

ENTRANCE COUNSELING — NEW REQUIREMENTS EFFECTIVE AUGUST 14, 2008



This is an addendum to the SLGFA FFELP Debt Management Guide: A Supplement to Entrance and Exit Counseling. These pages include the new requirements for entrance and exit counseling as outlined in the Higher Education Opportunity Act of 2008.

Effect of Accepting the Loan on Eligibility for Other Aid

You should be aware that accepting a loan can potentially reduce your eligibility for other types of financial aid.

Interest Payment Options

You have the option to pay the interest on unsubsidized Stafford and Grad PLUS loans while you are enrolled at least on a half-time basis at an eligible institution. You can also make a payment on your loan at any time, so contact your lender to discuss your options.

Paying the interest while in school will reduce your principal amount when you enter repayment status.

For more information, please see page 8 of the booklet.

Half-time Enrollment and Consequences

Undergraduate students must be enrolled on at least a half-time basis at an eligible institution in order to maintain eligibility for student loans. Generally, half-time enrollment means being enrolled in at least six credit hours. Some schools, however, define half-time enrollment as something other than six credit hours. Check with your school for their definition of half-time enrollment.

Half-time enrollment for graduate students varies from program to program but each institution makes it clear what is considered half-time and full-time enrollment.

If you drop below half-time enrollment status or withdraw from classes that result in dropping below half-time status, then you immediately cease to be eligible for Title IV funds, including federal work study.

For more information, please see page 11 of the booklet.

Plans to Withdraw

You should immediately contact the financial aid office or the registrar's office at your school if you are planning or considering withdrawing before completing your program of study. This enables the school to provide exit counseling, which explains repayment options and obligations.

Repayment Obligations

Even if you do not complete the program of study within the regular time for program completion, you are obligated to repay the loan. Repayment begins six months after you graduate, withdraw, or drop below half-time status.

You are also obligated to repay the loan regardless of whether you obtain employment or are dissatisfied with the program of study.

For more information, please see page 9 of the booklet.

Rights and Responsibilities

As a student loan borrower, you have certain rights and responsibilities that were explained in the Master Promissory Note you signed. If you have additional questions, please contact the lender that made your loan. If you do not know who your lender is, you may go to www.nsls.ed.gov.

EXIT COUNSELING — NEW REQUIREMENTS EFFECTIVE AUGUST 14, 2008

Repayment Plans

You have multiple options when it comes to repaying your loans. Below are some options you can discuss with your lender.

STANDARD REPAYMENT		
Loan Amount	Monthly Payment	Total Paid (Loan + Interest)*
\$10,000	\$115	\$13,810
\$50,000	\$575	\$69,048

* A subsidized Stafford loan repaid at 6.8 percent interest with a standard repayment plan of 10 years.

GRADUATED REPAYMENT			
Loan Amount	Beginning Monthly Payment	Ending Monthly Payment	Total Paid (Loan + Interest)*
\$10,000	\$57	\$135	\$14,353
\$50,000	\$283	\$677	\$71,784

* A subsidized Stafford loan repaid at 6.8 percent interest with a graduated repayment plan of 10 years.

INCOME-SENSITIVE REPAYMENT				
Loan Amount	Gross Monthly Income	Monthly Payment		Total Paid (Loan + Interest)*
		First 5 years: interest only	Remaining 10 years	
\$10,000	\$1,250	\$57	\$115	\$17,210
\$50,000	\$4,000	\$283	\$575	\$86,028

*A subsidized Stafford loan repaid at 6.8 percent interest with the requested monthly payment to be based on 4 percent of your gross monthly income.

EXTENDED REPAYMENT			
Loan Amount	Monthly Payment	Years in Repayment	Total Paid (Loan + Interest)*
\$50,000	\$347	25	\$104,112

*A subsidized Stafford loan repaid at 6.8 percent interest with an extended repayment plan of 25 years.



INCOME-BASED REPAYMENT				
Loan Amount	Gross Monthly Income	Annual Poverty Level	Monthly Payment	Total Paid (Loan + Interest)*
\$10,000	\$2,000	\$10,400	\$105	\$14,442
\$50,000	\$3,000	\$10,400	\$255	\$76,500**

*A subsidized Stafford loan repaid at 6.8 percent interest with the income-based repayment plan

**Balance remaining after 25 years of repayment will be forgiven and considered taxable income.

For more information, please see page 8 of the booklet.

Loan Forgiveness or Discharge — Terms and Conditions

The Federal Family Education Loan Program does offer loan forgiveness or discharge under certain circumstances.

Teacher Loan Forgiveness

If you meet the eligibility criteria, you may have a portion or all of your student loan(s) forgiven. Generally, you must teach in a qualified school for five consecutive, complete academic years. At least one of your five years of qualifying service must be performed after the 1997-98 academic year. Check with your lender to see if you qualify.

Loan Forgiveness for Service in Areas of National Need

If you meet the eligibility criteria, you may have a portion or all of your student loan(s) forgiven. Qualified employment must take place on or after August 14, 2008. Areas of national need are defined by the Higher Education Act. Please note: this program is not currently funded.

Loan Discharge

If you qualify, you may have your loan(s) discharged for the following reasons:

- you become totally and permanently disabled
- the school you attended closed before you were able to complete your program of study
- you have been a victim of identity theft or the school falsely certified your loan application
- the school you attended did not refund monies to you properly
- your parent or spouse was an eligible public servant or victim and died or became totally or permanently disabled due to the terrorist attacks of September 11, 2001
- if you die, your family may have your loan(s) discharged

Check with your lender to see if you qualify.

Prepayment and Repayment

You have the option of prepaying your loan(s) as well as requesting a shorter repayment schedule or changing your repayment plan. If you wish to prepay your loan, request a shorter repayment schedule or change your repayment plan, contact your lender.

For more information, please see page 11 of the booklet.

Tax Benefits

You may be eligible for tax benefits when filing your tax return. More information can be obtained at the IRS Web site www.irs.gov.

Effects of Consolidating Your Loan

If you choose to consolidate your student loans, you may lose some borrower entitlements, such as grace periods, deferments or loan forgiveness. Be sure to investigate your options prior to consolidating. Generally, the repayment period will be longer than 10 years; therefore, you will pay more in interest throughout the life of your loan. Remember, there is no penalty for prepaying your loan or changing your repayment plan. Ask your consolidating lender if it offers any borrower benefits — they will vary between lenders.

For more information on Federal Consolidation Loans, see page 6 of the booklet.