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A GUIDE TO REPAYING YOUR TEXAS B-ON-TIME (BOT) LOAN

As you leave school and prepare to enter the next phase of your life, you probably have a lot on your mind: finding a job, possibly moving to a new city, and figuring out how to make the best decisions for your future. One major priority, of course, involves setting yourself up for a secure financial future, and that includes repaying your Texas B-On-Time (BOT) loan successfully.

Now that it’s time to plan to repay your BOT loan, you may have questions about how repayment works, whether you qualify for forgiveness, and what to do if you have trouble making your monthly payments. This brochure will answer these questions, and help you get the information you need on BOT loan repayment.

I’M NOT SURE IF I HAVE TO REPAY THE BOT LOAN. HOW DO I FIND OUT?

The BOT loan can be converted to a grant (that is, forgiven) for a borrower who meets certain requirements. If you’re not sure if you qualify for forgiveness, review the requirements below. If you believe you are eligible, you should contact your school’s financial aid office to initiate the loan forgiveness process.
WHAT ARE THE QUALIFICATIONS FOR BOT LOAN FORGIVENESS?

After you complete your degree, you may qualify to have your BOT loan forgiven if you meet the following requirements. To qualify for forgiveness, you must have received:

- An undergraduate degree from an eligible institution, having earned a B average, or the equivalent of a cumulative GPA of at least 3.0 on a 4.0 scale.

You must also have received:

- A bachelor’s degree within four calendar years of the date you initially enrolled in an eligible institution;
- A bachelor’s degree within five calendar years of the date you initially enrolled if the institution reports that you graduated with a degree in architecture, engineering, or any other program that requires more than four years to complete, as determined by your institution; or
- No more than six credit hours beyond the number required to complete a bachelor’s degree (Texas Administrative Code, 2003).

Note: Beginning with the 2014–15 academic year, the eligibility requirements for the BOT loan have changed. However, qualifying students who received one or more BOT loans under the previous requirements may still be eligible for loan forgiveness. If you have already borrowed and have questions about whether you qualify for loan forgiveness, please contact your school’s financial aid office.

I DON’T QUALIFY FOR FORGIVENESS. WHEN DO I HAVE TO START REPAYING MY BOT LOAN?

If you do not qualify for loan forgiveness, you will have a six-month grace period after you are no longer enrolled in school during which no payments will be due. At the end of this grace period, your loan will be in repayment, and you will be required to make regular monthly payments to the Texas Higher Education Coordinating Board (THECB). The THECB is the lender and servicer of the BOT loan.
WHERE SHOULD I SEND MY MONTHLY PAYMENTS?

The THECB will contact you regarding the BOT loan repayment process. Be sure to open and read all correspondence you receive from the THECB.

To find out where you should send your monthly payments, call the THECB toll-free at (800) 242-3062. Residents of the Austin metro area may also call (512) 427-6340.

You may also access your information online. To do so, go to www.hhloans.com and click on “Loans Online,” then click on “Account Login.” Once you’ve established a password, remember to keep it in a secure location.

HOW MUCH WILL MY MONTHLY PAYMENT BE?

Your minimum monthly payment will be $75 ($900 per year), to be paid over a 15-year period. Depending on your total loan balance, however, your specific monthly payment may be higher.

Since the BOT loan is a zero-interest loan, the amount you have to repay is the same amount you borrowed. (This includes a three percent origination fee deducted from your loan before disbursement.)
I MEET THE REQUIREMENTS FOR FORGIVENESS. WHAT DO I NEED TO DO TO HAVE MY BOT LOAN FORGIVEN?

In order to have your loan forgiven, you must submit the B-On-Time Loan Forgiveness Eligibility Confirmation Form to the THECB. Your institution must also verify with the THECB that you qualify for forgiveness, so be sure to contact your institution’s financial aid office to initiate this verification. Although there is no deadline to submit the form, the THECB recommends that both the forgiveness form and verification from your institution be submitted no later than 90 days after the completion of your program.

If the THECB does not receive your loan forgiveness form, your loan account will be scheduled for repayment beginning six months after you are no longer enrolled in a degree-seeking program.

To find the B-On-Time Loan Forgiveness Eligibility Confirmation Form, go to www.hhloans.com, click on “Forms,” and then click on “BOT.”

IF I QUALIFY FOR LOAN FORGIVENESS FOR MY BOT LOAN, WILL I HAVE TO PAY INCOME TAX ON THE AMOUNT FORGIVEN?

Yes. IRS regulations require that forgiven loans be reported as taxable income. The THECB will mail you IRS Form 1099-C, Cancellation of Debt, at the end of the following January. Use the form in preparing your income tax return.
IF I DON’T QUALIFY FOR FORGIVENESS, AND HAVE TROUBLE REPAYING MY BOT LOAN, WHAT SHOULD I DO?

If you have difficulty making the required monthly payments on your BOT loan, be sure to contact the THECB. You have several options should you experience financial hardship, including:

- **Education deferment**: If you are enrolled in school after completing your degree or certificate, you may claim an education deferment to postpone payments on your BOT loan. You are eligible for a deferment of payments as long as your account is not in default and you provide enrollment documentation of at least a half-time course load directly to the THECB.

- **Forbearance**: If you are experiencing significant financial hardship, you may be granted periods of forbearance in the form of postponed or temporarily reduced payments if the THECB receives a written request stating the circumstances that merit such consideration.

- **Deceased or disabled borrowers**: If you become totally or permanently disabled, or die, your BOT loan will be discharged.

IF I FAIL TO MAKE BOT LOAN PAYMENTS ON TIME, WHAT WILL HAPPEN?

If a payment is not received within 20 days of the scheduled due date on your BOT loan, a late fee amounting to five percent of the scheduled monthly payment or five dollars ($5.00), whichever is less, will be assessed on your account.

If your account is 90 days or more past due, the THECB is required to notify the Texas Comptroller of Public Accounts. At this point, the state may impose a wage warrant to collect a portion of your wages in payment on your BOT loan without notifying you.
If you miss five consecutive monthly payments, the full remaining principal balance on the loan comes due, and you are required to pay that and all other charges and late fees assessed. Note: You should contact the THECB to determine if it will accept a one-month payment with late fees to avoid further penalties.

If you miss six consecutive payments (making your loan a total of 180 days or more past due), your loan will be in default. Upon establishing loan default, the Office of the Attorney General, at the request of the Commissioner of Higher Education, may file suit for the unpaid balance plus court costs, attorney fees, and judgement interest.

Be aware that if your loan goes into default, an interest rate of between five and 15 percent may be charged on the defaulted amount, and this interest will be compounded annually. If this happens, your BOT loan will no longer be zero-interest.

Be careful to avoid any of the penalties described above. Make a plan to submit your loan payments on time, and take advantage of the favorable terms afforded by the BOT loan.

**IF MY BOT LOAN GOES INTO DEFAULT, HOW WILL THIS AFFECT ME?**

The effects of defaulting on your BOT loan are serious and unpleasant. Apart from the fees and interest charges added to the loan, you may experience any or all of the following consequences:

- Your college records will be placed on hold.
- You will lose eligibility for Texas state loan deferment.
- Your credit rating will be damaged.
- You may have difficulty renting an apartment and qualifying for credit cards, a car loan, or a mortgage.
HOW CAN I BE SURE TO AVOID DEFAULTING ON MY BOT LOAN?

Plan ahead to be sure you repay your BOT loan successfully:

- Make the most of your grace period by getting your finances in order. If you land a job immediately after you finish school, consider making early payments if you can afford to do so.

- Make a spending plan that takes your income and necessary expenses (including your loan payments) into account when making financial decisions.

- Keep track of your loans. Keep all of your student loan documents together and make note of the payment schedules, amounts, and locations for each of your outstanding state, federal, and private loans.

- Keep track of the passwords and other login information for all of your student loan accounts.

- Since the BOT loan cannot be consolidated with other federal and private loans, be sure to keep up with your regular monthly payments in addition to any payments you must make on your other student loans.

- Update your contact information, including your mailing address, email address, and phone number, with the THECB any time such information changes.
FOR MORE INFORMATION

For questions about payments and managing your loan, contact your school’s financial aid office or the THECB. You may call the THECB at (800) 242-3062 or (512) 427-6340 (in the Austin area).

For information about the BOT loan, go to www.AIE.org/BOT. For questions about all federal and state financial aid programs, you may also contact the Texas Financial Aid Information Center (TFAIC). TFAIC representatives are available to take your calls in English and Spanish Monday through Thursday from 8 a.m. to 6 p.m., and Fridays from 8 a.m. to 5 p.m., Central Time. You can also email TFAIC at TXFinAidInfo@tgslc.org.

1-888-311-8881
TEXAS FINANCIAL AID INFORMATION CENTER
About TG

TG promotes educational access and success so that students can realize their college and career dreams. As a nonprofit corporation, TG offers resources to help students and families plan and prepare for college, learn the basics of money management, and repay their federal student loans.

For more information about TG, visit www.TG.org.

To learn more about college and career planning, visit TG's Adventures In Education at www.AIE.org.

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