

William D. Ford Federal Direct Loan Program

Direct PLUS Loan Borrower's Rights and Responsibilities Statement

ABOUT THE BORROWER'S RIGHTS AND RESPONSIBILITIES STATEMENT (BRR)

This BRR provides additional information about the terms and conditions of the loans you receive under the accompanying Master Promissory Note (MPN) for Direct PLUS Loans. Please keep this BRR for your records. You may request another copy of the BRR at any time by contacting your loan servicer. You can also obtain a complete copy of the MPN that you signed, including the BRR, on [StudentAid.gov](https://studentaid.gov).

Throughout this BRR, the words "we," "us," and "our" refer to the U.S. Department of Education or our servicers. The word "loan" refers to one or more loans made under the accompanying MPN.

NOTE TO ENDORSER

An endorser is someone who agrees to repay a Direct PLUS Loan if the borrower does not repay the loan. If you are the endorser of a Direct PLUS Loan, you are not entitled to all of the same benefits as a Direct PLUS Loan borrower, and not all of the terms and conditions of a Direct PLUS Loan apply to you. However, you should read the entire MPN and BRR. We have highlighted important information that applies to you as an endorser.

1. LAWS THAT APPLY TO THIS MPN AND OTHER LEGAL INFORMATION

The terms and conditions of loans made under this MPN are determined by the Higher Education Act of 1965, as amended (the HEA), and other federal laws and regulations. We refer to these laws and regulations as "the Act" throughout this BRR. Under applicable state law (unless federal law preempts a state law), you may have certain borrower rights, remedies, and defenses in addition to those stated in the MPN and this BRR.

Any notice we are required to send you related to a loan made under this MPN, even if you do not receive the notice, will be effective if it is sent by first-class mail to the most recent address that we have for you, sent by electronic means to an email address you have provided, or sent by any other method of notification that is permitted or required by the Act. You must immediately notify your servicer of a change in your contact information or status (see BRR Item 13).

If we do not enforce a term of this MPN, that does not waive our right to enforce that term or any other term in the future. No term of this MPN may be modified or waived, unless we do so in writing. If any term of this MPN is determined to be unenforceable, the remaining terms remain in force.

NOTE: Amendments to the Act may change the terms of this MPN. Any amendment to the Act that changes the terms of this MPN will be applied to your loans in accordance with the effective date of the amendment. Depending on the effective date of the amendment, amendments to the Act may modify or remove a benefit that existed at the time that you signed this MPN.

2. THE WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

The Direct Loan Program (formally known as the William D. Ford Federal Direct Loan Program) includes the following types of loans, known collectively as "Direct Loans":

- Direct Subsidized Loans (formally known as Federal Direct Stafford/Ford Loans)
- Direct Unsubsidized Loans (formally known as Federal Direct Unsubsidized Stafford/Ford

Loans)

- Direct PLUS Loans (formally known as Federal Direct PLUS Loans)
- Direct Consolidation Loans (formally known as Federal Direct Consolidation Loans)

Direct Loans are made by the U.S. Department of Education. We contract with servicers to process Direct Loan payments, deferment and forbearance requests, and other transactions, and to answer questions about Direct Loans. We will provide you with information about how to contact us or our servicers after the school notifies us that the first disbursement of your loan has been made. It is important to keep in contact with your servicer.

If we transfer one or all of your loans to a new servicer, we will notify you of who your new servicer is, how to contact your new servicer, and when your loans will be transferred. A transfer of the servicing of your loan does not affect any of your rights and responsibilities under that loan. You can find the name of your servicer in the National Student Loan Data System (NSLDS) (see BRR Item 17).

3. DIRECT PLUS LOANS

Direct PLUS Loans are made to graduate or professional students or to parents of dependent undergraduate students ("dependent" is defined in the Act and is different from the definition used by the Internal Revenue Service) to help pay for the cost of education beyond high school. To be eligible for a Direct PLUS Loan:

- You must be a graduate or professional student or the biological or legal adoptive parent of the dependent undergraduate student for whom you are borrowing. Other family members of the dependent student (such as grandparents) or legal guardians are not eligible to receive Direct PLUS Loans. If you are the spouse of the dependent undergraduate student's parent (that is, if you are the student's stepparent), you may borrow a Direct PLUS Loan if you are considered to be a parent in accordance with the instructions on the Free Application for Federal Student Aid (FAFSA) for purposes of reporting your income and assets on the FAFSA.
- You, and if you are a parent borrower, your child, must be a U.S. citizen or national, a permanent resident of the United States, or an otherwise eligible non-citizen.
- You, and if you are a parent borrower, your child, must not be in default on a federal education loan or owe an overpayment on a federal education grant, and must not have been convicted of, or have pled *nolo contendere* (no contest) or guilty to, a crime involving fraud in obtaining federal student aid funds.
- You must not have an adverse credit history (unless you meet certain other requirements — see below).
- You, or if you are a parent borrower, your child, must be enrolled at least half-time at a school that participates in the Direct Loan Program.

We will check your credit history each time you request a Direct PLUS Loan. If you have an adverse credit history, you may not borrow a Direct PLUS Loan unless you:

- Obtain an endorser who does not have an adverse credit history, or
- Document to our satisfaction that there are extenuating circumstances related to the adverse credit history.

In addition, if you are determined to have an adverse credit history and obtain an endorser or document to our satisfaction that there are extenuating circumstances, you must also complete the Direct PLUS Loan credit counseling that we provide.

An endorser is someone who agrees to repay the Direct PLUS Loan if you do not repay the loan. If you are a parent borrower, the endorser of a Direct PLUS Loan may not be the student for whom you are borrowing the loan.

If you are a graduate or professional student, you must complete a FAFSA and your school must determine your eligibility for the maximum annual Direct Unsubsidized Loan amount before you apply for a Direct PLUS Loan.

If you have questions about your eligibility for a Direct PLUS Loan, contact the financial aid office at the school you attend or are planning to attend or, if you are a parent borrower, the school the student attends or is planning to attend.

If you borrow a Direct PLUS Loan, this may affect your eligibility for other financial aid. Therefore, we suggest that you contact the school's financial aid office to determine your eligibility for grants, work-study funds, or other forms of federal, state and private student aid that do not have to be repaid before you apply for a Direct PLUS Loan.

4. USE OF THE MPN TO MAKE MORE THAN ONE LOAN

You may receive more than one loan under this MPN over a period of up to 10 years to pay for your educational costs (if you are a graduate or professional student borrower) or for the educational costs of the student identified on the MPN (if you are a parent borrower), as long as the school is authorized to use the MPN in this way and chooses to do so. At any school, you can receive more than one loan for the same academic year under this MPN.

If the school is not authorized to use the MPN for multiple loans or chooses not to do so, or if you do not want to receive more than one loan under this MPN, you must sign a new MPN each time you receive a loan for a new academic year. If you do not want to receive more than one loan under this MPN, you must notify the school or your servicer in writing.

If the school you are attending (or the school the student is attending) is authorized to use the MPN for multiple loans and chooses to do so, no additional loans will be made under this MPN after the earliest of the following dates:

- The date we or the school receive your written notice that you do not want to receive any additional loans under the MPN;
- One year after the date you sign the MPN or the date we receive the MPN, if no loan disbursements have been made under the MPN; or
- Ten years after the date you sign the MPN or the date we receive the MPN.

If you are a parent requesting Direct PLUS Loans to pay for the educational costs of more than one dependent undergraduate student, you must sign a separate MPN for the loans for each student. You must also sign separate MPNs if you are a parent borrowing on behalf of a dependent undergraduate student and you also want a Direct PLUS Loan to pay for your own attendance in a graduate or professional degree program.

If we determine that you have an adverse credit history and you obtain an endorser (see BRR Item 3), you may receive only one loan under this MPN. If you later want to receive another Direct PLUS Loan, you must sign a new MPN. If you receive a loan under this MPN without an endorser, but later request another Direct PLUS Loan and are determined to have an adverse credit history and obtain an endorser for the new loan, you will have to sign a new MPN for that loan.

5. AMOUNT YOU MAY BORROW

For each academic year, you may borrow up to — but not more than — the amount of your estimated cost of attendance (if you are a graduate or professional student borrower) or the student's estimated cost of attendance (if you are a parent borrower), minus the amount of any other financial aid received for that academic year. The school determines the cost of attendance using federal guidelines. It is important not to borrow more than you can afford to repay, even if you are eligible to borrow more.

6. INTEREST RATE

The interest rate on Direct PLUS Loans is a fixed rate (meaning that the rate for each loan you receive will never change). The rate is determined according to a formula specified in the Act, and is calculated each year. When the rate is calculated, it applies to all Direct PLUS Loans that have a first disbursement date during the period beginning on July 1 of one year and ending on June 30 of the following year. If you receive more than one loan under this MPN, each loan may have a different fixed interest rate, depending on when the loan is first disbursed.

The interest rate for any loan you receive under this MPN cannot be more than the maximum rate set by the Act. The maximum interest rate for Direct PLUS Loans is 10.5%. We will notify you of the interest rate for each loan you receive in a disclosure statement that we send to you.

Servicemembers Civil Relief Act

If you are in military service, you may qualify for a lower interest rate on your loans.

Under the Servicemembers Civil Relief Act, the interest rate on loans you received before you began your military service may be limited to 6% during your military service. We will determine if you are eligible for this benefit based on information from the U.S. Department of Defense. If you are eligible and have qualifying loans with an interest rate greater than 6%, we will automatically reduce the interest rate on those loans to 6% during your military service. If you think you qualify for the 6% interest rate but have not received it, contact your servicer.

If you have an adverse credit history and receive a Direct PLUS Loan by obtaining an endorser, you will also qualify for the 6% interest rate limit on that Direct PLUS Loan if the endorser qualifies for the limit based on the endorser's military service (see the Note to Endorser below).

NOTE TO ENDORSER

You may be eligible for the reduced interest rate described above based on the borrower's military service or your own military service if you are the endorser for a Direct PLUS Loan for which you signed an Endorser Addendum before the earlier of (1) the beginning date of the borrower's military service or (2) the beginning date of your military service.

Interest rate reduction for automatic withdrawal payments

You will receive a 0.25% reduction in the interest rate on your loan if you choose to repay the loan under the automatic withdrawal option. Under the automatic withdrawal option, we automatically deduct your monthly loan payment from your checking or savings account. In addition to lowering your interest rate, automatic withdrawal ensures that your payments are made on time. We will provide you with information about the automatic withdrawal option.

7. PERIODS WHEN WE CHARGE INTEREST

Except as explained below, we **charge interest** on Direct PLUS Loans from the date the loan is first disbursed until it is repaid in full, including during periods of deferment or forbearance.

We **do not charge interest** on Direct PLUS Loans—

- During some periods of repayment under the REPAYE Plan (available only to graduate and professional student borrowers);
- During periods of active duty military service that qualify you for the no accrual of interest benefit for active duty service members (see below); and
- During periods of deferment for cancer treatment (see BRR Item 18).

No accrual of interest benefit for active duty service members

We do not charge interest on any type of Direct Loan Program loan first disbursed on or after October 1, 2008 during periods while you are on qualifying active military duty in an area of

hostilities where your service qualifies you for special pay (for up to 60 months).

Interest capitalization

If you do not pay the interest as it accrues on a Direct PLUS Loan, we will add the accrued interest to the unpaid principal balance of your loan. This is called "capitalization." Capitalization increases the principal amount you owe on the loan and the total amount of interest you will pay. We capitalize unpaid interest when you start making payments again after periods of deferment or forbearance. We may also capitalize unpaid interest that has accrued since the first disbursement of your loan when you enter repayment for the first time.

The chart below shows the difference in the total amount you would repay if you pay the interest as it accrues during a 12-month deferment or forbearance period, compared to the amount you would repay if you do not pay the interest and it is capitalized at the end of the deferment or forbearance period. The example illustrated in the chart assumes the following:

- You owed \$30,000 in Direct PLUS Loans when your loans entered repayment;
- The interest rate on your loans is 8%;
- You are repaying your loans under the Standard Repayment Plan; and
- You received a 12-month deferment or forbearance that began when your loans entered repayment.

	If you pay the interest as it accrues...	If you do not pay the interest and it is capitalized...
Loan principal amount owed at beginning of deferment or forbearance	\$30,000	\$30,000
Interest for 12 months at an annual interest rate of 8%	\$2,400 (paid as accrued)	\$2,400 (unpaid and capitalized)
Loan principal amount to be repaid at end of deferment or forbearance	\$30,000	\$32,400
Monthly payment	\$364	\$393
Number of payments	120	120
Total repaid	\$46,078*	\$47,172

*The total repaid includes \$2,400 in interest that was repaid as it accrued during the 12-month deferment or forbearance period.

In this example, you would pay \$29 less per month and \$1,094 less altogether if you pay the

interest as it accrues during the 12-month deferment or forbearance period.

Federal income tax deduction for student loan interest payments

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, available at [irs.gov/publications/p970](https://www.irs.gov/publications/p970).

8. LOAN FEE

For each Direct PLUS Loan you receive under this MPN, we charge a loan fee that is a percentage of the amount you initially borrowed. The loan fee will be subtracted from each disbursement of your loan. This means that the actual disbursement amount you receive will be less than the disbursement amount you must repay. However, you are required to pay the full amount of the loan, including the amount that was taken for the loan fee.

The amount of the loan fee may be different for different loans you receive under the MPN, depending on when the loans are first disbursed. The specific loan fee you are charged will be shown on a disclosure statement that we will send to you.

9. LATE CHARGES AND COLLECTION COSTS

If you do not make any part of a payment within 30 days after it is due, we may require you to pay a late charge. This charge will not be more than 6% of each late payment. We may also require you to pay other charges and fees involved in collecting your loan.

10. YOUR RIGHT TO CANCEL ALL OR PART OF A LOAN

Before your loan money is disbursed, you may cancel all or part of your loan at any time by notifying the school. After your loan money is disbursed, there are two ways to cancel all or part of your loan:

- **Within certain timeframes you may notify the school that you want to cancel all or part of your loan.** The timeframes for notifying the school are different depending on whether the school requires you to confirm in writing the types and amounts of loans you want to receive. These timeframes range from 14 days to 30 days after the school notifies you of your right to cancel all or part of your loan. The school will tell you the specific cancellation timeframe that applies to you. If you tell the school that you want to cancel all or part of your loan within the applicable timeframe, the school is required to process your cancellation request.

If you ask the school to cancel all or part of your loan outside the applicable timeframe, the school may process your cancellation request, but it is not required to do so.

- **You may return all or part of your loan to us.** Within 120 days of the date the school disbursed your loan money, you may cancel all or part of your loan by returning all or part of the loan money to us. Contact your servicer for instructions on how and where to return your loan money.

You do not have to pay interest or the loan fee on the part of your loan that is cancelled or returned within the timeframes described above. We will adjust your loan amount to eliminate any interest and loan fee that applies to the amount of the loan that is cancelled or returned.

11. HOW YOU WILL RECEIVE YOUR LOAN MONEY

Generally, the school will disburse (pay out) your loan money in more than one installment. Each installment is called a disbursement.

If the school uses academic terms (for example, semesters or quarters), it will usually make a loan disbursement at the beginning of each academic term.

If the school does not use academic terms or does not have academic terms that meet certain requirements, it will generally pay out your loan in at least two disbursements, one at the beginning of the period of study for which you are receiving the loan, and one at the midpoint of that period of study. The school determines the schedule for disbursing your loan money in accordance with the Act.

The school may disburse your loan money by crediting it to your account at the school (if you are a graduate or professional student borrower) or to the student's account at the school (if you are a parent borrower), or may give it to you directly by check or other means. We will notify you in writing each time the school disburses part of your loan money.

If you are a graduate or professional student and have not previously received a Direct PLUS Loan, you must complete entrance counseling before your school can make the first disbursement of your loan. Your school will tell you if entrance counseling is required, and will provide instructions for completing entrance counseling.

If the school credits your loan money to your or the student's account and the amount credited is more than the amount of the tuition and fees, room and board, and other authorized charges, the excess amount is called a credit balance. Unless you authorize the school to hold the credit balance for you, the school must give you the credit balance within 14 days after the credit balance occurred or 14 days after classes began, whichever is later.

If you are a parent borrower, you may authorize the school to pay the credit balance to the student.

12. USE OF YOUR LOAN MONEY

You may use the loan money you receive only to pay for your authorized educational expenses or, if you are a parent borrower, for the student's authorized educational expenses for attendance at the school that determined you were eligible to receive the loan. Authorized expenses include the following:

- Tuition
- Room
- Board
- Institutional fees
- Books
- Supplies
- Equipment
- Dependent care expenses
- Transportation
- Commuting expenses
- Rental or purchase of a personal computer
- Loan fees
- Other documented, authorized costs

13. INFORMATION YOU MUST REPORT TO US AFTER YOU RECEIVE YOUR LOAN

You must notify your servicer and/or the financial aid office at the school about certain changes.

While you are still in school (or, if you are a parent borrower, while the student is still in school), you must notify the school's financial aid office if:

- You change your address or telephone number;
- You change your name (for example, maiden name to married name); or
- You (or if you are a parent borrower, the student)—
 - Do not enroll at least half-time for the period of study that your loan is intended to

pay for;

- Do not enroll at the school that determined you were eligible to receive the loan;
- Stop attending school or drop below half-time enrollment;
- Transfer from one school to another school; or
- Graduate.

At any time after you receive your loan, you must notify your servicer if you:

- Change your address or telephone number;
- Change your name (for example, maiden name to married name);
- Change your employer, or your employer's address or telephone number changes; or
- Have any other change in status that would affect your loan (for example, if you receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment).

NOTE TO ENDORSER

You must notify the servicer if you change your address, telephone number, name, or employer, or if your employer's address or telephone number changes.

14. REPAYING YOUR LOAN

The repayment period for each Direct PLUS Loan made under this MPN begins on the date of the final disbursement for that loan. This means that the repayment period for each loan you receive under this MPN will begin on a different date. Unless you receive a deferment or forbearance (see BRR Item 18), your first payment on each loan will be due within 60 days of the date of the final disbursement of that loan. We will notify you of the date your first payment is due.

You must make payments on your loan even if you do not receive a bill or repayment notice.

You must repay the principal amount of your loan, plus any interest charged on the loan in accordance with the Act. The principal amount that you owe, and are required to repay, is the total of all loan disbursements that are made (except for any disbursements that you reduce or cancel), plus any unpaid interest that is capitalized and added to the principal balance, as authorized under the Act.

You must generally repay all of your Direct Loans under the same repayment plan. However, if you are a parent and have received Direct PLUS Loans to pay for your child's education and other Direct Loans to pay for your own education, you may choose to repay the loans you received for your own education under an income-driven repayment plan and repay the Direct PLUS Loans you received to pay for your child's education under a traditional repayment plan (see below).

There are two types of repayment plans: traditional repayment plans and income-driven repayment plans. Income-driven repayment plans are available only to graduate or professional student Direct PLUS Loan borrowers. We will ask you to choose a repayment plan before your loans enter repayment. If you do not choose a repayment plan, we will place you on the Standard Repayment Plan, which may require you to make a higher monthly payment than other repayment plans.

If you choose a repayment plan that reduces your monthly payment amount by extending the period of time you have to repay your loans or by basing your payment on your income, you will likely pay more in interest over time than you would pay on another repayment plan.

TRADITIONAL REPAYMENT PLANS

Under a traditional repayment plan, your required monthly payment amount is based on the loan

amount that you owe, the interest rate on your loans, and the length of the repayment period.

The traditional repayment plans described below are available to all Direct PLUS Loan borrowers

Standard Repayment Plan

Under the Standard Repayment Plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period.

Graduated Repayment Plan

Under the Graduated Repayment Plan, you will make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your scheduled monthly payment must at least be equal to the amount of interest that accrues each month. No single scheduled payment will be more than three times greater than any other payment.

Extended Repayment Plan

You are eligible for the Extended Repayment Plan only if **(1)** you have an outstanding balance on Direct Loans that exceeds \$30,000, and **(2)** you did not have an outstanding balance on a Direct Loan as of October 7, 1998 or on the date you obtained a Direct Loan on or after October 7, 1998.

Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. If you make fixed monthly payments, your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your scheduled monthly payment must at least be equal to the amount of interest that accrues each month. No single scheduled payment under the graduated option will be more than three times greater than any other payment.

INCOME DRIVEN REPAYMENT PLANS

The income-driven repayment plans described below are available only to graduate and professional student Direct PLUS Loan borrowers

Note: Parent Direct PLUS Loan borrowers may not repay their Direct PLUS Loans under an income-driven repayment plan. However, if a parent Direct PLUS Loan borrower consolidates a Direct PLUS Loan into a Direct Consolidation Loan, the Direct Consolidation Loan may then be repaid under the ICR Plan described below. See BRR Item 20 for information on loan consolidation.

Under an income-driven repayment plan, your required monthly payment amount is based on your income and family size, instead of being based on your loan debt, interest rate, and repayment period, as under a traditional repayment plan. Changes in your income or family size will result in changes to your monthly payment amount. If you choose an income-driven plan, you must certify your family size and provide documentation of your income (and, if you are married, your spouse's income) each year so that we can recalculate your payment amount.

Your required monthly payment amount under an income-driven repayment plan is generally a percentage of your discretionary income. For all of the income-driven repayment plans except for the Income-Contingent Repayment Plan, discretionary income is defined as the difference

between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size, divided by 12. For the Income-Contingent Repayment Plan, discretionary income is defined as the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size, divided by 12.

Revised Pay As You Earn Repayment Plan (REPAYE Plan)

Under the REPAYE Plan, your monthly payment amount is generally 10% of your discretionary income.

If you are married, the income used to determine your REPAYE Plan payment amount will generally be the combined income of you and your spouse, regardless of whether you file a joint or separate federal income tax return. However, your payment amount will be reduced if your spouse also has federal student loans.

Under the REPAYE Plan, any remaining loan amount will be forgiven after you have made the equivalent of either 20 years of qualifying monthly payments over a period of at least 20 years (if all of the loans you are repaying under the plan were obtained for undergraduate study) or 25 years of qualifying payments over a period of at least 25 years (if any of the loans you are repaying under the plan were obtained for graduate or professional study). You may have to pay federal income tax on the loan amount that is forgiven.

Pay As You Earn Repayment Plan (PAYE Plan)

Under the PAYE Plan, your monthly payment amount is generally 10% of your discretionary income, but it will never be more than the Standard Repayment Plan amount.

If you are married and file a joint federal income tax return, the income used to determine your PAYE Plan payment amount will be the combined adjusted gross income of you and your spouse, but your payment amount will be reduced if your spouse also has federal student loans.

If you are married and file a separate federal income tax return from your spouse, only your individual adjusted gross income will be used to determine your PAYE Plan payment amount.

To initially qualify for the PAYE Plan, the monthly amount you would be required to pay under this plan, based on your income and family size, must be less than the amount you would have to pay under the Standard Repayment Plan.

Under the PAYE Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments over a period of at least 20 years, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Income-Based Repayment Plan (IBR Plan)

Under the IBR Plan, your monthly payment amount is generally 15% of your discretionary income, but it will never be more than the Standard Repayment Plan amount.

If you are married and file a joint federal income tax return, the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse, but your payment amount will be reduced if your spouse also has federal student loans.

If you are married and file a separate federal income tax return from your spouse, only your individual adjusted gross income will be used to determine your IBR Plan payment amount.

To initially qualify for the IBR Plan, the monthly amount you would be required to pay under this plan, based on your income and family size, must be less than the amount you would have to pay under the Standard Repayment Plan.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25

years of qualifying monthly payments over a period of at least 25 years, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Income Contingent Repayment Plan (ICR Plan)

Under the ICR Plan, your monthly payment amount will be the **lesser of**—

- 20% of your discretionary income, or
- A percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period.

If you are married and file a joint federal income tax return, the income used to determine your ICR Plan payment amount will be the combined adjusted gross income of you and your spouse.

If you are married and file a separate federal income tax return from your spouse, only your individual adjusted gross income will be used to determine your ICR Plan payment amount.

Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues monthly on your loan unless you request a forbearance.

Under the ICR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments over a period of at least 25 years, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Additional repayment information

Under each plan, the number or amount of payments may need to be adjusted to reflect capitalized interest and/or new loans made to you. We may also adjust payment dates on your loans or may grant you a forbearance (see BRR Item 18) to eliminate a past delinquency that remains even though you are making your scheduled monthly payments.

If you can show to our satisfaction that the terms and conditions of the repayment plans described above are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

You can use the Loan Simulator at [StudentAid.gov/Loan-Simulator](https://studentaid.gov/loan-simulator) to evaluate your eligibility for the PAYE and IBR plans and to estimate your monthly and total payment amounts under all of the repayment plans. The Loan Simulator is for informational purposes only. We will make the official determination of your eligibility and payment amount.

Generally, you may change from your current repayment plan to any other repayment plan you qualify for at any time after you have begun repaying your loan.

NOTE TO ENDORSER

If you are making payments on the borrower's Direct PLUS Loan, you may change your repayment plan by contacting the servicer.

Unless you are required to pay late charges or collection costs, when you make a payment on your loan, we apply the payment first to outstanding interest. If the payment amount is more than the amount of outstanding interest, we apply the remainder of your payment to your loan principal.

If you are required to pay late charges or collection costs, we apply your payment differently depending on your repayment plan. If you are repaying under a traditional repayment plan or the ICR Plan, we apply your payment first to late charges and collection costs, then to outstanding interest, and then to loan principal. If you are repaying under any income-driven repayment plan

other than the ICR Plan, we apply your payment first to outstanding interest, then to late charges and collection costs, and then to loan principal.

You can prepay your loans (that is, make loan payments before they are due, or pay more than the amount due in a month) at any time without penalty. We apply any prepayments in accordance with the Act. Your servicer can provide more information about how prepayments are applied.

When you have repaid a loan in full, your servicer will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

15. DEFAULTING ON YOUR LOAN

Default (failing to repay your loan) is defined in detail in the Terms and Conditions section of your MPN. If you default:

- We will require you to immediately repay the entire unpaid amount of your loan (this is called "acceleration").
- We may sue you, take all or part of your federal and state tax refunds and other federal or state payments as authorized by law, and/or administratively garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- You will have to pay reasonable collection fees and costs, plus court costs and attorney fees in addition to the amount of your loan.
- You will lose eligibility for other federal student financial aid and for assistance under most federal benefit programs.
- You will lose eligibility for loan deferments, forbearances, and repayment plans.
- We will also report your default to nationwide consumer reporting agencies (see BRR Item 17). This will harm your credit history and may make it difficult for you to obtain credit cards, home or car loans, or other forms of consumer credit.

If you default on your loan, you will not be charged collection costs if you respond within 60 days to the initial notice of default that we send to you, and you enter into a repayment agreement with us, including a loan rehabilitation agreement, and fulfill that agreement.

NOTE TO ENDORSER

If the borrower defaults on the loan, and you do not make payments on the loan, you may also be subject to the actions described above.

16. CONDITIONS WHEN WE MAY REQUIRE YOU TO IMMEDIATELY REPAY THE FULL AMOUNT OF YOUR LOAN

We may require you to immediately repay the entire unpaid amount of your loan (this is called "acceleration") if you:

- Receive loan money, but you or the student for whom you obtained the loan do not begin attendance in any classes at the school that determined you were eligible to receive the loan;
- Use your loan money to pay for anything other than expenses related to your or the student's education at the school that determined you were eligible to receive the loan;
- Make a false statement that causes you to receive a loan that you are not eligible to receive; or
- Default on your loan (see BRR Item 15).

17. INFORMATION WE REPORT ABOUT YOUR LOAN

We will report information about your loan to nationwide consumer reporting agencies (commonly known as "credit bureaus") and to the National Student Loan Data System (NSLDS)

on a regular basis. This information will include the disbursement dates, amount, and repayment status of your loan (for example, whether you are current or delinquent in making payments). The information in NSLDS will also identify the servicer of your loan. Your loan will be identified as an education loan. Schools may access information in NSLDS for specific purposes that we authorize.

If you default on a loan, we will report this to nationwide consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agency unless you resume making payments on the loan within 30 days of the date of the notice. You will be given a chance to ask for a review of the debt before we report a default.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response. We respond to objections submitted to consumer reporting agencies using the methods established by those agencies.

NOTE TO ENDORSER

If the borrower of a Direct PLUS Loan becomes delinquent in making payments or defaults on the loan, we may also report your name to consumer reporting agencies in connection with the delinquent or defaulted loan.

18. DEFERMENT AND FORBEARANCE (POSTPONING PAYMENTS)

General

If you meet certain requirements, you may receive a **deferment** that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a **forbearance**. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Deferment

You may receive a deferment:

- While you are enrolled at least half-time at an eligible school;
- During the 6-month period after you cease to be enrolled at least half-time;
- While the student for whom you obtained a Direct PLUS Loan is enrolled at least half-time at an eligible school;
- During the 6-month period after the student for whom you obtained a Direct PLUS Loan ceases to be enrolled at least half-time;
- While you are in a full-time course of study in a graduate fellowship program;
- While you are in an approved full-time rehabilitation program for individuals with disabilities;
- While you are unemployed and seeking work (for a maximum of three years);
- While you are experiencing an economic hardship, including serving in the Peace Corps (for a maximum of three years);
- While you are serving on active duty or performing qualifying National Guard duty during a war or other military operation or national emergency and for an additional 180-day period following the demobilization date for your qualifying service;
- For a maximum of 13 months following your active duty service if you are a current or retired member of the National Guard or reserve component of the U.S. Armed Forces and you are called or ordered to active duty while you are enrolled at least half-time at an eligible school or within 6 months of having been enrolled at least half-time; or
- For Direct Loans that were first disbursed on or after September 28, 2018, or for Direct

Loans first disbursed before that date that entered repayment on or before September 28, 2018, while you are receiving treatment for cancer and for an additional 6 months after your treatment has ended.

In most cases, you will automatically receive a deferment while you are enrolled in school on at least a half-time basis (and, if you are a graduate or professional student, during the 6-month period after you cease to be enrolled at least half-time) based on information that we receive from the school you are attending.

If we process a deferment based on information received from the school, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active duty military service or National Guard duty, a representative acting on your behalf) must submit a deferment request to your servicer, along with documentation of your eligibility for the deferment.

NOTE TO ENDORSER

You are not eligible for a deferment.

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

You may also receive a forbearance if:

- You are serving in a qualifying medical or dental internship or residency program;
- The total amount you owe each month for all of your federal student loans is 20% or more of your total monthly gross income (for a maximum of three years);
- You are serving in an AmeriCorps position;
- You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your servicer.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation (for example, while we are determining your eligibility for a loan discharge, or during periods when you are affected by a local or national emergency).

NOTE TO ENDORSER

You may request a forbearance.

19. DISCHARGE (HAVING YOUR LOAN FORGIVEN)

General

If you meet certain conditions as described below, we may discharge (forgive) some or all of your loans.

For a discharge based on your death (or, if you are a parent borrower, the student's death), a family member must contact your servicer. To request a loan discharge based on one of the other conditions described below (except for a discharge due to bankruptcy), you must complete a loan discharge or forgiveness application and send it to your servicer. Your servicer can tell you how to apply.

We do not guarantee the quality of the academic programs provided by schools that participate in federal student financial aid programs. You cannot have your loan discharged solely because

you or the student do not complete the education paid for with your loan, are unable to obtain employment in the field of study for which the school provided training, or are dissatisfied with, or do not receive, the education you paid for with your loan.

Death, total and permanent disability, and bankruptcy

We will discharge (forgive) your loan if:

- You die, or the child on whose behalf you obtained a Direct PLUS Loan dies. We must receive acceptable documentation (as defined in the Act) of your death or the child's death.
- You become totally and permanently disabled; or
- Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship.

School closure, false certification, identity theft, and unpaid refund

We may also discharge all or a portion of your loan if:

- You (or the child on whose behalf you obtained a Direct PLUS Loan) could not complete a program of study because the school closed;
- Your loan eligibility was falsely certified by the school;
- A loan in your name was falsely certified as a result of a crime of identity theft; or
- The school did not pay a refund of your loan money that it was required to pay under the Act.

Public Service Loan Forgiveness

A Public Service Loan Forgiveness (PSLF) program is also available. Under this program, we will forgive the remaining balance due on your Direct Loans after you have made 120 payments (after October 1, 2007) on those loans under certain repayment plans while you are employed full-time by a qualifying employer. The required 120 payments do not have to be consecutive. Qualifying repayment plans include the REPAYE Plan, the PAYE Plan, the IBR Plan, the ICR Plan, and the Standard Repayment Plan with a 10-year repayment period.

Note: Although the Standard Repayment Plan with a 10-year repayment period is a qualifying repayment plan for PSLF, to receive any loan forgiveness under this program you must enter the REPAYE Plan, the PAYE Plan, the IBR Plan, or the ICR Plan, and make the majority of the 120 payments under one of those plans.

Borrower defense to repayment

We may discharge all or a portion of your loan if the school did something or failed to do something related to your loan or to the educational services that the loan was intended to pay for.

The specific requirements to qualify for a borrower defense to repayment discharge vary depending on when you received your loan. Contact your servicer for more information.

NOTE TO ENDORSER

If we discharge the full amount of the borrower's loan for any of the reasons described above, you are no longer obligated to make any payments on the loan. However, if the loan is reinstated after a discharge and the borrower does not make the required payments, you will be obligated to make payments on the loan.

20. LOAN CONSOLIDATION

A Direct Consolidation Loan Program is available that allows you to combine one or more of your eligible federal education loans into a new loan with a single monthly payment, and may allow

you to extend the period of time that you have to repay your loans. This may make it easier for you to repay your loans.

If you have loans that were made under the FFEL Program, consolidating those loans into the Direct Loan Program can make them eligible for benefits that are only available for Direct Loans, such as Public Service Loan Forgiveness and certain repayment plans.

Although consolidation can provide certain benefits, it can also cause you to lose benefits on the loans that you consolidate. Contact your servicer for more information about loan consolidation and for help determining whether consolidation is a good option for you.

NOTE TO ENDORSER

You are not eligible to apply for a Direct Consolidation Loan to repay a Direct PLUS Loan for which you are the endorser.

END OF BORROWER'S RIGHTS AND RESPONSIBILITIES STATEMENT