

Addendum to the Federal Stafford Loan Master Promissory Note Federal Family Education Loan Program

The Higher Education Reconciliation Act of 2005, the College Cost Reduction and Access Act of 2007, the Ensuring Continued Access to Student Loans Act of 2008, the Higher Education Opportunity Act of 2008, and regulations issued by the U.S. Department of Education (the Department) on November 1, 2007 and October 23, 2008 changed some of the terms of Federal Stafford Loans made under the Federal Family Education Loan Program (FFELP). As a result, certain terms of the loan(s) you receive under the accompanying Federal Stafford Loan Master Promissory Note (MPN) differ from the terms in the MPN and Borrower's Rights and Responsibilities Statement.

This Addendum describes the changes made to the loan terms by the laws and regulations listed above. Your loan is subject to these changes. The changes set forth in this Addendum are incorporated into and made a part of the accompanying MPN that you sign and the Borrower's Rights and Responsibilities Statement.

- **MPN: Borrower Certifications and Authorizations.** By signing your MPN, you are certifying, under penalty of perjury, that if you 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, you have completed the repayment of such funds to the Department, or to the loan holder in the case of a Title IV federal student loan.
- **MPN: Borrower Certifications and Authorizations, Item 14E.** The first part of this item is revised to read as follows: "I request and authorize my lender to: (i) during the in-school and grace periods of any loans made under this Master Promissory Note, defer and align the repayment of principal on all of my FFELP loans, except for Federal PLUS Loans and Federal Consolidation Loans, that are in repayment status; and (ii)..."
- **MPN: Governing Law and Notices.** This item is revised to include the following statement: "Information about my 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."
- **Borrower's Rights and Responsibilities Statement: Item 4, Maximum Program Loan Amounts.** *Effective for loans first disbursed on or after July 1, 2008*, the annual and aggregate loan limits are as follows:

	Subsidized	Subsidized and Unsubsidized
Dependent Undergraduates ¹	Annual	Total Annual
First Year	\$3,500	\$5,500
Second Year	\$4,500	\$6,500
Third Year and Beyond	\$5,500	\$7,500
Independent Undergraduates ²		
First Year	\$3,500	\$9,500
Second Year	\$4,500	\$10,500
Third Year and Beyond	\$5,500	\$12,500
Graduate and Professional Students	\$8,500	\$20,500
	Aggregate	Total Aggregate
Dependent Undergraduates ¹	\$23,000	\$31,000
Independent Undergraduates ²	\$23,000	\$57,500
Graduate and Professional Students	\$65,500	\$138,500

¹ *except* students whose parents are unable to borrow under the PLUS program

² and dependents whose parents are unable to borrow under the PLUS program

- **Borrower's Rights and Responsibilities Statement: Item 7, Loan Fees.** This item is revised to read as follows: "I may be charged an origination fee and/or a federal default fee for each loan made under this MPN. Neither fee may exceed the rate as specified in the Act. If I am charged these fees, they will be deducted proportionately from each disbursement." **NOTE:** Any reference to a guarantee fee in the MPN is deemed to be a reference to the federal default fee.
- **Borrower's Rights and Responsibilities Statement: Item 8, Disbursement of Loan Money.** Loan money for students enrolled in foreign schools generally must be sent to the school and disbursed in multiple installments.
- **Borrower's Rights and Responsibilities Statement: Item 12, Repayment.** *Effective July 1, 2009*, an Income-Based Repayment Plan is available to eligible borrowers. Under this plan, the required monthly payment amount will be based on a borrower's income during any period when the borrower has a partial financial hardship. The maximum repayment period under this plan may exceed 10 years. Eligible borrowers who meet certain requirements over a 25-year period may qualify for cancellation of any outstanding balance on their loans.
- **Borrower's Rights and Responsibilities Statement: Item 13, Interest Rates.** *Effective for loans first disbursed on or after July 1, 2006*, a Federal Stafford Loan has

a fixed interest rate. However, different fixed interest rates may apply to separate loans made under the MPN depending on whether the loan is subsidized or unsubsidized, when the loan is first disbursed, and whether you are an undergraduate or graduate student. In addition, the following sentences are added: "If I qualify under the Servicemembers Civil Relief Act, the interest rate on my loans obtained prior to military service may be limited to 6% during my military service. To receive this benefit, I must contact my loan holder for information about the documentation I must provide to show that I qualify."

- **Borrower's Rights and Responsibilities Statement: Item 14, Payment of Interest.** The first sentence in this item is revised to read as follows: "My lender will, during the in-school, grace, and deferment periods and during any period in which I am on active-duty military service, postpone and align principal payments on my outstanding FFELP loans, except for Federal PLUS Loans and Federal Consolidation Loans."
- **Borrower's Rights and Responsibilities Statement: Item 15, Loan Cancellation.** The first bullet in the second paragraph is revised to read as follows: "If my school receives the money by EFT or master check and has obtained my written confirmation of the types and amounts of federal student loans that I want to receive before crediting the loan funds to my account, I may cancel all or a part of that loan by informing the school within 14 days after the date the school notifies me of my right to cancel the loan, or by the first day of the school's payment period, whichever is later. (My school can tell me the first day of the payment period.) If my school has not obtained my written confirmation of the loans I want to receive, I may cancel all or a part of the loan by informing the school within 30 days of the date the school notifies me of my right to cancel the loan. If I cancel all or a portion of a loan as described in this paragraph, my school will return the cancelled amount to my lender, and the loan fees will be eliminated or reduced in proportion to the amount returned."
- **Borrower's Rights and Responsibilities Statement: Item 16, Sale or Transfer of Loans.** The second sentence is revised to read as follows: "If ownership of a loan is transferred and the entity to which I must make payments changes, I will be notified of that entity's name, address and telephone number, the effective date of the sale or transfer, and the date when I must begin sending payments to that entity."
- **Borrower's Rights and Responsibilities Statement: Item 17, Loan Discharge.** A loan is eligible for discharge if it is determined that the borrower's eligibility for the loan was falsely certified as a result of a crime of identity theft. In addition, the second, third, and fourth sentences of the first paragraph are replaced by the following text: "My loan(s) may also be discharged if I become totally and permanently disabled as defined by the Act and meet certain other requirements."
- **Borrower's Rights and Responsibilities Statement: Item 20, Special Repayment Arrangements.** A married couple may no longer borrow a Federal Consolidation Loan as joint borrowers. A borrower may consolidate his or her FFELP loans into the William D. Ford Federal Direct Loan (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 the borrower has made 120 payments (after October 1, 2007) on those Direct Loans under certain repayment plans while the borrower is employed in certain public service jobs.

A borrower may also consolidate his or her FFELP loans first disbursed 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).

The Act may provide for certain loan forgiveness or repayment benefits on a borrower's FFELP loans in addition to the benefits described in this MPN. If other forgiveness or repayment options become available, a borrower's loan holder will provide information about these benefits.
- **Borrower's Rights and Responsibilities Statement: Item 21, Deferments.** A deferment is available for a period during which a borrower is 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 a borrower is serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for the qualifying service. A borrower who is a member of the National Guard or other reserve component of the U. S. Armed Forces (current or retired) and who is called or ordered to active duty while enrolled at least half time at an eligible school, or within 6 months after having been enrolled at least half time, is eligible for a deferment during the 13 months following the conclusion of the active duty service, or until the date the borrower returns to enrolled student status on at least a half-time basis, whichever is earlier.