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Milestone for Default Prevention

Texas Guaranteed Student Loan Corporation (TG) is excited to announce that its Default Prevention (DPRV) team reached a new milestone by keeping 91.58 percent of delinquent loans from going into default for the month of June 1999. Helping borrowers manage debt and preventing default are the most important challenges facing the financial aid industry. TG has been proactive in addressing the default challenge by working closely with its partners in the student loan community and through its dedication to customer service and efficiency.

Definition of Cure Rate

TG measures its success in meeting the challenge of default aversion primarily by monitoring DPRV's cure rate — the percentage of loans DPRV keeps from defaulting. DPRV currently defines a cure as having occurred when a *Lender Request for Assistance* (RFA) is resolved or a default claim is not filed by the claim-filing deadline on a loan for which an RFA was received. The cure rate is based on RFA cures reported by lenders and servicers and is calculated by using the principal balance outstanding of the accounts that cured in contrast with those that did not cure. DPRV includes in this calculation accounts that defaulted but were subsequently recalled prior to claim payment as the result of DPRV counselors contacting the borrower to resolve the default.

The success DPRV has achieved in curing defaults is the result of collaborative efforts between all members of the student loan community. TG's DPRV team members make a positive contribution to preventing defaults through the dedication of its team members, industry and skills-based training, positive work relationships, and the use and understanding of the tools and innovative technologies that TG provides.

TG has been proactive in addressing the default challenge by working closely with its partners in the student loan community and through its dedication to customer service and efficiency.

The 1998 Amendments to the Higher Education Act of 1965 revised the definition of default. As a result of the default date moving from 180 days to 270 days, June 1999 is the last month DPRV will post a cure rate for the current fiscal year. The next cure rate will be calculated in October 1999.

Questions

For questions regarding the cure rate, contact DPRV at (800) 252-9743. Questions should be addressed to Art Cruz, ext. 4934, or Shelia Dunlap, ext. 4642. E-mail requests can be sent to art.cruz@tgslc.org or shelia.dunlap@tgslc.org. ★



NEWLY REPORTED CLOSURES

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
022149000	Computer Processing Institute	615 Massachusetts Ave. Cambridge, MA 02139-3301	N/A	06/11/1999
021798000	Donta School of Beauty Culture	8314 Preston Hwy. Louisville, KY 40229-5340	N/A	06/30/1998

Disbursement Reporting Process Streamlined

Even though Texas Guaranteed Student Loan Corporation (TG) waived the guarantee fees on all loans, TG is still required by the U. S. Department of Education to collect the actual date and amount of all disbursements. In an effort to reduce reporting and streamline the process, effective with August 1999 Electronic Funds Transfer (EFT) disbursements, TG will begin updating its system automatically with the actual date and amount of each disbursement at the time of the EFT transaction. In the event that all or a portion of a disbursement is subsequently returned, the status showing that the disbursement was made will be reversed and the lender or servicer will be required to report the date and amount of the disbursement using the current process.

... effective with August 1999 Electronic Funds Transfer (EFT) disbursements, TG will begin updating its system automatically ... at the time of the EFT transaction.

Transactions that must be reported to TG by all lenders and servicers include:

- Any disbursement that is not made through EFT,
- Any EFT disbursement for which the school returned funds either through EFT or directly to the lender or servicer, and
- Any disbursement that has a guarantee fee due.

Paper Invoicing

Lenders and servicers that currently receive a monthly paper invoice will continue to report disbursements using the paper invoice. However, the invoice will not list any disbursements that have been updated by the EFT process.

Tape Submissions

Lenders and servicers who report disbursements using a file submitted via tape or Connect Mailbox will be required to include only non-EFT disbursements in the file. In the event that suppression of EFT disbursements requires a code change that a lender or servicer currently cannot make, EFT disbursements can be submitted to TG, but the transactions will be ignored if the EFT process has already updated the disbursement. When lenders and servicers receive a request for additional information in Section III of a "Tape Guarantee Fee Invoice" from TG, they must complete and return it to report any outstanding disbursements. If the volume of disbursements to be reported under the new process does not justify the creation of a file, a lender may ask to be placed on the manual invoice cycle by submitting a request to TG Accounting by e-mail to acct.loan@tgscl.org or by fax to (512) 219-4513.

Changes to the disbursement reporting process are being made to improve the operation's efficiency for lenders, servicers, and TG.

Questions

For questions about the process, contact TG Accounting at (800) 252-9743. Questions should be addressed to Mel Johnson, ext. 4563, Jennifer Barton, ext. 4565, or Kim Tucker, ext. 4566. ★

Discharge/ Cancellation Forms Reminder

The Department of Education approved new loan discharge/cancellation forms to be used for Federal Family Education Loan and Direct Loan Programs in April 1999. TG reminds customers that these forms *must* be used when providing loan discharge or cancellation application to borrowers on or after *August 1, 1999*. Lenders and servicers may continue to process previous forms received after this date. (See *Shoptalk* 92, April 1999, for more information.)

The new loan discharge/cancellation forms may be viewed on *TGWorks Online* at www.tgscl.org. Only the Total and Permanent Disability Cancellation Form may be downloaded for use by lenders and servicers. TG works with borrowers directly on the Closed School and False Certification issues. ★

COMMON MANUAL UPDATES

INFORMATION ON REVISIONS TO THE COMMON MANUAL

School Reporting of Borrower Social Security Number Changes Clarified

Common Manual section 4.4 has been revised to distinguish between the process used by a school to report a social security number (SSN) change for a student versus the process used for a parent borrower. The purpose of this clarification is to update the *Common Manual* to reflect the full implementation of Student Status Confirmation Report (SSCR) processing through the National Student Loan Data System (NSLDS).

If a school becomes aware of any social security number (SSN) change, the school is expected to verify the correct SSN by obtaining a copy of an acceptable source document (listed below). Changes to a student's SSN must be reported to the guarantor through NSLDS using the SSCR or an equivalent process. If the change is to a parent borrower's SSN, the school must continue to notify the guarantor directly. If the guarantor requires the supporting documentation for any SSN change, the school must provide it.

Acceptable Source Documents for Social Security Number Changes

Guarantors consider any of the following source documents acceptable for reporting an SSN change:

- Social security card or other Social Security Administration document.
- Income tax return or W-2 form.
- Official military orders, documents, or papers.
- Loan application (if the discrepancy resulted from a data input error).
- State driver's license or state-issued identification card on which the SSN is listed.

Schools may contact individual guarantors for more information on procedures for reporting SSN changes.

Affected Sections: 4.4

Effective Date: Student SSN changes identified by a school on or after March 1, 1997.

Policy Information: Reference #329.

Guarantor Comments: Schools should follow the procedures outlined above to report a *change* to a borrower's SSN on record.

However, this is not the same problem that occurs when Texas Guaranteed Student Loan Corporation's (TG) system rejects an incoming loan application for an inconsistent or invalid SSN because the student or parent borrower already has a loan on TG's system under a different SSN or because the SSN on the application does not conform to the Social Security Administration's valid range table.

In instances when the SSN is transmitted incorrectly due to a data entry error, hard copy documentation or the transmission of a corrected loan application is usually unnecessary. Schools and lenders can access the student's or parent borrower's rejected application electronically via TG's OnLine Access. The school or lender can change the SSN online and then resubmit the loan to TG for guarantee. For OnLine Access information, call TG Customer Support at (800) 252-9743, ext. 4444.

Defining Student Enrollment Status

Common Manual policy has been updated to remove the incorrect definition of an academic year from subsection 5.7.B. The correct definition is found in subsection 5.7.A. Information regarding determining the student's enrollment status and grade level has also been enhanced.

Subsection 5.7.B. now clarifies that a school must define full-time enrollment status for each of its programs of study.

The school may advance an undergraduate's grade level once the student completes the number of credit or clock hours specified by the school as the amount necessary for the student to advance in academic standing within the student's program of study (for example, from freshman to sophomore). At a minimum, the school's standards must require the student to complete at least 24 semester or trimester hours, 36 quarter hours, or 900 clock hours to advance the student to the next grade level.

Note: If a school's published academic standing requirements exceed the school-defined academic year, the school is required to use the published academic standing requirements to certify a student's grade level for loan purposes. For example, a school defines its academic year as the completion of 24 credits in 30 weeks, but requires the successful completion of 30 credits for a student to advance from freshman to sophomore standing. In this case, if a student completes less than 30 credits during his or her first academic year, the student remains eligible for first-year undergraduate loan limits at the beginning of his or her second academic year. The school may not certify a second-year undergraduate loan until the student successfully completes 30 credits, as required by the school to advance from freshman to sophomore standing.

Information pertaining to graduate and professional students has been enhanced to state the school is responsible for developing enrollment status and grade level advancement criteria for graduate students.

Affected Section: 5.7.B.

Effective Date: Effective retroactively to the implementation of the *Common Manual*.

Policy Information: Reference #330.

Guarantor Comments: None. ★

ED Approves Plain Language Disclosure, Names Eligible MPN Multi-Year Schools

On August 9, 1999, the U.S. Department of Education (ED) approved the Plain Language Disclosure (PLD) to be used for multi-year loans under the Master Promissory Note (MPN) and named schools currently eligible to participate in the multi-year process.

The PLD, referred to in previous MPN guidance as the Plain English Disclosure, is standard text summarizing key disclosure items from the original MPN and Borrower's Rights and Responsibilities. This document is included in the MPN process to help students better understand and manage borrowing under an MPN.

When the PLD is used, the lender must provide the PLD to borrowers at or before the first disbursement of any second or subsequent loan made under an MPN. The PLD is not required for the first subsidized or unsubsidized Stafford loan. It may be sent to the borrower as part of, or along with, the initial disclosure, or it may be sent separately. Program participants are encouraged to provide the PLD to students at other times as well. For example, school financial aid offices may wish to use the PLD

in counseling borrowers or in award packages if their school participates in the multi-year loan process.

ED is not mandating the presentation style or format of the PLD, but the approved text must be used. The text may be enhanced with various type styles, graphics, and/or color.

ED is not mandating the presentation style or format of the PLD, but the approved text must be used. The text may be enhanced with various type styles, graphics, and/or color. In other words, program participants may present the text in any manner they wish, but the wording may not be changed.

Obtaining a Copy

TG is placing the PLD on *TGWorks Online* under "Resources for Schools and Lenders/MPN" and on the AdvanTG™ CD ROM. TG is providing the text in several formats to permit customers to customize it or use it as is. One version is in Microsoft Word. This version permits the use of

different fonts, type sizes, graphics, etc. A second version is typeset with the TG logo. A third version is typeset but with the space for a logo left blank. Users can add their logo to this version before printing or duplicating. Copies of the PLD with and without TG's logo also appear in this edition of *Shoptalk* as an insert.

Eligible Schools

At this point, ED has authorized all four-year, degree-granting schools and graduate schools to participate in the MPN multi-year process. TG has updated the school profile section of the mainframe to reflect that these schools are eligible to participate in the MPN multi-year process effective July 1, 1999. The National Council of Higher Education Loan Programs has published a list of eligible schools on their web site at www.nchelp.org.

Questions

For questions about the PLD, contact Customer Services at (800) 252-9743, ext. 4444, or send an e-mail message to customer.services@tgscl.org. ★

Information Resources from TG

Texas Guaranteed Student Loan Corporation (TG) offers a wide variety of publications to help meet the needs of its student loan partners. Whether someone likes information the old reliable way (printed) or in real-time (electronically), TG's vision is to be the "premier source" of that information.

Periodicals

In addition to *Shoptalk*, TG offers a newsmagazine, *TG Connection*, which provides

information about the people, ideas, innovations, and activities shaping the financial aid community. Both are available in printed and online versions. TG Governmental Affairs publishes the *Legislative Report*, which provides timely, relevant information, advice, and input on legislative and congressional issues and activities.

For those who prefer to have information delivered electronically, TG offers its newest publication, *TG Net Works*. It delivers timely information, updates about events, summaries,

and links to the online versions of every TG publication, often before they are available in printed form.

Subscription Questions or Changes

For information or changes to any subscription to TG periodicals, call TG Communications at (800) 252-9743, ext. 2878, or send an e-mail message to communications@tgscl.org. ★

Clarification to Loan Guarantee Edits

For some time now, schools have been responsible for certifying the eligibility of borrowers based on information they receive on Institutional Student Information Records (ISIRs) and other information in their files. ISIR records contain information from the Free Application for Federal Student Aid submitted by the student, results from several federal data matches, and a loan history from the National Student Loan Data System, which identifies the student's total borrowing.

To the extent possible, Texas Guaranteed Student Loan Corporation (TG) loan guarantee edits serve as a backup resource

for eligibility determinations. However, TG edits are limited to data on TG systems — i.e., data from other guarantors is not included. For example, one TG edit checks for TG defaults that may not have been reported in time to appear on the ISIR. TG also edits for additional borrowing (with TG guarantees) that may have occurred after the ISIR was produced. This edit could identify borrowing that exceeds the aggregate loan limits for a borrower.

TG also provides some quality control edits. For example, another edit identifies potential duplicate guarantees by rejecting new applications for a borrower with a

previous loan of the same type and loan period. Schools are still responsible for checking the borrower's annual and aggregate loan limits, defaults, and other eligibility requirements with information available through the ISIR and other methods.

If you would like a copy of TG's Loan Guarantee System Edits booklet or if you have questions or concerns about loan guarantee edits, contact Kyle Smith, Assistant Vice President, Loan Guarantee Operations at (800) 252-9743, ext. 4894. ★

ED Approves New Deferment Forms

The Department of Education (ED) recently approved new loan deferment forms for use in the Federal Family Education Loan Program (FFELP). ED published a *Dear Guaranty Agency Director* letter in July 1999 announcing approval of these common forms.

Deferment Forms

There are eight separate application forms used to evaluate borrower eligibility for deferment of FFELP loans:

- In-School (SCH)
- Education Related (EDU)
- Unemployment (UNEM)
- PLUS Borrower with Dependent Student (PLUS)
- Economic Hardship (HRD)
- Temporary Total Disability (TDIS)
- Parental Leave/Working Mother (PLWM)
- Public Service (PUB)

The title of each form indicates the situations under which the form is used to evaluate the borrower's qualifications for

deferment. *Note: The worksheets for the economic hardship deferment form are optional.*

Implementation

Program participants must use the new deferment forms when providing deferment applications to borrowers on or after November 1, 1999. Lenders and servicers can process deferments using the current deferment form, but must distribute only the new form beginning November 1, 1999.

Imaging Technology

The deferment application forms ask the borrower to complete and sign the form in ink. The use of ink accommodates imaging technology; however, using pencil *does not invalidate the form.*

Lenders and servicers that use bar coding on deferment applications can use the space at the top, bottom, or sides of the forms for this purpose.

Printing Instructions

Texas Guaranteed Student Loan Corporation's (TG) customers may

download the deferment forms from *TGWorks Online* at www.tgslc.org, *Adventures in Education* at www.adventuresineducation.org or *Mapping Your Future* at <http://mapping-your-future.org>.

Program participants must print the deferment forms with black ink on white paper. The typeface, point size, and general presentation of the forms may not be changed from those approved by ED.

Lenders and servicers who provide deferment forms to borrowers in duplicate, may have difficulty since most of these forms are now three pages. Participants may want to include a message in their cover letter advising borrowers to make a copy for their records.

Questions

Printed forms may be ordered directly from the *TGWorks Online* web site. For questions about the deferment forms, contact TG Customer Services at (800) 252-9743, ext. 4444, or send an e-mail message to customer.services@tgslc.org. ★

Product Support: Providing Technical Assistance for Solutions and Tools

Texas Guaranteed Student Loan Corporation's (TG) Product Support Group (PSG) is committed to taking care of technical questions and problems related to TG's solutions and tools.

Initial Request

A PSG dispatcher handles initial requests to PSG for technical assistance. The dispatcher gathers information about the problem and assigns a ticket number to the request. If necessary, a caller may use this ticket number on subsequent calls related to the same issue. (If a caller chooses to leave a voice message explaining a request or contacts PSG by e-mail, a PSG team member will contact the caller by phone or by e-mail to acknowledge the request and to provide the caller with a ticket number.)

Required Information

As TG delivers new and varied technology, the need for technical assistance may increase. Having information available before contacting PSG can help decrease the time it takes to resolve a problem. Customers should be prepared to provide a description of the PC, modem, local area network, and any software running on the PC during the initial contact with PSG. In addition, the customer should provide the following information:

- Your institution's name and identification number;
- Contact name, phone number, and/or e-mail address;
- Product or service affected;
- Version number and build; and
- A complete description of the problem.

The complete description should include:

- Error messages;
- Screen or report involved;
- The sequence of events that led to the problem;
- Steps taken in an attempt to correct the problem; and
- Any changes made to the system or Internet connection prior to the problem appearing.

This information is critical to appropriately log a request for assistance and to allow PSG to begin diagnosing the problem.

Categories of Priority

To provide the most efficient and effective customer service, TG divides requests for assistance with technical issues relating to TG's solutions and tools, such as AdvanTG™, BNet, Report Request Distribution, and OnLine Access, into four categories:

- Critical requests are those that involve total production shut down. All computers at a site are unable to use a given solution or tool. PSG responds to initial requests of critical severity within one hour.
- Requests of high priority involve *some* production shutdown in relation to TG's solutions and tools. PSG responds to initial requests of high severity within four hours.
- Requests of medium priority involve training issues on product functionality, an error message that is not shutting down production but is a nuisance, a general question of a technical nature relating to TG's solutions and tools and requests for

interface or CommonLine testing. PSG responds to initial requests of medium severity within eight hours.

- PSG responds to all other requests within two days.

A PSG consultant will contact the customer within the time frames stated above to begin troubleshooting the problem. When necessary, following a problem resolution, PSG contacts the customer before a ticket is closed to ensure that the problem is completely resolved.

TG Product Support Group is committed to taking care of technical questions and problems related to TG's solutions and tools.

Non-technical Issues

For non-technical issues, such as a policy or regulatory question, a special request for a report, or information about product or service functionality and training, the request is routed to TG Customer Support Group (CSG) at ext. 4444, or to a Regional Consultant. CSG and Regional Consultants can also be reached by sending e-mail messages to customer.services@tgslc.org. This ensures that requests for support are handled appropriately and efficiently and allows PSG to concentrate on issues of a technical nature.

Questions

To request assistance with your technical issues or for questions about PSG, call (800) 252-9743, ext. 2222, or send an e-mail message to product.support@tgslc.org. ★

Federal Register NPRM Update

Perkins Loan Program NPRM

The Department of Education (ED) published a Notice of Proposed Rulemaking (NPRM) for the Federal Perkins Loan Program in the July 29, 1999 *Federal Register*. The proposed regulations reflect the provisions of the Higher Education Amendments of 1998 (the 1998 Amendments) that affect the institutions that participate in, and borrowers who have loans made under, the Federal Perkins Loan Program. These proposed regulations would expand borrower benefits under the Federal Perkins Loan program by increasing loan limits, expanding borrower eligibility for deferments and cancellations, establishing a loan rehabilitation program for borrowers in default on their Federal Perkins Loans, establishing an incentive repayment program, and providing a closed school discharge. ED must receive comments on or before September 15, 1999.

Cohort Default Rates NPRM

ED published an NPRM for Student Assistance General Provisions in the July 30, 1999 *Federal Register*. The proposed regulations reflect the provisions of the 1998 Amendments that affect the loan default reduction and prevention measures. ED must receive comments on or before September 15, 1999.

Guaranty Agencies and FFELP Lenders NPRM

ED published an NPRM for the Federal Family Education Loan Program (FFELP) in the August 3, 1999 *Federal Register*. The proposed regulations implement changes made by the 1998 Amendments and cover a variety of items, including changes to the financial structure of guaranty agencies

in the FFELP. ED must receive comments on or before September 15, 1999.

Pell and Campus-Based Programs NPRM

ED published an NPRM for the Student Assistance General Provisions: General Provisions for the Federal Perkins Loan Program, Federal Work-Study Program, Federal Supplemental Educational Opportunity Grant Program, and Federal Pell Grant Program in the August 3, 1999 *Federal Register*. The proposed regulations are a result of the 1998 Amendments. ED must receive comments on or before September 15, 1999.

Return of Title IV Aid NPRM

ED published an NPRM for the Student Assistance General Provisions, Federal Family Education Loan Program in the August 6, 1999 *Federal Register*. These proposed regulations implement the 1998 Amendments for the treatment of Title IV, HEA program funds when a student withdraws from a school. ED must receive comments on or before September 15, 1999.

FFELP and Direct Loan Program Common Provisions NPRM

ED published the Federal Family Education Loan Program and William D. Ford Federal Direct Loan Program NPRM in the August 10, 1999 *Federal Register*. The proposed regulations are needed to implement the 1998 Amendments. The proposed regulations deal with provisions that affect FFELP borrowers, schools, lenders, and guaranty agencies and Direct Loan borrowers and schools. ED must receive comment on or before September 15, 1999.

Consumerism NPRM

ED published the Student Assistance General Provisions NPRM in the August 10, 1999 *Federal Register*. The proposed regulations would implement the 1998 Amendments that govern the disclosure of the school and financial assistance information provided to students under the student financial assistance programs under Title IV of the HEA. ED must receive comments on or before September 15, 1999. ★

SHOP TALK

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Shoptalk is published by Texas Guaranteed Student Loan Corporation (TG). Unless specifically noted, the policies and procedures outlined in *Shoptalk* apply only to loans made under TG's guarantee and not to loans underwritten by other guarantors.

To ask questions about the articles in *Shoptalk*, subscribe or order additional copies, please contact Communications at (800) 252-9743, ext. 2878 or communications@tgslc.org

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Online copies of *Shoptalk* are available at www.tgslc.org.

Return Service Requested

ED Discontinues *Disaster Letters*

On August 5, 1999, the Department of Education (ED) published *Disaster Letter 99-28* announcing the discontinuation of *Disaster Letter* notifications. Effective immediately, loan holders will decide what constitutes a natural disaster for purposes of granting an administrative forbearance to a borrower. The change is a result of recommendations by negotiators during the negotiated rulemaking meetings to implement provisions of the Higher Education Amendments of 1998 (the Amendments) and is included in the August 3, 1999 Notice of Proposed Rulemaking. Since ED and all of the negotiators approved this change without objection, ED has decided to revise its existing policy immediately.

Granting the Forbearance

Loan holders may grant an administrative forbearance to borrowers

who request temporary relief from loan repayment obligations when adversely affected by a natural disaster. A loan holder now determines whether a natural disaster has occurred. There is no requirement that the natural disaster area be one that qualifies under the Federal Emergency Management Agency's (FEMA) Individual Assistance Program.

Effective immediately, loan holders will decide what constitutes a natural disaster for purposes of granting an administrative forbearance to a borrower.

A holder may grant a forbearance for up to three months based on the borrower's oral or written request for assistance and must document in the borrower's loan file the reasons why the forbearance was

granted. A holder does not need to obtain supporting documentation or a signed written agreement from the borrower to justify a forbearance for the initial three-month period. However, a continuation of the forbearance past the initial three-month period requires supporting documentation and a written agreement from the borrower.

Questions

For questions about the discontinuation of *Disaster Letters*, contact TG Customer Services at (800) 252-9743, ext. 4444, or send an e-mail message to customer.services@tgsllc.org. ★



Plain Language Disclosure

You are receiving a student loan to help you cover the costs of your education. This notice summarizes information concerning your loan. Please read this notice carefully. If you have questions about your loan, contact your lender.

- 1. General** — You must repay this loan. You are responsible for repaying this loan even if you are unhappy with your education, do not complete it, or cannot find work in your area of study. Borrow only the amount you need.
- 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 the school within 14 days of the date the school informs you they have applied your loan to your account or you can 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. Master Promissory Note (“MPN”)** — If you signed an MPN and continue to attend school, you may receive multiple loans under the same MPN for up to 10 years. During this period, you may receive loans under the same MPN if the school you attend is eligible to participate in the multi-year loan process. You can write to your lender to stop loans from being made under your current MPN. You will need to sign a new MPN if you want to change your lender.
- 4. Loan Amount** — There are annual and total limits on the amounts you may borrow, as explained in the Rights and Responsibilities Statement you previously received. The total amount you borrow cannot be more than these limits.
- 5. Use of Loan Money** — You may only use your loan money to pay educational expenses at the school that certified your loan eligibility (e.g., tuition, room, board, books). If you accept this loan, your eligibility for other student assistance may be affected.
- 6. Origination Fee and Guarantee Fee** — The federal government charges an origination fee on your loan. The lender who makes your loan will collect this fee. The origination fee may be up to 3 percent of the principal amount of the loan. The guaranty agency that guarantees your loan may charge a guarantee fee of up to 1 percent of the principal amount of the loan. Both fees come out of 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 guarantee 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 or no longer attend school on at least a half-time basis. You must also tell your lender while you are repaying your loan if you change your address, name (e.g., maiden name to married name) or employer, or if the address 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. You will receive a 6-month grace period that starts the day after you leave 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 Extended Repayment Plan. You may request a change to your repayment plan once a 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, you agree that the current holder does not have to send you the original Note but may instead send you a letter telling you that you have paid-off your loan. You should keep this letter telling you that you have paid-off your loan in a safe place.
- 9. Interest** — The interest rate on your loan is a variable rate, which can change each year on July 1. The rate will never be more than 8.25%. Interest is charged on the unpaid loan 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, for 6 months after you leave school, and while your loan is deferred. 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. The interest rate on loans you receive under an MPN may differ from loan to loan depending on when the loan is made.
- 10. Late Charges and Collection Costs** — The lender may collect from you a late charge if you do not make any part of a payment within 15 days after it becomes due. The lender may only collect one late charge for each payment, no matter how many days the payment is late. The lender may also collect from you any other charges and fees involved in collecting your loan.
- 11. Loan Consolidation** — After you leave school, you may consolidate all of your loans into one loan. Consolidating your loans gives you up to 30 years to pay them back and can lower your monthly payments. That may make it easier to repay your loans. Because you make payments for a longer period of time, consolidation means you will pay more interest charges. 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 halftime 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 Rights and Responsibilities Statement. 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, you will then pay interest on the larger amount.
- 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. 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 Rights and Responsibilities Statement.
- 14. Loan Discharge** — Your loan will be discharged (forgiven) when (i) acceptable documentation of your death or permanent and total disability is given to your lender, (ii) you cannot complete a course of study because your school closes, or (iii) your school falsely certifies your loan eligibility. 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, 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. Controlling Terms and Conditions** — This Disclosure summarizes information concerning your loan. Please refer to your Promissory Note and Rights and Responsibilities Statement for the complete terms and conditions of your loan. Except as specifically stated in this Disclosure, your Note and Statement govern the terms and conditions of your loan.

Plain Language Disclosure

You are receiving a student loan to help you cover the costs of your education. This notice summarizes information concerning your loan. Please read this notice carefully. If you have questions about your loan, contact your lender.

- 1. General** — You must repay this loan. You are responsible for repaying this loan even if you are unhappy with your education, do not complete it, or cannot find work in your area of study. Borrow only the amount you need.
- 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 the school within 14 days of the date the school informs you they have applied your loan to your account or you can 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. Master Promissory Note (“MPN”)** — If you signed an MPN and continue to attend school, you may receive multiple loans under the same MPN for up to 10 years. During this period, you may receive loans under the same MPN if the school you attend is eligible to participate in the multi-year loan process. You can write to your lender to stop loans from being made under your current MPN. You will need to sign a new MPN if you want to change your lender.
- 4. Loan Amount** — There are annual and total limits on the amounts you may borrow, as explained in the Rights and Responsibilities Statement you previously received. The total amount you borrow cannot be more than these limits.
- 5. Use of Loan Money** — You may only use your loan money to pay educational expenses at the school that certified your loan eligibility (e.g., tuition, room, board, books). If you accept this loan, your eligibility for other student assistance may be affected.
- 6. Origination Fee and Guarantee Fee** — The federal government charges an origination fee on your loan. The lender who makes your loan will collect this fee. The origination fee may be up to 3 percent of the principal amount of the loan. The guaranty agency that guarantees your loan may charge a guarantee fee of up to 1 percent of the principal amount of the loan. Both fees come out of 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 guarantee 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 or no longer attend school on at least a half-time basis. You must also tell your lender while you are repaying your loan if you change your address, name (e.g., maiden name to married name) or employer, or if the address 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. You will receive a 6-month grace period that starts the day after you leave 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 Extended Repayment Plan. You may request a change to your repayment plan once a 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, you agree that the current holder does not have to send you the original Note but may instead send you a letter telling you that you have paid-off your loan. You should keep this letter telling you that you have paid-off your loan in a safe place.
- 9. Interest** — The interest rate on your loan is a variable rate, which can change each year on July 1. The rate will never be more than 8.25%. Interest is charged on the unpaid loan 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, for 6 months after you leave school, and while your loan is deferred. 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. The interest rate on loans you receive under an MPN may differ from loan to loan depending on when the loan is made.
- 10. Late Charges and Collection Costs** — The lender may collect from you a late charge if you do not make any part of a payment within 15 days after it becomes due. The lender may only collect one late charge for each payment, no matter how many days the payment is late. The lender may also collect from you any other charges and fees involved in collecting your loan.
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- 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. Controlling Terms and Conditions** — This Disclosure summarizes information concerning your loan. Please refer to your Promissory Note and Rights and Responsibilities Statement for the complete terms and conditions of your loan. Except as specifically stated in this Disclosure, your Note and Statement govern the terms and conditions of your loan.