

STUDENT RIGHTS AND RESPONSIBILITIES UNDER THE FEDERAL DIRECT LOAN PROGRAM

As a Federal Direct Loan borrower, you have the following rights:

- You must be given a copy of the completed promissory note, and the original note must be returned to you when the loan is paid in full.
- You must be provided with a repayment schedule before repayment begins. You must pay at least \$600 a year, unless your lender agrees to a lesser amount.
- If the lender sells the loan or transfers the right to receive payments, you must be notified.
- You have a right to federal interest benefits if you qualify. This means that the federal government will pay the interest on your loan until your repayment period begins.
- You have a right to a “grace period” before your repayment period begins. This grace period starts after you leave school or are attending school less than half-time. The exact length of this period is shown on your promissory note.
- You have a right to pay the whole loan or any portion of the loan at any time without penalty.
- You have a right to deferment (postponement) of repayment after the grace period, if you qualify. Under deferment, you are not required to make payments on the loan principal for a period of time. The conditions that qualify a borrower for a deferment are listed under DEFERMENT on your promissory note. You may not be required to pay interest on the loan during the deferment period.
- You may request forbearance if you are willing but unable to meet your repayment schedule and are not eligible for a deferment. “Forbearance” means permitting payments to be stopped temporarily, allowing an extension of time for making payments, or making smaller payments than were scheduled previously. Your lender does not have to grant forbearance.
- Your loan obligation will be cancelled in the event of your death or permanent disability. Loan forgiveness is available under certain conditions. Review your promissory note for detailed information.

As a Federal Direct Loan borrower, you have the following responsibilities:

- You must use care in choosing a school. Each school must provide to prospective students information about the school and its programs. You should consider this information carefully before deciding to attend a school.
- You must arrange with your servicer to pay the interest on your Federal Direct Loan if you do not qualify for, or voluntarily waive, federal interest benefits.
- You must notify your servicer if, before the loan is repaid, you:
 - graduate, withdraw from school, or drop below half-time status.
 - transfer to another school.
 - fail to enroll in the school for the period for which the loan was intended.
 - change your address or name.
- You must repay the loan according to the repayment schedule that your servicer will give you.
- You must notify your servicer of anything affecting your eligibility for a deferment if you are under a deferment of repayment.
- You can use the proceeds of your loan only for tuition and other reasonable educational expenses.