FORM TITLE: FEDERAL DIRECT LOAN COUNSELING CHECKLIST

FORM USE: This form is used as part of the pre-loan (entrance) counseling required before certification of Direct Subsidized and Direct Unsubsidized Loan applications or disbursing Federal Direct Loan proceeds, and again as part of the exit counseling package. The purpose of the form is to make borrowers aware of their rights and responsibilities as a borrower. More information on entrance and exit counseling requirements is available in the Federal Student Aid Handbook.

UPDATES: Updated information on repayment plan options available to both undergraduate and graduate students, including discretionary income levels, repayment amounts, and loan forgiveness. Added information related to the borrower approved disclosure of federal tax information in determining their repayment amounts. Updated to include information on the Saving on a Valuable Education (SAVE), replacing the existing REPAYE plan. Updated URLs and graphics throughout including interest rates for loans first disbursed on or after July 1, 2024. Removed PAYE repayment plan as borrowers are no longer eligible to enroll in this repayment plan as of July 1, 2024.

INSTRUCTIONS:

1. Student's name (please print) and Social Security number (last 4-digits).
2. The student signs and dates document upon INITIAL COUNSELING.
3. The student signs and dates document upon EXIT COUNSELING.

PROCESSING INSTRUCTIONS:

The original is retained in the student's financial aid file. A copy is given to the student (or mailed in the case of a mailed exit interview package).

COMMENTS: This form or documentation of other entrance/exit counseling is required.

Federal Direct Loan Counseling Checklist

[1] [1]

Student's Name (Please Print) **Social Security Number (Last 4-digits)**

UNDERSTAND YOUR LOANS

You are receiving a Direct Loan to help you cover the costs of your education. You must repay this loan. Before you receive your Direct Loan funds, you must sign a promissory note agreeing to the conditions under which the loan is made and the terms under which you agree to repay the loan. The promissory note authorizes the school to credit loan proceeds to your student account. A copy of the Master Promissory Note, along with your Rights and Responsibilities Statement is part of your entrance and exit loan-counseling packet.

The Master Promissory Note (MPN) is designed for use as both a multi-year and a single-year note. If your school uses a multi-year feature, your MPN will be valid for up to 10 years for multiple loans. The multi-year MPN feature makes the borrowing process easier. However, you will be required to sign a new MPN if your school does not use the multi-year feature. Using the single-year feature, you will sign one MPN for every loan that you obtain. If you are more comfortable doing so, you may also choose to sign a new MPN each time you borrow.

The multi-year feature of the MPN is valid for 10 years from the date you sign it. If no disbursements occur within 12 months of your completing the MPN, the document will be voided. As the loan borrower, you can submit a written request at any time withdrawing your permission for any additional disbursements to occur under the current MPN on file. Direct Loans may also revoke the terms of the MPN in situations such as bankruptcy.

Always borrow conservatively! If you reduce the amount you borrow now, you will have less to repay later. You should seek alternatives to loans, if possible. Ask your school about the availability of any state grant funds in order to reduce your need for loans. State grant assistance might be available to both in-state and out-of-state students. It is important to note that accepting a loan might reduce your eligibility for other student aid such as grants, Federal Work Study (FWS), and institutional aid. Keep in mind that after you have finished your educational program, you would have more bills to worry about than just student loans -- for example, rent utilities, car payments, clothing, and food. Be realistic in terms of how much money you can expect to earn after you graduate, and what size of student loan payments you will be able to afford. Above all, limit your borrowing to the amount absolutely necessary, even though you may be eligible to borrow more. You should develop a budget in order to determine the amount of loans you can afford to borrow.

Repayment of Direct Loans is a serious and important obligation. You are responsible for repaying your loan even if you are dissatisfied with your educational program or other services, do not complete your educational program, do not complete the program of study within the regular time for completion, or cannot find work after graduating. The Direct Loan Servicing Center will notify you of the date your first payment is due. You must make payments even if you do not receive a bill. You are encouraged to set up electronic debiting of a bank account to repay your loans. Both Direct Subsidized and Direct Unsubsidized Loans are eligible for a six (6) month grace period that will generally begin on the day after you graduate, withdraw, or drop below half-time enrollment status.

The law specifies the amount of financial assistance you are eligible to receive each academic year and how your school determines that eligibility. If you withdraw during a payment period or period of enrollment, your eligibility is determined by a specific formula. If you received less than you were eligible to receive, you may be able to receive those additional funds. If you received more assistance than you are eligible for, the excess funds must be returned. The order in which federal funds must be returned to the Title IV programs is: Direct Unsubsidized Loans, Direct Subsidized Loans, Perkins Loans, Direct Grad PLUS Loans, Direct PLUS Loans, Pell Grants, SEOG Program, and other Title IV grant assistance programs. Please contact your school for more information regarding their published refund policy.

The Department of Education recommends that borrowers complete an Annual Student Loan Acknowledgment each year that they accept a new federal student loan. For borrowers that have received prior loans, the Annual Student Loan Acknowledgment tool can provide information on repayment terms and estimates, the amount that has been borrowed previously, and their remaining eligibility. Additional information such as salary and debt estimates for the borrower's chosen program and information about how interest may affect the borrower's total repayment amount is also provided for new borrowers. New borrowers are also acknowledging that they understand their responsibility to repay their loan(s). The Annual Student Loan Acknowledgment process may be completed through the Federal Student Aid website at https://studentaid.gov/asla/.

Federal Direct Loan Counseling Checklist

LOAN BASICS (INTEREST RATES)

Direct Subsidized, Direct Unsubsidized, and Direct PLUS loans first disbursed on or after 7/1/2013 have a fixed rate that is set each year that is equal to the high yield of the 10-year Treasury notes auctioned at the final auction held prior to June 1st with an "add-on" based on the type of loan (undergraduate, graduate or Direct PLUS). Although the interest rates will vary each year, once established, the interest rate will remain at a fixed rate and will not change throughout the life of your loan. Interest rates cannot exceed a specified maximum based on the type of the loan. For undergraduate students, the maximum interest rate for Direct Subsidized and Unsubsidized Loans will be 8.25%, 9.5% for Direct Unsubsidized Loans for graduate and professional students, and 10.5% for Direct PLUS (graduate/professional students and parents of dependent students). There is no cap on the interest rate on a Direct Consolidation Loan. Interest is charged from the date the first disbursement is made and continues to accrue until the loan is paid in full, even during in-school, grace, deferment, forbearance, or other periods.

For Direct Subsidized Loans, the federal government pays your interest charges while you attend school at least half-time, for six (6) months after you leave school, and while you have a deferment on your loan. You must pay all other interest charges on your subsidized loan. You must pay all interest charges on your Direct Unsubsidized Loans. While not required to do so, you may also pay the interest on your loans while you are in school. You will receive more information about repayment choices from Direct Loans, but the information can also be located on their website at https://studentaid.gov/.

As a borrower, you must pay a loan fee. The loan fee is a percentage of the loan amount and is proportionately deducted from each loan disbursement. The loan fee will appear on a disclosure statement which will be sent to you. You are able to see the interest rates for each of your Direct Loans by accessing the Federal Student Aid website at https://studentaid.gov/ using your FSA ID. Once you have successfully logged in you will be taken to a dashboard that displays a summary of the loans you have received. For more detailed information, click the View Details link to proceed to the Aid Summary page. From here, navigate to the Loan Breakdown at the bottom of the page and click View Loan Details. A history of your Federal Direct Loans will be displayed including details like the type of loan (subsidized or unsubsidized), the loan date, loan status, current repayment plan, interest rate, and the total outstanding balance. Clicking on each loan will open the loan details for the selected loan, which includes the summary information from the prior page and the repayment progress for that loan.

This information can be viewed at any time by accessing the Federal Student Aid website, but you are also able to download a copy of the data for your records using the "Download My Aid Data" feature located above the Aid Summary. Be aware that the data contains not only financial information but also Personally Identifiable Information (PII) and should be protected and stored securely. If using a public computer, you should ensure that the file is deleted entirely from the computer before logging off; this may include clearing the download cache of the browser you used to access the file as well as deleting the file and emptying the Recycle Bin/Trash.

Note: For loan periods beginning on or after 7/1/2012, graduate/professional students are no longer eligible for subsidized loans. The annual loan limit remains the same, but all of it will be unsubsidized.

PLAN TO REPAY

You must repay the full loan amount, including all interest. The time frame allowed to repay your loan depends on your total loan indebtedness. Generally, you'll have from 10 to 25 years to repay your loan, depending on which repayment plan you choose. You will receive a six (6) month grace period that generally begins the day after you graduate, withdraw, or drop below half-time enrollment status. You do not have to make payments during your grace period. You must make payments after your grace period ends.

Outlined below are repayment plan options that are available once repayment of your loan begins. When you have chosen a plan, you will be provided with a detailed schedule for the repayment of your loan. If you do not choose a plan when your loan enters repayment, you will be automatically placed under the Standard Repayment Plan. You may request a change to your repayment plan at any time; but you may be limited 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 the minimum balance due at any time without penalty. You will receive more information about repayment choices from Direct Loans, but the information can also be located on their website at https://studentaid.gov/.

Federal Direct Loan Counseling Checklist

Standard Repayment Plan: The total loan indebtedness for your program is all Federal Stafford (FFEL)/Direct Loan Subsidized + all Unsubsidized + all Federal PLUS/Direct PLUS. Your parent is responsible for the total of all Parent PLUS Loans received for your undergraduate program of study. The Standard Repayment Plan is the traditional approach to repaying your loan. Your monthly payment will be a fixed amount. The amount will be the minimum necessary to pay off your loan in full within 10 years (not including periods of deferment or forbearance) from the date it enters repayment. Your payments must be at least $50.00 a month but could be more, if necessary, to repay the loan within the required period of time.

Graduated Repayment Plan: The Graduated Repayment Plan is paid over a fixed period of time but cannot exceed 10 years in length (not including periods of deferment or forbearance). In this plan, your payments begin at a relatively low amount and then increase, normally every two years. Your monthly payment will never be less than the amount of interest that accrues between payments. Although your monthly payment will gradually increase, no single payment under this plan will be more than three times greater than any other payment. If your loan has a variable interest rate, we may need to adjust the number or amount of your payments to reflect changes in the interest rate.

Extended Repayment Plan: Under the Extended Repayment Plan, you'll pay a fixed annual or graduated repayment amount over a period not to exceed 25 years. If you're a previous Federal Stafford (FFEL) borrower, you must have more than $30,000 in outstanding FFEL Program Loans (not including periods of deferment or forbearance). If you're a Direct Loan borrower, you must have more than $30,000 in outstanding Direct Loans (not including periods of deferment or forbearance). This means, for example, that if you have $35,000 in outstanding Federal FFEL Program Loans and $10,000 in outstanding Direct Loans, you can choose the Extended Repayment Plan for your FFEL Loans, but not for your Direct Loans. Your fixed monthly payment is lower than it would be under the Standard Plan, but you'll ultimately pay more for your loan because of the interest that accumulates during the longer repayment period.

This is a good plan if you will need to make smaller monthly payments. Because the repayment period will be 25 years, your monthly payments will be less than with the standard plan. However, you may pay more in interest because you're taking longer to repay the loans. **Remember that the longer your loans are in repayment, the more interest you will pay.**

Income-Contingent Repayment Plan (ICR): The Income-Contingent Repayment Plan (Direct Loans only) gives you the flexibility to pay your loan without undue financial hardship. The monthly payment amount is based upon how much money you make plus your spouse's income (if married and file jointly) and the size of your household. The payment amount is recalculated annually with a maximum repayment period of 25 years. Under this plan, if you haven't fully repaid your loans after 25 years, the unpaid portion will be discharged. However, you may have to pay taxes on the amount that is discharged. **Note that most borrowers will not be eligible to enroll in the ICR repayment plan after July 1, 2024. Enrollment will be limited to only those borrowers with a Direct Consolidation Loan first disbursed on or after July 1, 2025, that includes a Parent PLUS Loan.**

Under the ICR plan you will pay each month the lesser of:

1. the amount you would pay on a repayment plan with a fixed monthly payment over 12 years, adjusted based on your income;

   or

2. 20% of your discretionary income*, divided by 12.

*Discretionary income equals your adjusted gross income (AGI) minus the poverty level for your state of residence and family size, divided by 12. For the current poverty level, see the Poverty Guidelines Chart (https://aspe.hhs.gov/poverty-guidelines), which is issued annually by the U.S. Department of Health and Human Services.

Federal Direct Loan Counseling Checklist

Income-Based Repayment Plan (IBR): As of July 1, 2009, the Income-Based Repayment Plan is available for all borrowers who have a partial financial hardship, except for Parent PLUS Loan borrowers or Consolidation Loan borrowers who repaid a Parent PLUS Loan through the Consolidation Loan. Under the amended IBR regulations that took effect July 1, 2010, if you and your spouse have IBR-eligible loans, and file a joint federal income tax return, the combined IBR payment amount for both individuals will be adjusted by multiplying that payment amount by the percentage of the total eligible loan debt for you and your spouse.

The required monthly payment for an IBR Plan is capped at an amount that is intended to be affordable based on income and family size. You are eligible for IBR if the monthly repayment amount under IBR will be less than the monthly amount calculated under a 10-year Standard Repayment Plan. If you repay under the IBR Plan for 20 years (for new borrowers, 25 years for existing borrowers) and meet other requirements, you may have any remaining balance of your loan(s) cancelled. Additionally, if you work in public service and have reduced loan payments through IBR, the remaining balance after ten years in a public service job could be cancelled.

For new borrowers on or after July 30, 2023, who are repaying non-defaulted Direct Loans under the IBR Plan, the IBR Plan payment amount is equal to 10% of the amount by which the borrower's adjusted gross income (AGI) exceeds 150% of the poverty guideline amount applicable to the borrower's state and family size. However, this 10% IBR formula will not be used in the initial determination of a reasonable and affordable loan rehabilitation payment amount on a defaulted loan. The payment amount for existing borrowers will be 15% of the amount by which the borrower's AGI exceeds 150% of the applicable poverty guidelines, rather than the 10% for new borrowers.

Estimated Monthly Payment Amount and Total Cost of the Loan by Repayment Plan[1]

Debt When Loan Enters Repayment	Standard		Graduated		Extended Fixed		Extended Graduated	
	Per Month	Total	Per Month [2]	Total	Per Month	Total	Per Month [2]	Total
$5,000	$59	$7,060	$34	$7,637	N/A	N/A	N/A	N/A
$10,000	$118	$14,119	$68	$15,275	N/A	N/A	N/A	N/A
$25,000	$294	$35,298	$171	$38,189	N/A	N/A	N/A	N/A
$50,000	$588	$70,596	$341	$76,378	$363	$108,905	$304	$117,585
$100,000	$1,177	$141,193	$682	$152,756	$726	$217,809	$608	$235,189

Debt When Loan Enters Repayment	Income-Based [3] (Income [5] = $45,000)				SAVE [4] (Income [5] = $45,000)			
	Single		Married/HOH [7]		Single		Married/HOH [7]	
	Per Month [2]	Total [6]	Per Month [2]	Total [6]	Per Month [2]	Total [6]	Per Month [2]	Total [6]
$5,000	N/A	N/A	N/A	N/A	$46	$6,925	$0	$360
$10,000	N/A	N/A	N/A	N/A	$46	$6,925	$0	$360
$25,000	$187	$42,960	$120	$43,554	$46	$17,708	$0	$2,614
$50,000	$187	$63,917	$120	$43,554	$46	$17,708	$0	$2,614
$100,000	$187	$63,917	$120	$43,554	$46	$17,708	$0	$2,614

[1] Payments are calculated using a fixed interest rate of 7.3% for Direct Subsidized and Unsubsidized Loans disbursed on or after July 1, 2024. Note that this is an average of the undergraduate (6.53%) and graduate (8.08%) interest rates.

[2] Payment amounts displayed indicate the initial monthly payment amount. The monthly payment amount may change (+/-) over the lifetime of the loan based on the repayment plan selected and the borrower's income.

[3] The amounts above reflect 10% of the amount by which a new borrower's AGI exceeds 150% of the poverty guideline amount applicable based on their state and family size. Those borrowers that had loans prior to July 2014 are subject to a 15% rate.

[4] The amounts above reflect 5% of the amount by which an undergraduate borrower's AGI exceeds 225% of the poverty guideline amount applicable based on their state and family size. Graduate borrowers are subject to a 10% rate.

[5] Assumes a 3% annual income growth (based on data from the U.S. Census Bureau for the national average income growth rate).

[6] Totals shown here are estimates only that include loan forgiveness after consecutive payments over an extended period (20-25 years). For a more personalized estimate, the Department of Education provides a Loan Simulator tool for students at https://studentaid.gov/loan-simulator/.

[7] HOH is Head of Household. Assumes a family size of two.

Federal Direct Loan Counseling Checklist

Saving on a Valuable Education Plan (SAVE) / Revised Pay As You Earn Plan (REPAYE): Previously known as the Revised Pay As You Earn Plan (REPAYE), the Saving on a Valuable Education Plan (SAVE) is available to all Direct Loan student borrowers regardless of when they took out the loans. This plan lowers payments for almost all borrowers in comparison to all other income-driven repayment plays because it is based on a smaller portion of the borrower's adjusted gross income (AGI). Additionally, the SAVE plan has a benefit related to interest; if a borrower makes their full monthly payment, but it is not enough to cover the accrued monthly interest, the rest of the accrued interest for that month will instead by covered by the government—preventing the borrower's balance from growing due to unpaid interest.

For borrowers who originally borrowed $12,000 or less, loan forgiveness may be given after as few as 10 years. For borrowers with an original principal balance over $12,000, an additional year of qualifying payments for every $1,000 over the original principal balance is needed for loan forgiveness. There is also a repayment term cap, i.e., a maximum number of payments that a borrower will be required to make, regardless of the amount borrowed. For a borrower who only has loans received to pay for undergraduate study, the remaining balance of the borrower's loans is forgiven after 20 years of qualifying payments. For a borrower who has at least one loan received to pay for graduate study, the remaining balance is forgiven after 25 years of qualifying payments. The monthly repayment amount is based on 5% of the borrower's discretionary income for undergraduate loans and 10% for graduate loans. If the borrower has both undergraduate and graduate loans, the repayment amount will be based on a weighted average.

For each year a borrower is in the SAVE Plan, the borrower's monthly payment amount is recalculated based on income and family size information provided by the borrower. If the borrower does not provide the income information needed to recalculate the monthly repayment amount, the borrower is removed from the SAVE Plan and placed in an alternative repayment plan. The monthly payment amount under the alternative repayment plan would equal the amount required to pay off the loan within 10 years from the date the borrower begins repayment under the alternative plan or by the end date of the 20- or 25-year SAVE Plan, whichever is earlier.

Saving on a Valuable Education Plan (SAVE) (Formerly REPAYE)[8] Monthly Payment Chart

Saving on a Valuable Education Plan (SAVE) Undergraduate Borrowers' Monthly Payment Amount								
Family Size	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Annual Income	*Monthly Payment Amount = 5% of Discretionary Income/12*							
$10,000	$0	$0	$0	$0	$0	$0	$0	$0
$15,000	$0	$0	$0	$0	$0	$0	$0	$0
$20,000	$0	$0	$0	$0	$0	$0	$0	$0
$25,000	$0	$0	$0	$0	$0	$0	$0	$0
$30,000	$0	$0	$0	$0	$0	$0	$0	$0
$35,000	$0	$0	$0	$0	$0	$0	$0	$0
$40,000	$25	$0	$0	$0	$0	$0	$0	$0
$45,000	$46	$0	$0	$0	$0	$0	$0	$0
$50,000	$67	$17	$0	$0	$0	$0	$0	$0
$55,000	$88	$38	$0	$0	$0	$0	$0	$0
$60,000	$109	$58	$10	$0	$0	$0	$0	$0
$65,000	$130	$79	$29	$0	$0	$0	$0	$0

[8] Based on your income and family size, Saving on a Valuable Education Plan (SAVE) monthly payments can be more than the 10-year Standard Repayment Plan amount.

Federal Direct Loan Counseling Checklist

THINGS YOU NEED TO KNOW

Important: As of July 1, 2023, the Department of Education eliminated interest capitalization for Direct Loans in instances where it is not required by statute. Note that this is not applicable for loans made under the Federal Family Education Loan (FFEL) Program. To determine if interest capitalization is applicable to your new or existing loans, please contact your loan servicer. Capitalization occurs when a lender adds unpaid accrued interest to the borrower's unpaid principal balance. Capitalizing interest increases the principal amount of the loan and the total cost of the loan. Depending on the type of loan (Direct or FFEL), this may occur at the end of a deferment, forbearance, or grace period on unsubsidized loans, and at the end of a forbearance period on a subsidized loan.

A late charge fee may be collected if you do not make any part of a payment after it becomes due. You may be held responsible for paying any other charges and fees involved in collecting your loan, including, but not limited to, attorney's fees, court costs, and long-distance telephone calls.

Tax benefits are available for certain higher education expenses, including a deduction for student loan interest for certain borrowers. This benefit applies to all loans used to pay for postsecondary education costs. The Internal Revenue Service (IRS) Publication 970, Tax Benefits for Higher Education, explains these credits and other tax benefits. You may get more information online at https://irs.gov or by calling the IRS at 1-800-829-1040.

Consolidation loans allow a borrower to consolidate (combine) multiple federal student loans into one loan. The result is a single monthly payment instead of multiple monthly payments. Make sure to carefully consider whether loan consolidation is the best option for you. While loan consolidation can simplify loan repayment and lower your monthly payment, it also can significantly increase the total cost of repaying your loans. Consolidation offers lower monthly payments by giving you up to 30 years to repay your loans (not including periods of deferment or forbearance). However, by increasing the length of your repayment period, you'll also make more payments and pay more in interest than you would otherwise. In fact, in some situations consolidation can double your total interest expense. If you don't need monthly payment relief, you should compare the cost of repaying your unconsolidated loans against the cost of repaying a consolidation loan.

You also should take into account the impact of losing any borrower benefits offered under repayment plans for the original loans. Borrower benefits from your original loan, which may include interest rate discounts, principal rebates, or some loan cancellation benefits, can significantly reduce the cost of repaying your loans. You may lose those benefits if you consolidate. Once your loans are combined, they cannot be removed. That's because the loans that were consolidated have been paid off and no longer exist. Take the time to study the pros and cons of consolidation before you submit your application. FFEL only borrowers may consolidate those loans into a Direct Consolidation Loan to benefit from an interest waiver for active-duty military service personnel or to qualify for the Public Service Loan Forgiveness Program.

Before you apply for a Consolidation Loan, seek guidance from the servicer/holder of your loan(s). If you're in default on a federal student loan, you still might be able to consolidate if you make satisfactory repayment arrangements on the defaulted loan or agree to repay the Consolidation Loan under the Income-Contingent or Income-Based Repayment Plans, provided the defaulted loan is not subject to a judgment or wage garnishment.

You should have received a college catalog and/or enrollment agreement that contains the school's academic progress policy and refund policy. If you withdraw from school, a Return of Title IV funds may be required which may affect the amount of your loan repayment. You are required to attend exit counseling before you graduate, withdraw, or cease to be enrolled at least half-time. Exit counseling will provide you with specific information about your total indebtedness, lender contact information, repayment options, loan consolidation, and debt-management strategies.

To remain eligible for federal student loans, you must remain enrolled on at least a half-time basis. If your enrollment status at any time drops below half-time status, you may be ineligible for any future scheduled disbursements and your loans may enter repayment. To determine the requirements for half-time status, please contact your school as the requirements may vary per program of study.

To avoid delinquency and default, you should inform Direct Loans (https://studentaid.gov/) or for Federal Stafford (FFEL) borrowers, the loan holder, of any changes to your name, mailing address, telephone number, or Social Security Number so that all correspondences are promptly directed to you. You should also inform Direct Loans or your loan holder if you withdraw from school, drop below half-time status, or transfer to another school. Always read and keep all documents you receive pertaining to your federal student loans and be sure to understand your loan amount and the payments that will be required. You should also notify your lender or servicer if you cannot make your payments by the due date.

Federal Direct Loan Counseling Checklist

During your repayment period, you may be contacted by third-party student debt relief companies. Always use caution when dealing with these companies as the services they offer are typically offered to borrowers, free of charge, through the Department of Education or your servicer.

In the case of your death, your loan obligation will be cancelled. Your loan also may be cancelled if you become totally and permanently disabled. Loan cancellation due to disability requires certification from a physician. Your loan may be cancelled in other instances including school closure, false certification, identity theft, or failure of the school to pay a refund if you withdraw.

Borrowers may also qualify for other cancellations or loan forgiveness programs such as being a survivor of a 9/11/01 victim or through the teacher loan forgiveness program. To receive a complete list of cancellation, discharge, and loan forgiveness categories or to apply for a cancellation, discharge, or loan forgiveness, the borrower must contact Direct Loans (https://studentaid.gov/) and review the Discharge/Cancellation page. Generally, federal student loans may not be cancelled or discharged due to bankruptcy. Borrowers who received loans under the Federal Stafford (FFEL) program will need to contact their loan holder to discuss these options.

In the event that you're experiencing financial difficulty you should contact your loan servicer/holder immediately for assistance in handling your repayment obligation. They may be able offer options that temporarily reduce or suspend your monthly payment on your loan.

Under certain circumstances, you may be eligible for a deferment and may not have to make payments for a period of time. These eligibility requirements may include at least half-time enrollment at an eligible school, participation in a graduate fellowship program, participation in a rehabilitation training program, unemployment, economic hardship, or participating in qualifying military duty. A complete list of deferment options along with documentation and eligibility requirements are listed on your Rights and Responsibilities Statement.

When a loan is deferred, the federal government pays the interest on subsidized loans. Even during deferment, the government does not pay the interest on unsubsidized loans. You must pay the interest on unsubsidized loans and PLUS loans during deferment periods, or it will be added to the total amount you are expected to repay. If you cannot make scheduled payments and do not qualify for a deferment, forbearance may be an option. During periods of forbearance, you may be allowed to temporarily make smaller payments or stop making payments for an approved length of time. Be advised that interest continues to be charged on your loan while in a forbearance. You may make interest payments during a forbearance period or allow the interest to be added to your total repayment amount when the forbearance ends. Note that a limited group of forbearance or deferment (excluding in-school deferments) periods may be credited towards your forgiveness period. Your failure to pay all or part of a monthly payment, when it is due, may result in late charges.

For borrowers that provided approval for the disclosure of their federal tax information that have not made a schedule payment for at least 75 days or is in default on the loan and is not subject to a federal offset, administrative wage garnishment, or a judgment secured through litigation may automatically be enrolled in an income-driven repayment (IDR) plan. Your loan is considered to be in default when a payment has not been made in 270 days. Defaulting on your Direct Loan can result in damage to your credit rating, collection costs, the federal Treasury department withholding all or a portion of your tax refund, and/or your employer garnishing your wages to repay your loan debt obligation. Default can also cause acceleration of the amount due, a lawsuit filed against you (with possible liability for court costs/legal expenses), loss of eligibility for any additional financial aid, loss of deferment entitlements and forbearance eligibility, and referral of your account to a collection agency.

Once the borrower has successfully completed rehabilitation of a defaulted loan, they will be permitted to choose the SAVE plan. Defaulted Parent PLUS Loans and Consolidation Loans which include Parent PLUS Loans are not eligible for the SAVE repayment plan and would instead be able to access the ICR plan upon rehabilitation. Borrowers that have provided the information necessary to calculate an IDR repayment shortly after entering into default that have a calculated payment of $0 leading up to their default, may be returned to good standing automatically. This is limited to circumstances where the Department of Education is able to determine what the borrower's IDR payment would have been at the time of default.

You should keep all financial aid materials in one place especially any records relating to your loans. Make sure to include a copy of your Borrower's Rights and Responsibilities Statement that you received prior to signing the Master Promissory Note (MPN). The statement provides information regarding your student loan, such as Grace Period, Repayment, Deferments, etc. You should also have a copy of your Master Promissory Note (MPN) and any schedules provided by your lender reflecting when repayment begins. Both Direct and FFEL borrowers should retain documentation of canceled checks and money order receipts whenever you make a payment on your loan. You should store copies of any requests for deferment, forbearance, or other types of correspondences which you submit to Direct Loans or any agency on your own behalf.

Federal Direct Loan Counseling Checklist

Although student and parent borrowers are not required to utilize the Annual Student Loan Acknowledgment tool, completing the acknowledgment process can provide borrowers with valuable information concerning the amount they currently owe in federal student loans and their remaining eligibility. The Annual Student Loan Acknowledgment process and several other helpful tools such as the **Aidan® Virtual Assistant**, **Loan Simulator**, and **Public Service Loan Forgiveness (PSLF) Help Tool** are available through the Federal Student Aid website at https://studentaid.gov/.

The U.S. Department of Education maintains records of student aid in the National Student Loan Data System (NSLDS) database. This database provides a centralized view of federal student aid including loans and grants throughout their lifecycle, from approval through disbursement, and when applicable, repayment. This data is provided by schools, guaranty agencies, and U.S. Department of Education programs, including the William D. Ford Federal Direct Loan program. This information is accessible to students online through the Federal Student Aid website at https://studentaid.gov/. Using the Federal Student Aid website, you can view interest rates, outstanding balances, current statuses, and even the name and contact information for the agency currently servicing your loans, which may change over the lifetime of your loan. However, you will be notified in the event your loans are transferred to a different loan servicer. Note that it is possible that the information on the Federal Student Aid website may not be as current as the latest information from your loan servicer/holder. To resolve loan disputes and problems in an informal manner, the Federal Student Aid (FSA) Ombudsman works with student loan borrowers. The goal is to find creative alternatives for borrowers who need help with their federal student loans. You can reach the FSA Ombudsman as follows:

Postal Mail:	**Contact:**
U.S. Department of Education FSA Ombudsman Group P.O. Box 1843 Monticello, KY 42633	Toll-free phone: 1-877-557-2575 Fax number: 606-396-4821 On-line assistance: https://studentaid.gov/feedback-ombudsman/disputes/prepare

By signing this form, you are verifying that you have reviewed and understood everything on this form. If there is anything about your loan(s) that you do not understand, please contact your school's financial aid office.

Initial Counseling received:	Exit Counseling received:
[2]	[3]
Signature	Signature
Date	Date

The student must date this checklist so that its use may be distinguished between *Pre-Loan* versus *Exit* Counseling.

Federal Direct Loan Counseling Checklist

____ ___________________________

Student's Name (Please Print) **Social Security Number (Last 4-digits)**

UNDERSTAND YOUR LOANS

You are receiving a Direct Loan to help you cover the costs of your education. You must repay this loan. Before you receive your Direct Loan funds, you must sign a promissory note agreeing to the conditions under which the loan is made and the terms under which you agree to repay the loan. The promissory note authorizes the school to credit loan proceeds to your student account. A copy of the Master Promissory Note, along with your Rights and Responsibilities Statement is part of your entrance and exit loan-counseling packet.

The Master Promissory Note (MPN) is designed for use as both a multi-year and a single-year note. If your school uses a multi-year feature, your MPN will be valid for up to 10 years for multiple loans. The multi-year MPN feature makes the borrowing process easier. However, you will be required to sign a new MPN if your school does not use the multi-year feature. Using the single-year feature, you will sign one MPN for every loan that you obtain. If you are more comfortable doing so, you may also choose to sign a new MPN each time you borrow.

The multi-year feature of the MPN is valid for 10 years from the date you sign it. If no disbursements occur within 12 months of your completing the MPN, the document will be voided. As the loan borrower, you can submit a written request at any time withdrawing your permission for any additional disbursements to occur under the current MPN on file. Direct Loans may also revoke the terms of the MPN in situations such as bankruptcy.

Always borrow conservatively! If you reduce the amount you borrow now, you will have less to repay later. You should seek alternatives to loans, if possible. Ask your school about the availability of any state grant funds in order to reduce your need for loans. State grant assistance might be available to both in-state and out-of-state students. It is important to note that accepting a loan might reduce your eligibility for other student aid such as grants, Federal Work Study (FWS), and institutional aid. Keep in mind that after you have finished your educational program, you would have more bills to worry about than just student loans -- for example, rent utilities, car payments, clothing, and food. Be realistic in terms of how much money you can expect to earn after you graduate, and what size of student loan payments you will be able to afford. Above all, limit your borrowing to the amount absolutely necessary, even though you may be eligible to borrow more. You should develop a budget in order to determine the amount of loans you can afford to borrow.

Repayment of Direct Loans is a serious and important obligation. You are responsible for repaying your loan even if you are dissatisfied with your educational program or other services, do not complete your educational program, do not complete the program of study within the regular time for completion, or cannot find work after graduating. The Direct Loan Servicing Center will notify you of the date your first payment is due. You must make payments even if you do not receive a bill. You are encouraged to set up electronic debiting of a bank account to repay your loans. Both Direct Subsidized and Direct Unsubsidized Loans are eligible for a six (6) month grace period that will generally begin on the day after you graduate, withdraw, or drop below half-time enrollment status.

The law specifies the amount of financial assistance you are eligible to receive each academic year and how your school determines that eligibility. If you withdraw during a payment period or period of enrollment, your eligibility is determined by a specific formula. If you received less than you were eligible to receive, you may be able to receive those additional funds. If you received more assistance than you are eligible for, the excess funds must be returned. The order in which federal funds must be returned to the Title IV programs is: Direct Unsubsidized Loans, Direct Subsidized Loans, Perkins Loans, Direct Grad PLUS Loans, Direct PLUS Loans, Pell Grants, SEOG Program, and other Title IV grant assistance programs. Please contact your school for more information regarding their published refund policy.

The Department of Education recommends that borrowers complete an Annual Student Loan Acknowledgment each year that they accept a new federal student loan. For borrowers that have received prior loans, the Annual Student Loan Acknowledgment tool can provide information on repayment terms and estimates, the amount that has been borrowed previously, and their remaining eligibility. Additional information such as salary and debt estimates for the borrower's chosen program and information about how interest may affect the borrower's total repayment amount is also provided for new borrowers. New borrowers are also acknowledging that they understand their responsibility to repay their loan(s). The Annual Student Loan Acknowledgment process may be completed through the Federal Student Aid website at https://studentaid.gov/asla/.

Federal Direct Loan Counseling Checklist

LOAN BASICS (INTEREST RATES)

Direct Subsidized, Direct Unsubsidized, and Direct PLUS loans first disbursed on or after 7/1/2013 have a fixed rate that is set each year that is equal to the high yield of the 10-year Treasury notes auctioned at the final auction held prior to June 1st with an "add-on" based on the type of loan (undergraduate, graduate or Direct PLUS). Although the interest rates will vary each year, once established, the interest rate will remain at a fixed rate and will not change throughout the life of your loan. Interest rates cannot exceed a specified maximum based on the type of the loan. For undergraduate students, the maximum interest rate for Direct Subsidized and Unsubsidized Loans will be 8.25%, 9.5% for Direct Unsubsidized Loans for graduate and professional students, and 10.5% for Direct PLUS (graduate/professional students and parents of dependent students). There is no cap on the interest rate on a Direct Consolidation Loan. Interest is charged from the date the first disbursement is made and continues to accrue until the loan is paid in full, even during in-school, grace, deferment, forbearance, or other periods.

For Direct Subsidized Loans, the federal government pays your interest charges while you attend school at least half-time, for six (6) months after you leave school, and while you have a deferment on your loan. You must pay all other interest charges on your subsidized loan. You must pay all interest charges on your Direct Unsubsidized Loans. While not required to do so, you may also pay the interest on your loans while you are in school. You will receive more information about repayment choices from Direct Loans, but the information can also be located on their website at https://studentaid.gov/.

As a borrower, you must pay a loan fee. The loan fee is a percentage of the loan amount and is proportionately deducted from each loan disbursement. The loan fee will appear on a disclosure statement which will be sent to you. You are able to see the interest rates for each of your Direct Loans by accessing the Federal Student Aid website at https://studentaid.gov/ using your FSA ID. Once you have successfully logged in you will be taken to a dashboard that displays a summary of the loans you have received. For more detailed information, click the View Details link to proceed to the Aid Summary page. From here, navigate to the Loan Breakdown at the bottom of the page and click View Loan Details. A history of your Federal Direct Loans will be displayed including details like the type of loan (subsidized or unsubsidized), the loan date, loan status, current repayment plan, interest rate, and the total outstanding balance. Clicking on each loan will open the loan details for the selected loan, which includes the summary information from the prior page and the repayment progress for that loan.

This information can be viewed at any time by accessing the Federal Student Aid website, but you are also able to download a copy of the data for your records using the "Download My Aid Data" feature located above the Aid Summary. Be aware that the data contains not only financial information but also Personally Identifiable Information (PII) and should be protected and stored securely. If using a public computer, you should ensure that the file is deleted entirely from the computer before logging off; this may include clearing the download cache of the browser you used to access the file as well as deleting the file and emptying the Recycle Bin/Trash.

Note: For loan periods beginning on or after 7/1/2012, graduate/professional students are no longer eligible for subsidized loans. The annual loan limit remains the same, but all of it will be unsubsidized.

PLAN TO REPAY

You must repay the full loan amount, including all interest. The time frame allowed to repay your loan depends on your total loan indebtedness. Generally, you'll have from 10 to 25 years to repay your loan, depending on which repayment plan you choose. You will receive a six (6) month grace period that generally begins the day after you graduate, withdraw, or drop below half-time enrollment status. You do not have to make payments during your grace period. You must make payments after your grace period ends.

Outlined below are repayment plan options that are available once repayment of your loan begins. When you have chosen a plan, you will be provided with a detailed schedule for the repayment of your loan. If you do not choose a plan when your loan enters repayment, you will be automatically placed under the Standard Repayment Plan. You may request a change to your repayment plan at any time; but you may be limited 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 the minimum balance due at any time without penalty. You will receive more information about repayment choices from Direct Loans, but the information can also be located on their website at https://studentaid.gov/.

Federal Direct Loan Counseling Checklist

Standard Repayment Plan: The total loan indebtedness for your program is all Federal Stafford (FFEL)/Direct Loan Subsidized + all Unsubsidized + all Federal PLUS/Direct PLUS. Your parent is responsible for the total of all Parent PLUS Loans received for your undergraduate program of study. The Standard Repayment Plan is the traditional approach to repaying your loan. Your monthly payment will be a fixed amount. The amount will be the minimum necessary to pay off your loan in full within 10 years (not including periods of deferment or forbearance) from the date it enters repayment. Your payments must be at least $50.00 a month but could be more, if necessary, to repay the loan within the required period of time.

Graduated Repayment Plan: The Graduated Repayment Plan is paid over a fixed period of time but cannot exceed 10 years in length (not including periods of deferment or forbearance). In this plan, your payments begin at a relatively low amount and then increase, normally every two years. Your monthly payment will never be less than the amount of interest that accrues between payments. Although your monthly payment will gradually increase, no single payment under this plan will be more than three times greater than any other payment. If your loan has a variable interest rate, we may need to adjust the number or amount of your payments to reflect changes in the interest rate.

Extended Repayment Plan: Under the Extended Repayment Plan, you'll pay a fixed annual or graduated repayment amount over a period not to exceed 25 years. If you're a previous Federal Stafford (FFEL) borrower, you must have more than $30,000 in outstanding FFEL Program Loans (not including periods of deferment or forbearance). If you're a Direct Loan borrower, you must have more than $30,000 in outstanding Direct Loans (not including periods of deferment or forbearance). This means, for example, that if you have $35,000 in outstanding Federal FFEL Program Loans and $10,000 in outstanding Direct Loans, you can choose the Extended Repayment Plan for your FFEL Loans, but not for your Direct Loans. Your fixed monthly payment is lower than it would be under the Standard Plan, but you'll ultimately pay more for your loan because of the interest that accumulates during the longer repayment period.

This is a good plan if you will need to make smaller monthly payments. Because the repayment period will be 25 years, your monthly payments will be less than with the standard plan. However, you may pay more in interest because you're taking longer to repay the loans. **Remember that the longer your loans are in repayment, the more interest you will pay.**

Income-Contingent Repayment Plan (ICR): The Income-Contingent Repayment Plan (Direct Loans only) gives you the flexibility to pay your loan without undue financial hardship. The monthly payment amount is based upon how much money you make plus your spouse's income (if married and file jointly) and the size of your household. The payment amount is recalculated annually with a maximum repayment period of 25 years. Under this plan, if you haven't fully repaid your loans after 25 years, the unpaid portion will be discharged. However, you may have to pay taxes on the amount that is discharged. **Note that most borrowers will not be eligible to enroll in the ICR repayment plan after July 1, 2024. Enrollment will be limited to only those borrowers with a Direct Consolidation Loan first disbursed on or after July 1, 2025, that includes a Parent PLUS Loan.**

Under the ICR plan you will pay each month the lesser of:

1. the amount you would pay on a repayment plan with a fixed monthly payment over 12 years, adjusted based on your income;

   or

2. 20% of your discretionary income*, divided by 12.

*Discretionary income equals your adjusted gross income (AGI) minus the poverty level for your state of residence and family size, divided by 12. For the current poverty level, see the Poverty Guidelines Chart (https://aspe.hhs.gov/poverty-guidelines), which is issued annually by the U.S. Department of Health and Human Services.

Federal Direct Loan Counseling Checklist

Income-Based Repayment Plan (IBR): As of July 1, 2009, the Income-Based Repayment Plan is available for all borrowers who have a partial financial hardship, except for Parent PLUS Loan borrowers or Consolidation Loan borrowers who repaid a Parent PLUS Loan through the Consolidation Loan. Under the amended IBR regulations that took effect July 1, 2010, if you and your spouse have IBR-eligible loans, and file a joint federal income tax return, the combined IBR payment amount for both individuals will be adjusted by multiplying that payment amount by the percentage of the total eligible loan debt for you and your spouse.

The required monthly payment for an IBR Plan is capped at an amount that is intended to be affordable based on income and family size. You are eligible for IBR if the monthly repayment amount under IBR will be less than the monthly amount calculated under a 10-year Standard Repayment Plan. If you repay under the IBR Plan for 20 years (for new borrowers, 25 years for existing borrowers) and meet other requirements, you may have any remaining balance of your loan(s) cancelled. Additionally, if you work in public service and have reduced loan payments through IBR, the remaining balance after ten years in a public service job could be cancelled.

For new borrowers on or after July 30, 2023, who are repaying non-defaulted Direct Loans under the IBR Plan, the IBR Plan payment amount is equal to 10% of the amount by which the borrower's adjusted gross income (AGI) exceeds 150% of the poverty guideline amount applicable to the borrower's state and family size. However, this 10% IBR formula will not be used in the initial determination of a reasonable and affordable loan rehabilitation payment amount on a defaulted loan. The payment amount for existing borrowers will be 15% of the amount by which the borrower's AGI exceeds 150% of the applicable poverty guidelines, rather than the 10% for new borrowers.

Estimated Monthly Payment Amount and Total Cost of the Loan by Repayment Plan[1]

Debt When Loan Enters Repayment	Standard		Graduated		Extended Fixed		Extended Graduated	
	Per Month	Total	Per Month [2]	Total	Per Month	Total	Per Month [2]	Total
$5,000	$59	$7,060	$34	$7,637	N/A	N/A	N/A	N/A
$10,000	$118	$14,119	$68	$15,275	N/A	N/A	N/A	N/A
$25,000	$294	$35,298	$171	$38,189	N/A	N/A	N/A	N/A
$50,000	$588	$70,596	$341	$76,378	$363	$108,905	$304	$117,585
$100,000	$1,177	$141,193	$682	$152,756	$726	$217,809	$608	$235,189

Debt When Loan Enters Repayment	Income-Based [3] (Income [5] = $45,000)				SAVE [4] (Income [5] = $45,000)			
	Single		Married/HOH [7]		Single		Married/HOH [7]	
	Per Month [2]	Total [6]	Per Month [2]	Total [6]	Per Month [2]	Total [6]	Per Month [2]	Total [6]
$5,000	N/A	N/A	N/A	N/A	$46	$6,925	$0	$360
$10,000	N/A	N/A	N/A	N/A	$46	$6,925	$0	$360
$25,000	$187	$42,960	$120	$43,554	$46	$17,708	$0	$2,614
$50,000	$187	$63,917	$120	$43,554	$46	$17,708	$0	$2,614
$100,000	$187	$63,917	$120	$43,554	$46	$17,708	$0	$2,614

[1] Payments are calculated using a fixed interest rate of 7.3% for Direct Subsidized and Unsubsidized Loans disbursed on or after July 1, 2024. Note that this is an average of the undergraduate (6.53%) and graduate (8.08%) interest rates.

[2] Payment amounts displayed indicate the initial monthly payment amount. The monthly payment amount may change (+/-) over the lifetime of the loan based on the repayment plan selected and the borrower's income.

[3] The amounts above reflect 10% of the amount by which a new borrower's AGI exceeds 150% of the poverty guideline amount applicable based on their state and family size. Those borrowers that had loans prior to July 2014 are subject to a 15% rate.

[4] The amounts above reflect 5% of the amount by which an undergraduate borrower's AGI exceeds 225% of the poverty guideline amount applicable based on their state and family size. Graduate borrowers are subject to a 10% rate.

[5] Assumes a 3% annual income growth (based on data from the U.S. Census Bureau for the national average income growth rate).

[6] Totals shown here are estimates only that include loan forgiveness after consecutive payments over an extended period (20-25 years). For a more personalized estimate, the Department of Education provides a Loan Simulator tool for students at https://studentaid.gov/loan-simulator/.

[7] HOH is Head of Household. Assumes a family size of two.

Federal Direct Loan Counseling Checklist

Saving on a Valuable Education Plan (SAVE) / Revised Pay As You Earn Plan (REPAYE): Previously known as the Revised Pay As You Earn Plan (REPAYE), the Saving on a Valuable Education Plan (SAVE) is available to all Direct Loan student borrowers regardless of when they took out the loans. This plan lowers payments for almost all borrowers in comparison to all other income-driven repayment plays because it is based on a smaller portion of the borrower's adjusted gross income (AGI). Additionally, the SAVE plan has a benefit related to interest; if a borrower makes their full monthly payment, but it is not enough to cover the accrued monthly interest, the rest of the accrued interest for that month will instead by covered by the government—preventing the borrower's balance from growing due to unpaid interest.

For borrowers who originally borrowed $12,000 or less, loan forgiveness may be given after as few as 10 years. For borrowers with an original principal balance over $12,000, an additional year of qualifying payments for every $1,000 over the original principal balance is needed for loan forgiveness. There is also a repayment term cap, i.e., a maximum number of payments that a borrower will be required to make, regardless of the amount borrowed. For a borrower who only has loans received to pay for undergraduate study, the remaining balance of the borrower's loans is forgiven after 20 years of qualifying payments. For a borrower who has at least one loan received to pay for graduate study, the remaining balance is forgiven after 25 years of qualifying payments. The monthly repayment amount is based on 5% of the borrower's discretionary income for undergraduate loans and 10% for graduate loans. If the borrower has both undergraduate and graduate loans, the repayment amount will be based on a weighted average.

For each year a borrower is in the SAVE Plan, the borrower's monthly payment amount is recalculated based on income and family size information provided by the borrower. If the borrower does not provide the income information needed to recalculate the monthly repayment amount, the borrower is removed from the SAVE Plan and placed in an alternative repayment plan. The monthly payment amount under the alternative repayment plan would equal the amount required to pay off the loan within 10 years from the date the borrower begins repayment under the alternative plan or by the end date of the 20- or 25-year SAVE Plan, whichever is earlier.

Saving on a Valuable Education Plan (SAVE) (Formerly REPAYE)[8] Monthly Payment Chart

Saving on a Valuable Education Plan (SAVE) Undergraduate Borrowers' Monthly Payment Amount								
Family Size	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Annual Income	*Monthly Payment Amount = 5% of Discretionary Income/12*							
$10,000	$0	$0	$0	$0	$0	$0	$0	$0
$15,000	$0	$0	$0	$0	$0	$0	$0	$0
$20,000	$0	$0	$0	$0	$0	$0	$0	$0
$25,000	$0	$0	$0	$0	$0	$0	$0	$0
$30,000	$0	$0	$0	$0	$0	$0	$0	$0
$35,000	$0	$0	$0	$0	$0	$0	$0	$0
$40,000	$25	$0	$0	$0	$0	$0	$0	$0
$45,000	$46	$0	$0	$0	$0	$0	$0	$0
$50,000	$67	$17	$0	$0	$0	$0	$0	$0
$55,000	$88	$38	$0	$0	$0	$0	$0	$0
$60,000	$109	$58	$10	$0	$0	$0	$0	$0
$65,000	$130	$79	$29	$0	$0	$0	$0	$0

[8] Based on your income and family size, Saving on a Valuable Education Plan (SAVE) monthly payments can be more than the 10-year Standard Repayment Plan amount.

Federal Direct Loan Counseling Checklist

THINGS YOU NEED TO KNOW

Important: As of July 1, 2023, the Department of Education eliminated interest capitalization for Direct Loans in instances where it is not required by statute. Note that this is not applicable for loans made under the Federal Family Education Loan (FFEL) Program. To determine if interest capitalization is applicable to your new or existing loans, please contact your loan servicer. Capitalization occurs when a lender adds unpaid accrued interest to the borrower's unpaid principal balance. Capitalizing interest increases the principal amount of the loan and the total cost of the loan. Depending on the type of loan (Direct or FFEL), this may occur at the end of a deferment, forbearance, or grace period on unsubsidized loans, and at the end of a forbearance period on a subsidized loan.

A late charge fee may be collected if you do not make any part of a payment after it becomes due. You may be held responsible for paying any other charges and fees involved in collecting your loan, including, but not limited to, attorney's fees, court costs, and long-distance telephone calls.

Tax benefits are available for certain higher education expenses, including a deduction for student loan interest for certain borrowers. This benefit applies to all loans used to pay for postsecondary education costs. The Internal Revenue Service (IRS) Publication 970, Tax Benefits for Higher Education, explains these credits and other tax benefits. You may get more information online at https://irs.gov or by calling the IRS at 1-800-829-1040.

Consolidation loans allow a borrower to consolidate (combine) multiple federal student loans into one loan. The result is a single monthly payment instead of multiple monthly payments. Make sure to carefully consider whether loan consolidation is the best option for you. While loan consolidation can simplify loan repayment and lower your monthly payment, it also can significantly increase the total cost of repaying your loans. Consolidation offers lower monthly payments by giving you up to 30 years to repay your loans (not including periods of deferment or forbearance). However, by increasing the length of your repayment period, you'll also make more payments and pay more in interest than you would otherwise. In fact, in some situations consolidation can double your total interest expense. If you don't need monthly payment relief, you should compare the cost of repaying your unconsolidated loans against the cost of repaying a consolidation loan.

You also should take into account the impact of losing any borrower benefits offered under repayment plans for the original loans. Borrower benefits from your original loan, which may include interest rate discounts, principal rebates, or some loan cancellation benefits, can significantly reduce the cost of repaying your loans. You may lose those benefits if you consolidate. Once your loans are combined, they cannot be removed. That's because the loans that were consolidated have been paid off and no longer exist. Take the time to study the pros and cons of consolidation before you submit your application. FFEL only borrowers may consolidate those loans into a Direct Consolidation Loan to benefit from an interest waiver for active-duty military service personnel or to qualify for the Public Service Loan Forgiveness Program.

Before you apply for a Consolidation Loan, seek guidance from the servicer/holder of your loan(s). If you're in default on a federal student loan, you still might be able to consolidate if you make satisfactory repayment arrangements on the defaulted loan or agree to repay the Consolidation Loan under the Income-Contingent or Income-Based Repayment Plans, provided the defaulted loan is not subject to a judgment or wage garnishment.

You should have received a college catalog and/or enrollment agreement that contains the school's academic progress policy and refund policy. If you withdraw from school, a Return of Title IV funds may be required which may affect the amount of your loan repayment. You are required to attend exit counseling before you graduate, withdraw, or cease to be enrolled at least half-time. Exit counseling will provide you with specific information about your total indebtedness, lender contact information, repayment options, loan consolidation, and debt-management strategies.

To remain eligible for federal student loans, you must remain enrolled on at least a half-time basis. If your enrollment status at any time drops below half-time status, you may be ineligible for any future scheduled disbursements and your loans may enter repayment. To determine the requirements for half-time status, please contact your school as the requirements may vary per program of study.

To avoid delinquency and default, you should inform Direct Loans (https://studentaid.gov/) or for Federal Stafford (FFEL) borrowers, the loan holder, of any changes to your name, mailing address, telephone number, or Social Security Number so that all correspondences are promptly directed to you. You should also inform Direct Loans or your loan holder if you withdraw from school, drop below half-time status, or transfer to another school. Always read and keep all documents you receive pertaining to your federal student loans and be sure to understand your loan amount and the payments that will be required. You should also notify your lender or servicer if you cannot make your payments by the due date.

Federal Direct Loan Counseling Checklist

During your repayment period, you may be contacted by third-party student debt relief companies. Always use caution when dealing with these companies as the services they offer are typically offered to borrowers, free of charge, through the Department of Education or your servicer.

In the case of your death, your loan obligation will be cancelled. Your loan also may be cancelled if you become totally and permanently disabled. Loan cancellation due to disability requires certification from a physician. Your loan may be cancelled in other instances including school closure, false certification, identity theft, or failure of the school to pay a refund if you withdraw.

Borrowers may also qualify for other cancellations or loan forgiveness programs such as being a survivor of a 9/11/01 victim or through the teacher loan forgiveness program. To receive a complete list of cancellation, discharge, and loan forgiveness categories or to apply for a cancellation, discharge, or loan forgiveness, the borrower must contact Direct Loans (https://studentaid.gov/) and review the Discharge/Cancellation page. Generally, federal student loans may not be cancelled or discharged due to bankruptcy. Borrowers who received loans under the Federal Stafford (FFEL) program will need to contact their loan holder to discuss these options.

In the event that you're experiencing financial difficulty you should contact your loan servicer/holder immediately for assistance in handling your repayment obligation. They may be able offer options that temporarily reduce or suspend your monthly payment on your loan.

Under certain circumstances, you may be eligible for a deferment and may not have to make payments for a period of time. These eligibility requirements may include at least half-time enrollment at an eligible school, participation in a graduate fellowship program, participation in a rehabilitation training program, unemployment, economic hardship, or participating in qualifying military duty. A complete list of deferment options along with documentation and eligibility requirements are listed on your Rights and Responsibilities Statement.

When a loan is deferred, the federal government pays the interest on subsidized loans. Even during deferment, the government does not pay the interest on unsubsidized loans. You must pay the interest on unsubsidized loans and PLUS loans during deferment periods, or it will be added to the total amount you are expected to repay. If you cannot make scheduled payments and do not qualify for a deferment, forbearance may be an option. During periods of forbearance, you may be allowed to temporarily make smaller payments or stop making payments for an approved length of time. Be advised that interest continues to be charged on your loan while in a forbearance. You may make interest payments during a forbearance period or allow the interest to be added to your total repayment amount when the forbearance ends. Note that a limited group of forbearance or deferment (excluding in-school deferments) periods may be credited towards your forgiveness period. Your failure to pay all or part of a monthly payment, when it is due, may result in late charges.

For borrowers that provided approval for the disclosure of their federal tax information that have not made a schedule payment for at least 75 days or is in default on the loan and is not subject to a federal offset, administrative wage garnishment, or a judgment secured through litigation may automatically be enrolled in an income-driven repayment (IDR) plan. Your loan is considered to be in default when a payment has not been made in 270 days. Defaulting on your Direct Loan can result in damage to your credit rating, collection costs, the federal Treasury department withholding all or a portion of your tax refund, and/or your employer garnishing your wages to repay your loan debt obligation. Default can also cause acceleration of the amount due, a lawsuit filed against you (with possible liability for court costs/legal expenses), loss of eligibility for any additional financial aid, loss of deferment entitlements and forbearance eligibility, and referral of your account to a collection agency.

Once the borrower has successfully completed rehabilitation of a defaulted loan, they will be permitted to choose the SAVE plan. Defaulted Parent PLUS Loans and Consolidation Loans which include Parent PLUS Loans are not eligible for the SAVE repayment plan and would instead be able to access the ICR plan upon rehabilitation. Borrowers that have provided the information necessary to calculate an IDR repayment shortly after entering into default that have a calculated payment of $0 leading up to their default, may be returned to good standing automatically. This is limited to circumstances where the Department of Education is able to determine what the borrower's IDR payment would have been at the time of default.

You should keep all financial aid materials in one place especially any records relating to your loans. Make sure to include a copy of your Borrower's Rights and Responsibilities Statement that you received prior to signing the Master Promissory Note (MPN). The statement provides information regarding your student loan, such as Grace Period, Repayment, Deferments, etc. You should also have a copy of your Master Promissory Note (MPN) and any schedules provided by your lender reflecting when repayment begins. Both Direct and FFEL borrowers should retain documentation of canceled checks and money order receipts whenever you make a payment on your loan. You should store copies of any requests for deferment, forbearance, or other types of correspondences which you submit to Direct Loans or any agency on your own behalf.

Federal Direct Loan Counseling Checklist

Although student and parent borrowers are not required to utilize the Annual Student Loan Acknowledgment tool, completing the acknowledgment process can provide borrowers with valuable information concerning the amount they currently owe in federal student loans and their remaining eligibility. The Annual Student Loan Acknowledgment process and several other helpful tools such as the **Aidan® Virtual Assistant**, **Loan Simulator**, and **Public Service Loan Forgiveness (PSLF) Help Tool** are available through the Federal Student Aid website at https://studentaid.gov/.

The U.S. Department of Education maintains records of student aid in the National Student Loan Data System (NSLDS) database. This database provides a centralized view of federal student aid including loans and grants throughout their lifecycle, from approval through disbursement, and when applicable, repayment. This data is provided by schools, guaranty agencies, and U.S. Department of Education programs, including the William D. Ford Federal Direct Loan program. This information is accessible to students online through the Federal Student Aid website at https://studentaid.gov/. Using the Federal Student Aid website, you can view interest rates, outstanding balances, current statuses, and even the name and contact information for the agency currently servicing your loans, which may change over the lifetime of your loan. However, you will be notified in the event your loans are transferred to a different loan servicer. Note that it is possible that the information on the Federal Student Aid website may not be as current as the latest information from your loan servicer/holder. To resolve loan disputes and problems in an informal manner, the Federal Student Aid (FSA) Ombudsman works with student loan borrowers. The goal is to find creative alternatives for borrowers who need help with their federal student loans. You can reach the FSA Ombudsman as follows:

Postal Mail:	**Contact:**
U.S. Department of Education FSA Ombudsman Group P.O. Box 1843 Monticello, KY 42633	Toll-free phone: 1-877-557-2575 Fax number: 606-396-4821 On-line assistance: https://studentaid.gov/feedback-ombudsman/disputes/prepare

---

By signing this form, you are verifying that you have reviewed and understood everything on this form. If there is anything about your loan(s) that you do not understand, please contact your school’s financial aid office.

Initial Counseling received:

____
Signature

____
Date

Exit Counseling received:

____
Signature

____
Date

The student must date this checklist so that its use may be distinguished between *Pre-Loan* versus *Exit* Counseling.