

ATTACHMENT C: ENTRANCE AND EXIT LOAN COUNSELING

DEFERMENT

What is a deferment?

A deferment is a period of time during which your loan holder (a lender or servicer) temporarily suspends your regular principal payments.

What are the different types of deferments available?

If your loan(s) was made on or after July 1, 1993, you may be eligible for the following types of deferment:

- In-school deferment based on at least half-time enrollment at an eligible school
- Graduate fellowship program
- Rehabilitation training program
- Military service
- Unemployment
- Economic hardship

Refer to your master promissory note for specific deferment provisions. Additional deferment provisions are available for loans made before July 1, 1993.

The date on which your oldest outstanding student loan was first disbursed determines your eligibility for certain deferment types.

Who pays the interest on my loan during a period of deferment?

- Subsidized Stafford Loan: Federal Government
- Unsubsidized Stafford Loan: Borrower
- Grad PLUS: Borrower
- Consolidation Loan: Federal Government (for subsidized loans that were consolidated) or Borrower (for unsubsidized loans that were consolidated)

How do I request a deferment?

1. Contact your loan holder,
2. Submit the required documentation for the deferment, and
3. Continue making payments on your account while waiting for notification of approval.

Where can I find more information about deferments?

- Contact your loan holder
- Visit the *Mapping Your Future*® Deferment Navigator at <http://mappingyourfuture.org/money/deferments.htm>
- Go to *TG Online* at www.tgslc.org/borrowers/deferment

FORBEARANCE

What is a forbearance?

If you are unable to make your scheduled monthly payment, but do not meet the criteria to qualify for a deferment, your loan holder may allow you to:

- reduce the amount of your payment, or
- temporarily stop making payments.

This action is called a forbearance. You must contact your loan holder to request a forbearance. Many forbearances are discretionary. They are granted at the discretion of your loan holder.

What are some reasons that my loan holder would grant a forbearance?

Your loan holder may grant a forbearance under one of the following conditions if you:

- Are experiencing personal problems (such as poor health or economic hardship);
- Are affected by circumstances such as a local or national emergency, military mobilization, or natural disaster;
- Have exhausted your eligibility for an internship deferment;
- Are serving in a position that may, after a specified period of service, qualify you for loan forgiveness, partial repayment of your loan, or a national service educational award.

Under certain provisions, loan holders are required to grant a forbearance, such as if you are serving on active military state duty, or if you are in an internship or residency.

Who pays the interest on my loan during a period of forbearance?

Unlike a deferment, regardless of the type of loan you have, you are responsible for the interest that accrues during forbearance. You may choose to pay the interest as it accrues or allow it to capitalize. Unpaid accrued interest is added to the principal balance of the loan and increases the total outstanding debt and can increase your monthly payment.

Where can I find out how much interest will accrue during a period of forbearance?

A Forbearance Cost Calculator can be found at <http://www.tgslc.org/borrowers/forbearance/calculate.cfm>

LOAN FORGIVENESS AND DISCHARGE

What are situations under which my loan(s) may be discharged?

Generally, federal student loans may not be discharged due to bankruptcy. However, there are a few situations in which your loan may be discharged.

Your loan may be discharged if:

- you die;
- you become totally and permanently disabled (requires certification from a physician and your loan may be subject to reinstatement under certain conditions);
- your school fails to pay a refund as required if you withdraw;
- you are unable to complete your program of study due to school closure;
- your loan was falsely certified as a result of a crime of identity theft; or
- your school falsely certified or fraudulently completed a loan application in your name without your approval.

What are the circumstances under which my loan(s) may be forgiven?

Teacher Loan Forgiveness Program

There is a loan discharge/forgiveness program for borrowers meeting certain criteria, including, but not limited to:

- You did not have an outstanding balance on a Federal Family Education Loan Program (FFELP) or Federal Direct Loan Program (FDLP) loan before October 1, 1998, or on the date you obtained a FFELP or FDLP loan on or after October 1, 1998.
- You teach as a “highly qualified” teacher in a qualifying low-income school for 5 consecutive, complete academic years.
- The loan for which you are seeking forgiveness was made before the end of the fifth year of your qualifying teaching service.

More information about the Teacher Loan Forgiveness Program can be found at:
www.tgslc.org/borrowers/teachers/index.cfm

Public Service Loan Forgiveness Program

There is a loan forgiveness program for Federal Direct Loan Program borrowers who are employed in public service positions. These borrowers may be eligible to have the interest and principal for their non-defaulted loan forgiven if they:

- Have made 120 monthly payments on the eligible loan after October 1, 2007, and
- are employed in a public-service job at the time of such forgiveness and have been employed in a public-service job during the 120-month period

Who can I contact for more information about forgiveness and discharge programs?

- Contact your loan holder
- Call TG Customer Assistance at (800) 845-6267
- Go to *Mapping Your Future*®
www.mappingyourfuture.org/paying/forgiveness.htm
- Go to *TG Online* (regarding the Teacher Loan Forgiveness Program)
www.tgslc.org/borrowers/teachers/index.cfm

Are there any other loan repayment programs that can help me repay my loans?

Yes. There are programs that help borrowers repay their loans. These include, but are not limited to:

- AmeriCorps service program: For more information, visit www.americorps.org, or call (800) 942-2677.
- National Guard: Available for those serving as enlisted persons in the National Guard or Reserve programs. For more information, contact your recruiter.

