

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

The Higher Education Reconciliation Act of 2005 (HERA) 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 HERA. Your loan is subject to those 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.** *Effective for MPNs signed on or after July 1, 2006*, 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 U.S. Department of Education, 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)..."
- **Borrower's Rights and Responsibilities Statement: Item 7, Loan Fees.** *Effective for loans for which the date of guarantee of principal is on or after July 1, 2006*, this item is revised to read as follows: "**7. Loan Fees** - 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.** *Effective July 1, 2006*, 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 13, Interest Rates.** *Effective for loans first disbursed on or after July 1, 2006*, a Federal Stafford Loan has a fixed interest rate.
- **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 17, Loan Discharge.** *Effective July 1, 2006*, a loan is also 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.
- **Borrower's Rights and Responsibilities Statement: Item 20, Special Repayment Arrangements.** *Effective for consolidation applications received on or after July 1, 2006*, a married couple may no longer borrow a Federal Consolidation Loan as joint borrowers.
- **Borrower's Rights and Responsibilities Statement: Item 21, Deferments.** *Effective July 1, 2006*, for loans with a first disbursement made on or after July 1, 2001, a deferment is available for a period of up to three years 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.