorser Addendum refer to the student borrower.
- **MPN: Borrower (Parent) Section and Student Information Section.** If you are a graduate or professional student, provide information about yourself in both the "Borrower (Parent) Section" and the "Student Information Section" of the MPN. Do not leave any items blank.
- **Endorser Addendum: Section B., Loan Description.** If you are an endorser for a graduate or professional student Federal PLUS Loan borrower, provide information about the student in both the parent borrower items (12, 13 and 15) and the student items (16 and 17).
- **MPN: Borrower Request, Certifications, and Authorizations.** If you are a graduate or professional student, paragraph 18.B. does not apply, and paragraph 18.C. is revised to read as follows: "Loan proceeds will be used for authorized educational costs, and I will immediately repay any loan proceeds that cannot be attributed to educational costs for attendance on at least a half-time basis at the school that certified my loan eligibility."
- **MPN: Promise to Pay.** If you are a graduate or professional student, the second sentence of paragraph 20 is revised to read as follows: "**I understand that multiple loans may be made to me under this MPN.**"
- **Borrower's Rights and Responsibilities Statement: Item 12, Repayment.** *Effective July 1, 2009*, an Income-Based Repayment Plan is available for Federal PLUS Loans made to graduate or professional student borrowers. Under this plan, the required monthly payment amount will be based on a borrower's income during any period when the borrower has a partial financial hardship. The maximum repayment period under this plan may exceed 10 years. Eligible borrowers who meet certain requirements over a specified period of time may qualify for cancellation of any outstanding balance on their loans.

*The following changes apply to all Federal PLUS Loan borrowers:*

- **MPN: Borrower Request, Certifications, and Authorizations.** *Effective for MPNs signed on or after July 1, 2006*, by signing your MPN you are certifying, under penalty of perjury, that if you have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, you have completed the repayment of such funds to the U.S. Department of Education, or to the loan holder in the case of a Title IV federal student loan.  
If you are a parent applying for a Federal PLUS Loan for a dependent undergraduate student, you are not eligible for a Federal PLUS Loan if that student has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, unless that student has completed the repayment of such funds to the U.S. Department of Education, or to the loan holder in the case of a Title IV federal student loan.
- **Borrower's Rights and Responsibilities Statement: Item 5, Loan Fees.** *Effective for loans for which the date of guarantee of principal is on or after July 1, 2006, this item is revised to read as follows:* "5. **Loan Fees** - I may be charged an origination fee and/or a federal default fee for each loan made under this MPN. Neither fee may exceed the rate as specified in the Act. If I am charged these fees, they will be deducted proportionately from each disbursement."  
**NOTE:** Any reference to a guarantee fee in the MPN is deemed to be a reference to the federal default fee.
- **Borrower's Rights and Responsibilities Statement: Item 6, Disbursement of Loan Money.** *Effective July 1, 2006*, loan money for students enrolled in foreign schools must be sent to the school, and generally must be disbursed in multiple installments.
- **Borrower's Rights and Responsibilities Statement: Item 9, Interest Rates.** *Effective for loans first disbursed on or after July 1, 2006*, a Federal PLUS Loan has a fixed interest rate.
- **Borrower's Rights and Responsibilities Statement: Item 14, Loan Discharge.** *Effective July 1, 2006*, a loan is also eligible for discharge if it is determined that the borrower's eligibility for the loan was falsely certified as a result of a crime of identity theft.
- **Borrower's Rights and Responsibilities Statement: Item 17, Special Repayment Arrangements.** *Effective for consolidation applications received on or after July 1, 2006*, a married couple may no longer borrow a Federal Consolidation Loan as joint borrowers. *Effective July 1, 2008*, a borrower may consolidate his or her FFELP loans into the William D. Ford Federal Direct Loan (Direct Loan) Program to take advantage of the public service loan forgiveness program. This program provides for the cancellation of the remaining balance due on eligible Direct Loan Program loans after the borrower has made 120 payments (after October 1, 2007) on those Direct Loans under certain repayment plans while the borrower is employed in certain public service jobs.
- **Borrower's Rights and Responsibilities Statement: Item 18, Deferments.** *Effective July 1, 2006*, a deferment is available for a period during which a borrower is 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 the borrower is serving on or after October 1, 2007, for the 180-day period following the demobilization date for the qualifying service. *Effective October 1, 2007*, a borrower who is a member of the National Guard or other reserve component of the U. S. Armed Forces (current or retired) and who is called or ordered to active duty while enrolled at an eligible school, or within 6 months after having been enrolled, is eligible for a deferment during the 13 months following the conclusion of the active duty service, or until the date the borrower returns to enrolled student status, whichever is earlier.

## **Addendum to the Federal Consolidation Loan Application and Promissory Note Federal Family Education Loan Program**

The College Cost Reduction and Access Act of 2007 (CCRAA) changed some of the terms of Federal Consolidation Loans made under the Federal Family Education Loan Program (FFELP). As a result, certain terms of the loan you receive under the accompanying Federal Consolidation Loan Application and Promissory Note (Application and Promissory Note) differ from the terms in that document. The changes set forth in this Addendum are incorporated into and made a part of the accompanying Application and Promissory Note that you sign and the Borrower's Rights and Responsibilities Statement.

- **Instructions for Completing the Federal Consolidation Loan Application and Promissory Note, Section E. Repayment Plan Selection.** *Effective July 1, 2009*, a new paragraph E is added, to read as follows:

“**E. Income-Based Payments**, in which your required monthly payment will be based on your income during any period when you have a partial financial hardship. The maximum repayment period under this plan may exceed 10 years. Eligible borrowers who meet certain requirements over a specified period of time may qualify for cancellation of any outstanding balance on their loans.”

- **Instructions for Completing the Federal Consolidation Loan Application and Promissory Note, Section E. Repayment Plan Selection, Note.** *Effective July 1, 2008*, the Note in the instructions is revised to read as follows:

“**Note:** You may apply for a Federal Consolidation Loan from any FFELP lender. Alternatively, if you are eligible for a Federal Consolidation Loan but: (1) you are unable to obtain a Federal Consolidation Loan or one with income-sensitive repayment terms that are acceptable to you; or (2) you wish to take advantage of the public service loan forgiveness program, you may apply for a Federal Direct Consolidation Loan from the U.S. Department of Education. If you already have a Federal Consolidation Loan, you may be eligible to consolidate that loan into a Federal Direct Consolidation Loan to take advantage of the public service loan forgiveness program. If your Federal Consolidation Loan has become delinquent and the lender has submitted the loan to the guaranty agency for default aversion assistance, you may be able to consolidate your loan into a Federal Direct Consolidation Loan to obtain an income-contingent repayment plan. The public service loan forgiveness program provides for the cancellation of the remaining balance due on eligible William D. Ford Federal Direct Loan Program loans, including Federal Direct Consolidation Loans, after you have made 120 payments (after October 1, 2007) on those Direct Loans under certain repayment plans while you are employed in certain public service jobs.”

- **Borrower's Rights and Responsibilities Statement: Item 9. Deferment.** *Effective October 1, 2007*, paragraph 3 is revised to read as follows:

“A deferment is available for the period when I am 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 I am serving on or after October 1, 2007, for the 180-day period following the demobilization date for my qualifying service. Also, if I am a member of the National Guard or other reserve component of the Armed Forces (current or retired) who is called or ordered to active duty while I am enrolled at an eligible school, or within 6 months of having been enrolled, I am eligible for a deferment during the 13 months following the conclusion of my active duty service or until the date I return to enrolled student status, whichever is earlier.”

## Federal Stafford Loan Plain Language Disclosure

This notice summarizes information concerning your loan. Please read this notice carefully, print the document if it has been delivered in an electronic form, and maintain a hard copy in a safe place. If you have questions about your loan, contact your lender.

**1. General** - You are receiving a Federal Stafford Loan to help cover the costs of your education. You must repay this loan. You are responsible for repaying this loan even if you are dissatisfied with your education, do not complete it, or cannot find work in your area of study. Borrow only the amount you need.

By accepting your loan proceeds, you are certifying, under penalty of perjury, that if you have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, you have completed the repayment of such funds to the U.S. Department of Education, or to the loan holder in the case of a Title IV federal student loan.

**2. Loan Cancellation** - You may cancel or reduce the amount of your loan by writing to your school or lender before your lender sends your loan money to your school. There are two ways to cancel all or part of your loan after your loan money is sent to your school: you may contact your school within 14 days of the date your school informs you they have applied your loan to your account, or you may pay back all or a part of your loan within 120 days of the date your lender sends your loan money to your school.

**3. Federal Stafford Loan Master Promissory Note (MPN)** — If you continue to attend a participating school located in the United States, you may receive multiple loans under the same MPN for up to 10 years. You may write to your lender to stop loans from being made under your MPN. You will need to sign a new MPN if you want to change your lender or if you transfer between a Federal Family Education Loan Program (FFELP) school and a William D. Ford Federal Direct Loan (Direct Loan) Program school.

**4. Loan Amount** - There are annual and total limits on the amounts you may borrow, as explained in the Borrower's Rights and Responsibilities Statement you previously received. The total amount you borrow cannot be more than these limits. Your school determines the amount you are eligible to borrow using federal guidelines.

Effective for Federal Stafford Loans first disbursed on or after July 1, 2007, there are increased annual loan limits for certain categories of students, as shown in the following chart:

DEPENDENT UNDERGRADUATES	Subsidized	Total (Subsidized & Unsubsidized)
First Year	\$3,500	\$3,500
Second Year	\$4,500	\$4,500
INDEPENDENT UNDERGRADUATES (and dependents whose parents are unable to borrow under the PLUS program)		
First Year	\$3,500	\$7,500
Second Year	\$4,500	\$8,500
GRADUATE & PROFESSIONAL STUDENTS	\$8,500	\$20,500

**5. Use of Loan Money** - You may only use your loan money to pay educational expenses (e.g., tuition, room, board, books) at the school that certified your loan eligibility. If you accept this loan, your eligibility for other student assistance may be affected.

**6. Origination Fee and Federal Default Fee** - Federal law requires an origination fee and a federal default fee for each loan made under this MPN. (Before July 1, 2006, the federal default fee was called a guarantee fee or insurance premium.) The law specifies the maximum amount of each fee and authorizes both fees to be deducted from your loan amount. If you cancel or repay all or part of your loan within 120 days of the day your lender sends your loan money to your school, your origination and federal default fees will be canceled or reduced.

**7. Change of Status or Address** - You must tell your school and/or lender if you stop attending school, no longer attend school on at least a half-time basis, or transfer to another school. You must also tell your lender any time you change your address, telephone number, e-mail address, name (e.g., maiden name to married name) or employer, or if the address or telephone number of your employer changes.

**8. Repayment** - You must repay the full loan amount, and all interest on your loan, generally within 10 years. You will receive a 6-month grace period that starts the day after you leave school or drop below half-time enrollment status at your school. You do not have to make payments during your grace period. You must make payments after your grace period ends according to the schedule provided by your lender. Your lender will give you the choice of a Standard Repayment Plan, Graduated Repayment Plan, Income-Sensitive Repayment Plan or, if you are eligible, an Extended Repayment Plan. Effective July 1, 2009, you may also choose an Income-Based Repayment Plan under which your monthly payment will be based on your income during any period when you are experiencing a partial financial hardship. You may request a change to your repayment plan at anytime, but your lender may limit you to one change in your repayment plan each year. These plans are designed to give you flexibility in meeting your repayment obligation. You may make loan payments before they are required, or in amounts greater than required, at any time without penalty. When you pay back your loan in full, the current holder does not have to send you the original MPN but may instead send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

**9. Interest** - Loans with a first disbursement on or after July 1, 2006, have a fixed interest rate that is specified in the Higher Education Act. Loans made prior to that date have a variable interest rate that may change each year on July 1 and that will never be more than 8.25%. Some variable interest rate loans have an interest rate that is lower during in-school, grace, and deferment periods, and higher during repayment and forbearance periods. Interest is charged on the unpaid principal amount. Interest charges begin on the date the loan is disbursed and end when the loan is paid in full. For subsidized loans, the federal government pays your interest charges while you attend school at least half time, for 6 months after the day you leave school or drop below half-time

enrollment status at your school, and while you have a deferment on your loan. You must pay all other interest charges on your subsidized loan. For unsubsidized loans, you must pay all interest charges. You agree that the lender may add interest charges to your loan amount, as provided by law, if you do not make payments of interest. Since the federal government does not make any interest payments for you on unsubsidized loans, you will repay more interest on unsubsidized loans than on subsidized loans.

**10. Late Charges and Collection Costs** - Your lender may collect a late charge from you if you do not make any part of a payment within 15 days after it is due. Your lender may only collect one late charge for each payment, no matter how many days the payment is late. Your lender may also collect from you certain limited charges and fees involved in collecting your loan in accordance with the Department's regulations.

**11. Loan Consolidation** - If you are no longer enrolled in school as at least a half-time student and you are in the grace period or in the repayment period on your loan, you may be eligible to consolidate all of your eligible federal education loans into one loan. Consolidating your loans may give you up to 30 years to pay them back and may lower your monthly payments; however, you may be repaying your loans for a longer period and pay more interest. Contact your lender for more information about consolidating your loans.

**12. Deferments** - You do not have to make payments in certain circumstances. For example, you will not have to make payments while you are attending school at least half time or for up to 3 years while you are unemployed. For a complete list of deferments, and all documentation and eligibility requirements, please refer to your Borrower's Rights and Responsibilities Statement and any supplemental information you may receive. Effective July 1, 2006, a deferment is available 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 are serving on or after October 1, 2007, for the 180-day period following the demobilization date for your qualifying service. Effective October 1, 2007, if you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at an eligible school, or within 6 months of having been enrolled, you are also eligible for a deferment during the 13 months following the conclusion of your active duty service, or until the date you return to enrolled student status, whichever is earlier. The federal government pays the interest on subsidized loans during periods of deferment. You must pay the interest on unsubsidized loans during deferment periods, or it will be added to the principal amount of the loan. If interest is added to the principal amount, you will then pay interest on the larger amount. Having interest added to the principal amount of your loan may also cause your monthly payment amount to increase.

**13. Forbearance** - If you cannot make scheduled payments and do not qualify for a deferment, your lender may allow you to temporarily make smaller payments or temporarily stop making payments. This is called a forbearance. Interest continues to be charged on your loan during forbearance. The lender must grant you a forbearance in certain cases, as described in your Borrower's Rights and Responsibilities Statement.

**14. Loan Discharge** - Your loan will be discharged (forgiven) when (i) acceptable documentation of your death is given to your lender, (ii) you cannot complete a course of study because your school closes, (iii) your school falsely certifies your loan eligibility, or, effective July 1, 2006, (iv) a loan in your name was falsely certified as a result of a crime of identity theft.

If you provide acceptable documentation that you are totally and permanently disabled, your loan is assigned to the Department of Education and conditionally discharged for up to three years. If you meet certain requirements during and at the end of the conditional period, your loan will be discharged.

Your loan will not automatically be discharged in bankruptcy. Your loan may also be discharged up to the amount of any refund that your school should have made, but did not send to your lender.

**15. Credit Bureau Notification** - Information about your loan will be reported to one or more national credit bureaus. Information will include the disbursement date, amount, and repayment status of your loan (for example, whether you are current or behind schedule in making payments).

**16. Default and Acceleration** — If you default on your loan, that fact will be reported to all national credit bureaus. All unpaid amounts and collection fees on your loan will become immediately due and payable. You may be sued, your wages may be garnished, you may lose federal payments, and/or your tax refund may be withheld. You agree to pay reasonable collection fees and costs, plus court costs and attorney fees. You may face other serious consequences.

**17. Sale or Transfer of Your Loan** - Your lender may sell or assign this loan without your consent and without selling or assigning any of your other loans. The sale or transfer of your loan does not affect your rights and responsibilities with respect to the loan. You will be given the name, address, and telephone number of any new owner of your loan, if the change in ownership means you must send payments to a new address.

**18. Department of Defense Repayment Program** - Under certain circumstances, military personnel may have their loan(s) repaid by the Secretary of Defense. You should address any questions you have to the local service recruiter. This is a recruiting program and generally does not pertain to prior service individuals or those not eligible for enlistment in the Armed Forces.

**19. Loan Forgiveness for Public Service Employees Program** - Effective July 1, 2008, you may consolidate your FFELP loans into the Direct Loan Program to take advantage of the public service loan forgiveness program. This program provides for the cancellation of the remaining balance due on eligible Direct Loan Program loans after you have made 120 payments (after October 1, 2007) on those Direct Loans under certain repayment plans while you are employed in certain public service jobs.

**20. Controlling Terms and Conditions** - This Disclosure summarizes information concerning your loan. Please refer to your Federal Stafford Loan MPN, Borrower's Rights and Responsibilities Statement, and loan-specific disclosure for the complete terms and conditions of your loan. Except as specifically stated in this Disclosure, those documents govern the terms and conditions of your loan.

## Federal PLUS Loan Plain Language Disclosure

A graduate or professional student or the parent of a dependent undergraduate student may borrow a PLUS Loan. In this document "you" refers to the borrower. This notice summarizes information concerning your loan. Please read this notice carefully, print the document if it has been delivered in an electronic form, and maintain a hard copy in a safe place. If you have questions about your loan, contact your lender.

**1. General** - You are receiving a Federal PLUS Loan to help cover the costs of your education or your dependent undergraduate student's education. You must repay this loan. You are responsible for repaying this loan even if you or your dependent student are dissatisfied with the education provided by the school, do not complete the program of study, or cannot find work in that area of study. Borrow only the amount you need. By accepting your loan proceeds, you are certifying, under penalty of perjury, that if you or your dependent undergraduate student, as applicable, have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, you, or the student have completed the repayment of such funds to the U.S. Department of Education, or to the loan holder in the case of a Title IV federal student loan.

**2. Loan Cancellation** - You may cancel or reduce the amount of your loan by writing to the school or your lender before your lender sends your loan money to the school. There are two ways to cancel all or part of your loan after your loan money is sent to the school. You may contact the school within 14 days of the date the school informs you they have applied your loan to your or your dependent student's school account, or you may pay back all or a part of your loan within 120 days of the date your lender sends your loan money to the school.

**3. Federal PLUS Loan Master Promissory Note (MPN)** - If you are a parent borrowing for more than one dependent undergraduate student, you need a separate MPN for each student. If you are borrowing for yourself as a graduate or professional student and also as a parent for one or more dependent undergraduate students, you need one MPN to borrow for yourself as the student and a separate MPN to borrow for each dependent student.

If you or your dependent student continue to attend a participating school located in the United States, you may receive multiple loans for yourself or your dependent student, as applicable, under the same MPN (as explained above) for up to 10 years. You may write to your lender to stop loans from being made under your MPN. You will need to sign a new MPN if you want to change your lender or if you or your dependent student transfer between a Federal Family Education Loan Program school and a Federal Direct Loan Program school.

**4. Loan Amount** - The total amount you borrow each academic year cannot be more than the cost of attendance minus any financial aid that has been or will be awarded for the period of enrollment for which the loan is intended. The school determines the cost of attendance using federal guidelines.

**5. Use of Loan Money** - The loan money you borrow may only be used to pay educational expenses (e.g., tuition, room, board, books) for yourself (if you are a graduate or professional student borrower), or for the dependent undergraduate student (if you are a parent borrower) at the school that certified your eligibility. If you accept this loan, eligibility for other student assistance may be affected.

**6. Origination Fee and Federal Default Fee** - Federal law requires an origination fee and a federal default fee for each loan made under the MPN. (Before July 1, 2006, the federal default fee was called a guarantee fee or insurance premium.) The law specifies the maximum amount of each fee and authorizes both fees to be deducted from your loan amount. If you cancel or repay all or part of your loan within 120 days of the day your lender sends your loan money to the school, your origination and federal default fees will be canceled or reduced.

**7. Change of Status or Address** - You must tell the school and/or your lender if you or your dependent student stops attending school, no longer attends school on at least a half-time basis, or transfers to another school. You must also tell your lender any time you change your address, telephone number, e-mail address, name (e.g., maiden name to married name) or employer, or if the address or telephone number of your employer changes at any time.

**8. Repayment** - You must repay the full loan amount, and all interest on your loan, generally within 10 years. The repayment period for your loan begins on the date of the final disbursement. Your first payment will be due within 60 days of your final disbursement. (If you are a graduate or professional student, you may defer making payments while you are attending school at least half time.) You must make payments according to the schedule provided by your lender. Your lender will give you the choice of a Standard Repayment Plan, Graduated Repayment Plan, Income-Sensitive Repayment Plan or, if you are eligible, an Extended Repayment Plan. Effective July 1, 2009, if you are a graduate or professional student Federal PLUS Loan borrower, you may also choose an Income-Based Repayment Plan under which your monthly payment will be based on your income during any period when you are experiencing a partial financial hardship. (Parent Federal PLUS Loan borrowers are not eligible for the Income-Based Repayment Plan.) You may request a change to your repayment plan at any time, but your lender may limit you to one change in your repayment plan each year. These plans are designed to give you flexibility in meeting your repayment obligation. You may make loan payments before they are required, or in amounts greater than required, at any time without penalty. When you pay back your loan in full, the current holder does not have to send you the original MPN but may instead send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

**9. Interest** - Loans with a first disbursement on or after July 1, 2006, have a fixed interest rate of 8.5%. Loans made prior to that date have a variable interest rate that may change each year on July 1 and that will never be more than 9%. Interest is charged on the unpaid principal amount. Interest charges begin on the date the loan is disbursed and end when the loan is paid in full. You must pay all interest charges on your Federal PLUS Loan. You agree that the lender may add interest charges to your loan amount, as provided by law, if you do not make payments of interest.

**10. Late Charges and Collection Costs** - Your lender may collect a late charge from you if you do not make any part of a payment within 15 days after it is due. Your lender may only collect one late charge for each payment, no matter how many days the payment is late. Your lender may also collect from you certain limited charges and fees involved in collecting your loan as authorized by the Department's regulations.

**11. Loan Consolidation** - You may be eligible to consolidate all of your eligible federal education loans into one loan. Consolidating your loans may give you up to 30 years to pay them back and may lower your monthly payments; however, you may be repaying your loans for a longer period and pay more interest. Contact your lender for more information about consolidating your loans.

**12. Deferments** - You do not have to make payments in certain circumstances. For example, you will not have to make payments while you are attending school at least half time or for up to 3 years while you are unemployed. For a complete list of deferments, and all documentation and eligibility requirements, please refer to your Borrower's Rights and Responsibilities Statement and any supplemental information you may receive. Effective July 1, 2006, a deferment is available 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 are serving on or after October 1, 2007, for the 180-day period following the demobilization date for your qualifying service. Effective October 1, 2007, if you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at an eligible school, or within 6 months of having been enrolled, you are also eligible for a deferment during the 13 months following the conclusion of your active duty service, or until the date you return to enrolled student status, whichever is earlier. You must pay the interest on this PLUS Loan during deferment periods, or it will be added to the principal amount of the loan. If interest is added to the principal amount, you will then pay interest on the larger amount. Having interest added to the principal amount may also cause your monthly payment amount to increase.

**13. Forbearance** - If you cannot make scheduled payments and do not qualify for a deferment, your lender may allow you to temporarily make smaller payments or temporarily stop making payments. This is called a forbearance. Interest continues to be charged on your loan during a forbearance. The lender must grant you a forbearance in certain cases, as described in your Borrower's Rights and Responsibilities Statement.

**14. Loan Discharge** - Your loan will be discharged (forgiven) when (i) acceptable documentation of your death, or your dependent's death, is given to your lender, (ii) you or your dependent cannot complete a course of study because the school closes, (iii) the school falsely certifies your loan eligibility, or, effective July 1, 2006, (iv) a loan in your name was falsely certified as a result of a crime of identity theft. If you provide acceptable documentation that you are totally and permanently disabled, your loan is assigned to the Department of Education and conditionally discharged for up to three years. If you meet certain requirements during and at the end of the conditional period, your loan will be discharged.

Your loan will not automatically be discharged in bankruptcy. Your loan may also be discharged up to the amount of any refund that the school should have made, but did not send to your lender.

**15. Credit Bureau Notification** - Information about your loan will be reported to one or more national credit bureaus. Information will include the disbursement date, amount, and repayment status of your loan (for example, whether you are current or behind schedule in making payments).

**16. Default and Acceleration** - If you default on your loan, that fact will be reported to all national credit bureaus. All unpaid amounts and collection fees on your loan will become immediately due and payable. You may be sued, your wages may be garnished, you may lose federal payments, and/or your tax refund may be withheld. You agree to pay reasonable collection fees and costs, plus court costs and attorney fees. You may face other serious consequences.

**17. Sale or Transfer of Your Loan** - Your lender may sell or assign this loan without your consent and without selling or assigning any of your other loans. The sale or transfer of your loan does not affect your rights and responsibilities with respect to the loan. You will be given the name, address, and telephone number of any new owner of your loan if the change in ownership means you must send payments to a new address.

**18. Department of Defense Repayment Program** - Under certain circumstances, military personnel may have their loan(s) repaid by the Secretary of Defense. You should address any questions you have to the local service recruiter. This is a recruiting program and generally does not pertain to prior service individuals or those not eligible for enlistment in the Armed Forces.

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