

## Federal PLUS Loan Plain Language Disclosure

A graduate or professional student or the parent of a dependent undergraduate student may borrow a PLUS Loan. In this document "you" refers to the borrower. This Disclosure summarizes information concerning your loan. Please refer to your Federal PLUS Loan Master Promissory Note (MPN), Borrower's Rights and Responsibilities Statement, and loan-specific disclosure for the complete terms and conditions of your loan. Except as specifically stated in this Disclosure, those documents govern the terms and conditions of your loan.

Please read this Disclosure carefully, print the document if it has been delivered in an electronic form, and maintain a hard copy in a safe place. If you have questions about your loan, contact your lender.

**1. General** - You are receiving a Federal PLUS Loan to help cover the costs of your education or your dependent undergraduate student's education. You must repay this loan. You are responsible for repaying this loan even if you or your dependent student are dissatisfied with the education provided by the school, do not complete the program of study, or cannot find work in that area of study. Borrow only the amount you need.

By accepting your loan proceeds, you are certifying, under penalty of perjury, that if you or your dependent undergraduate student, as applicable, have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended (the Act), you, or the student, have completed the repayment of such funds to the U.S. Department of Education (the Department) or to the loan holder in the case of a Title IV federal student loan.

Information about your loan(s) will be submitted to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by the Department.

**2. Loan Cancellation** - Before your lender sends your loan money to the school, you may cancel or reduce the amount of your loan by writing to the school or your lender. After your loan money is sent to the school, you may cancel all or part of your loan by notifying the school within certain time frames. If the school has obtained your written confirmation of the types and amounts of loans you want to receive before crediting the loan funds to your or your dependent student's account, you may cancel all or a part of that loan by informing the school within 14 days after the date the school notifies you of your right to cancel the loan, or by the first day of the school's payment period, whichever is later. If the school has not obtained your written confirmation of the loans you want to receive, you may cancel all or part of the loan by informing the school within 30 days of the date the school notifies you of your right to cancel the loan. If you cancel all or a portion of a loan as described in this paragraph, the school will return the cancelled amount to your lender, and the loan fees will be eliminated or reduced in proportion to the amount returned. You may also pay back all or a part of your loan within 120 days of the date your lender sends your loan money to the school, and your loan fees will be eliminated or reduced.

**3. Federal PLUS Loan MPN** - If you are a parent borrowing for more than one dependent undergraduate student, you need a separate MPN for each student. If you are borrowing for yourself as a graduate or professional student and also as a parent for one or more dependent undergraduate students, you need one MPN to borrow for yourself as the student and a separate MPN to borrow for each dependent student.

If you or your dependent student continue to attend a participating school located in the United States, you may receive multiple loans for yourself or your dependent student, as applicable, under the same MPN (as explained above) for up to 10 years. You may write to your lender to stop loans from being made under your MPN. You will need to sign a new MPN if you want to change your lender or if you or your dependent student transfer between a Federal Family Education Loan Program (FFELP) school and a William D. Ford Federal Direct Loan (Direct Loan) Program school.

**4. Loan Amount** - The total amount you borrow each academic year cannot be more than the cost of attendance minus any financial aid that has been or will be awarded for the period of enrollment for which the loan is intended. The school determines the cost of attendance using federal guidelines.

**5. Use of Loan Money** - The loan money you borrow may only be used to pay educational expenses (e.g., tuition, room, board, books) for yourself (if you are a graduate or professional student borrower), or for the dependent undergraduate student (if you are a parent borrower) at the school that certified your eligibility. If you accept this loan, eligibility for other student assistance may be affected.

**6. Origination Fee and Federal Default Fee** - Federal law requires an origination fee and a federal default fee for each loan made under the MPN. (Before July 1, 2006, the federal default fee was called a guarantee fee or insurance premium.) The law specifies the maximum amount of each fee and authorizes both fees to be deducted from your loan amount.

**7. Change of Status or Address** - You must tell the school and/or your lender if you or your dependent student stops attending school, no longer attends school on at least a half-time basis, or transfers to another school. You must also tell your lender any time you change your address, telephone number, e-mail address, name (e.g., maiden name to married name) or employer, or if the address or telephone number of your employer changes at any time.

**8. Repayment** - You must repay the full loan amount, and all interest on your loan, generally within 10 years. The repayment period for your loan begins on the date of the final disbursement. Unless payments are deferred, your first payment will be due within 60 days of your final disbursement. (See Item 12 of this Disclosure for deferment information.)

You must make payments according to the schedule provided by your lender. Your lender will give you the choice of a Standard Repayment Plan, a Graduated Repayment Plan, an Income-Sensitive Repayment Plan or, if you are eligible, an Extended Repayment Plan. Effective July 1, 2009, if you are a graduate or professional student Federal PLUS Loan borrower and if you are eligible, you may also choose an Income-Based Repayment Plan under which your monthly payment will be based on your income during any period when you are experiencing a partial financial hardship. (Parent Federal PLUS Loan borrowers are not eligible for the Income-Based Repayment Plan.) You may request to change your repayment plan at any time, but your lender may limit you to one such change 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 required, at any time without penalty. When you pay back your loan in full, the current loan holder may send you a notice telling you that you have paid off your loan instead of returning the original MPN. You should keep this notice in a safe place.

**9. Interest** - Loans with a first disbursement on or after July 1, 2006, have a fixed interest rate of 8.5%. Loans made prior to that date have a variable interest rate that may change each year on July 1 and that will never be more than 9%. If you qualify under the Servicemembers Civil Relief Act, the interest rate on your loans obtained prior to military service may be limited to 6% during your military service. To receive this benefit, you must contact your loan holder for information about the documentation you must provide to show that you qualify.

Interest is charged on the unpaid principal amount. Interest charges begin on the date the loan is disbursed and end when the loan is paid in full. You must pay all interest charges on your Federal PLUS Loan. You agree that the lender may add interest charges to your loan amount, as provided by law, if you do not make payments of interest.

**10. Late Charges and Collection Costs** - Your lender may collect a late charge from you if you do not make any part of a payment within 15 days after it is due. Your lender may only collect one late charge for each payment, no matter how many days the payment is late. Your lender may also collect from you certain limited charges and fees involved in collecting your loan in accordance with the Department's regulations.

**11. Loan Consolidation** - You may be eligible to consolidate all of your eligible federal education loans into one loan. Consolidating your loans may give you up to 30 years to pay them back and may lower your monthly payments; however, you may be repaying your loans for a longer period and pay more interest. Contact your lender for more information about consolidating your loans.

**12. Deferments** - You do not have to make payments in certain circumstances. For example: You may defer repayment for up to 3 years while you are unemployed.

You may defer repayment while you are enrolled at least half time at an eligible school and, for loans first disbursed on or after July 1, 2008, during the 6-month period after you cease to be enrolled at least half time. If you are a parent borrower, you may request that repayment of principal for loans first disbursed on or after July 1, 2008 be deferred while the student for whom you obtained the loan is enrolled at least half time at an eligible school, and for the 6-month period after the student ceases to be enrolled at least half time.

A deferment is also available while you are serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency and if you are serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service. If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) 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, you are eligible for a deferment during the 13 months following the conclusion of your active duty service, or until the date you return to enrolled student status on at least a half-time basis, whichever is earlier.

This is not a complete list of available deferments. For a complete list of deferments, and all documentation and eligibility requirements, please refer to your Borrower's Rights and Responsibilities Statement and any supplemental information you may receive.

You must pay the interest on a PLUS Loan during deferment periods, or it will be added to the principal amount of the loan. If interest is added to the principal amount, you will then pay interest on the larger amount. Having interest added to the principal amount may also cause your monthly payment amount to increase.

**13. Forbearance** - If you cannot make scheduled payments and do not qualify for a deferment, your lender may allow you to temporarily make smaller payments or temporarily stop making payments. This is called a forbearance. Interest will be charged on your loan during a forbearance. The lender must grant you a forbearance in certain cases, as described in your Borrower's Rights and Responsibilities Statement.

**14. Loan Discharge** - Your loan will be discharged (forgiven) when (i) acceptable documentation of your death, or your dependent's death, is given to your lender, (ii) you or your dependent cannot complete a course of study because the school closes, (iii) the school falsely certifies your loan eligibility, (iv) a loan in your name was falsely certified as a result of a crime of identity theft, or (v) you become totally and permanently disabled and meet certain other requirements. Your loan may also be discharged up to the amount of any refund that the school should have made, but did not send to your lender. Your loan will not automatically be discharged in bankruptcy.

**15. Consumer Reporting Agency Notification** - Information about your loan will be reported to national consumer reporting agencies. Information will include the disbursement date, amount, and repayment status of your loan (for example, whether you are current or behind schedule in making payments).

**16. Default and Acceleration** - If you default on your loan, that fact will be reported to all national consumer reporting agencies. All unpaid amounts and collection fees on your loan will become immediately due and payable. You may be sued, your wages may be garnished, you may lose federal payments, and/or your tax refund may be withheld. You agree to pay reasonable collection fees and costs, plus court costs and attorney fees. You may face other serious consequences.

**17. Sale or Transfer of Your Loan** - Your lender may sell or assign this loan without your consent and without selling or assigning any of your other loans. The sale or transfer of your loan does not affect your rights and responsibilities with respect to the loan. If ownership of a loan is transferred and the entity to which you must make payments changes, you will be notified of that entity's name, address and telephone number, the effective date of the sale or transfer, and the date when you must begin sending payments to that entity.

**18. Department of Defense Repayment Program** - Under certain circumstances, military personnel may have their loan(s) repaid by the Secretary of Defense. You should address any questions you have to the local service recruiter. This is a recruiting program and generally does not pertain to prior service individuals or those not eligible for enlistment in the Armed Forces.

**19. Loan Forgiveness for Public Service Employees Program** - You may consolidate your FFELP loans into the Direct Loan Program to take advantage of the public service loan forgiveness program. This program provides for the cancellation of the remaining balance due on eligible Direct Loan Program loans after you have made 120 payments (after October 1, 2007) on those Direct Loans under certain repayment plans while you are employed in certain public service jobs.

**20. No Accrual of Interest for Active Duty Service Members** - You may consolidate your FFELP loans on or after October 1, 2008 (including Federal Consolidation Loans that repaid FFELP or Direct Loan Program loans first disbursed on or after October 1, 2008) into the Direct Loan Program to take advantage of the no accrual of interest benefit for active duty service members. No interest will be charged on the portion of a Direct Consolidation Loan that repaid FFELP or Direct Loan Program loans first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months).

**21. Other Loan Forgiveness and Repayment Benefits** - The Act may provide for certain loan forgiveness or repayment benefits on your loans in addition to the benefits described in your MPN. If other forgiveness or repayment options become available, your loan holder will provide information about these benefits.