

# FEDERAL STAFFORD & GRAD PLUS LOAN COUNSELING



**Entrance Counseling:** If you are receiving a loan for the first time, check here. Complete the top section, sign and keep the **pink copy**.

**Exit Counseling:** If you are leaving school, check here. Complete all sections, sign and keep the **pink copy**.

Borrower Information:			
Last Name	First Name	Middle Initial	Social Security Number
Permanent Street Address		(City, State, Zip Code)	Driver's License State & Number
Area Code and Phone	Cell Phone	Work Phone	E-mail Address

**Complete this section during entrance counseling**

**I understand the following:**

- I must repay my loan(s), including accrued interest & fees.
- I must repay my loan(s) even if I do not complete my education, I am dissatisfied with my education, I am unable to find employment, or I do not receive a payment notice.
- I can prepay all or part of my loan(s) without penalty.
- The minimum monthly payment is \$50, but may be higher depending on the amount I borrowed.
- I must repay my loan(s) within 10 years, unless my loans are consolidated, have special repayment options or I have qualified for a deferment or forbearance.
- If my loan(s) are transferred to a new holder, I will be notified in writing and I must direct all correspondence to the new holder.
- I may be eligible for a deferment or forbearance.
- I must notify my lender if I change my name, address, telephone number, enrollment status, or employment status.**
- I will receive documentation when my loan is paid in full.
- If I default on my student loan(s), the following may happen:
  - My default status may be reported to a national credit bureau and may have a negative effect on my credit rating;
  - The entire unpaid amount of my loan(s) may become due and payable immediately;
  - I may be ineligible to receive federal or state financial aid;
  - I may not qualify for a deferment or forbearance;
  - My wages may be garnished;
  - My federal and state income tax refunds may be withheld;
  - My account may be referred to a collection agency and I may be charged collection costs and attorney fees.

**Program Specific Repayment & Interest Rate Information:**

**For Federal Stafford Loans:**

- In most cases, I will begin to repay my loan(s) following a six-month grace period.
- For Subsidized Stafford Loans, interest begins to accrue at time of repayment. For Unsubsidized Stafford Loans, interest accrues immediately upon disbursement. If left unpaid, interest could be capitalized and added to my principal.
- The maximum interest rate may range from 6.8% - 8.25%.

**For Grad PLUS Loans:**

- In most cases, I will begin to repay my loan(s) when I cease to be enrolled at least half-time.
- Interest accrues immediately at disbursement and during any periods of deferment or forbearance.
- The interest rate on a Grad PLUS Loan is 8.5% fixed.

Complete this section during exit counseling ONLY: You must provide three <u>separate</u> references with <u>different</u> U.S. addresses. For Stafford Loan Exit Counseling, the first reference should be a parent or legal guardian. References must be completed in full.			
Borrower Permanent Address	City, State, Zip Code	Area Code and Phone	
Relative	Address	City, State, Zip Code	Area Code and Phone
Relative	Address	City, State, Zip Code	Area Code and Phone
Personal Friend	Address	City, State, Zip Code	Area Code and Phone
Expected Employer (if known)	Address	City, State, Zip Code	Area Code and Phone

I certify that I have read and understand the information above and that all information provided is true, complete and correct.

Student Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## Master Promissory Note (MPN):

The MPN is a request for a Federal Loan and is a legally binding document that outlines your rights and responsibilities, interest rate, fees and repayment terms. The MPN indicates your commitment to repay your student loan(s).

- In most cases you will sign an MPN only once.
- When you sign an MPN, you are promising to pay for any subsequent disbursements on your loan. Your signature on the MPN may also allow you to receive multiple loans over a period of 10 years.
- If you want to borrow less than the amount certified by your school, be sure to contact your school and your lender.
- You may receive additional loans under the MPN from your original lender, or a lender who assumes the right to offer loans under the MPN.

### **The MPN you signed is valid for 10 years unless;**

- No disbursements are made on the existing MPN within 12 months of the date you signed it.
- You request in writing that no additional loans can be made using the existing MPN.
- Your school is not eligible to use the multi-year feature for the MPN.
- Your school's policy requires you to sign a new MPN.
- You change lenders and the lender requires you to sign a new MPN.

## Sample Monthly Payment Chart – Federal Stafford & Grad PLUS Loans

Loan Amount	Interest Rate			
	5%	6%	7%	8.5%
\$5,000	\$53.03	\$55.51	\$58.05	\$61.99
\$6,000	\$63.64	\$66.61	\$69.67	\$74.39
\$7,000	\$74.25	\$77.71	\$81.28	\$86.78
\$9,000	\$95.46	\$99.92	\$104.50	\$111.58
\$10,000	\$106.07	\$111.02	\$116.11	\$123.98
\$15,000	\$159.10	\$166.53	\$174.16	\$185.97
\$20,000	\$212.13	\$222.04	\$232.22	\$247.97
\$25,000	\$265.16	\$277.55	\$290.27	\$309.96

## Repayment Plans:

### **Standard Repayment**

- Fixed monthly payments for 120 months (10 years)
- Payments at least \$50 per month

### **Income-sensitive Repayment**

- Monthly payments adjusted annually based on total monthly income (gross) from all sources
- May extend repayment period to 15 years in some cases
- Must pay accrued interest

### **Graduated Repayment**

- Lower monthly payments initially, increasing over time
- 10-year repayment term
- Minimum payment \$30

### **Extended Repayment**

- Only eligible if received loans after October 7, 1998 and have over \$30,000 in FFELP loan debt
- Extends payments up to 25 years
- Fixed or graduated payments
- Longer repayment period results in higher overall costs

### **Consolidation**

- Borrowers refinance one or more outstanding federal student loans and create a single new loan
- Fixed rate up to 30 years
- Must be in grace period or repayment
- Consider pros and cons before making a decision

For more information regarding loan repayment, please visit the FAME website at [www.famemaine.com](http://www.famemaine.com).

## Additional Repayment Information:

### **Deferments**

One way to have your payments postponed is through a deferment. Deferments are not automatic; you must apply and be approved for deferment. Some of the most common reasons for deferment include:

- Returned to school for at least half-time attendance
- Loss of a job or inability to find a job
- Economic hardship

### **Forbearance**

If you are having difficulty repaying your loan but do not qualify for a deferment, you may consider requesting a forbearance from your lender. Forbearance is the temporary postponement or reduction in your monthly payment. It often results in extending the amount of time it takes to repay your loan. Interest continues to accrue during the forbearance period, causing the total amount necessary to repay your loan to increase. In addition, unpaid interest is capitalized and added to the principal.

**If you are having problems repaying your federal student loans, contact your servicer or FAME immediately. There are options available to help you avoid delinquency and default.**

### **Questions?**

Contact FAME at 1-800-228-3734 or [education@famemaine.com](mailto:education@famemaine.com)

### **Loan Cancellation**

Your loan may be cancelled if you become totally and permanently disabled. Loan cancellation due to disability requires certification from a physician and is not final until after a conditional period of three years.

### **Ombudsman**

If you have a serious problem with your student loans and have not been able to resolve the issue through normal channels, you may contact the federal ombudsman at 1-877-557-2575 or [www.ombudsman.ed.gov](http://www.ombudsman.ed.gov). You may also wish to contact the State of Maine Student Loan Ombudsman at 1-800-228-3734.

### **National Student Loan Database (NSLDS)**

Information regarding your student loans is available through NSLDS at [www.nslids.ed.gov](http://www.nslids.ed.gov).

### **Mail this form to:**

Finance Authority of Maine  
c/o SAC Lender Support Department  
PO Box 9570  
Wilkes Barre, PA 18773-9570

