

Plain Language Disclosure for Direct Subsidized Loans and Direct Unsubsidized Loans
William D. Ford Federal Direct Loan Program

1. General information. You are receiving a Direct Subsidized Loan and/or Direct Unsubsidized Loan to help cover the costs of your education. This Plain Language Disclosure (Disclosure) summarizes information about your loan. Please read this Disclosure carefully and keep a copy in a safe place. In this Disclosure, the words “we,” “us,” and “our” refer to the U.S. Department of Education (the Department).

We may use a servicer to handle billing and other communications related to your loan. If you have questions about your loan, contact your servicer. Your servicer’s telephone number and address are shown on correspondence you will receive related to your loan.

You must repay this loan, even if you are unhappy with your education, do not complete your program of study, or cannot find work in your area of study. Borrow only the amount you can afford to repay, even if you are eligible to borrow more.

By signing the Master Promissory Note, you certified under penalty of perjury that if you have been convicted of, or if you have pled *nolo contendere* (no contest) or guilty to, a crime involving fraud in obtaining federal student aid funds under Title IV of the Higher Education Act of 1965, as amended, you have fully repaid those funds to us, or to the loan holder in the case of a Title IV federal student loan.

Information about your loans will be reported to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific authorized purposes.

2. Master Promissory Note (MPN). You are receiving a loan under an MPN that you signed previously. You may receive additional loans under that MPN for up to 10 years if the school that you attend is authorized to use the multi-year feature of the MPN and chooses to do so. If your school is not authorized to use the multi-year feature of the MPN or chooses not to do so, or if you do not want to receive more than one loan under the same MPN, you must sign a new MPN for each loan. If you do not want to receive more than one loan under the same MPN, you must notify your school or your servicer in writing.

3. Loan terms and conditions. This Disclosure summarizes information about your loan. Please refer to your MPN and the Borrower’s Rights and Responsibilities Statement that you received previously for the complete terms and conditions of your loan. If you need another copy of the Borrower’s Rights and Responsibilities Statement, contact your servicer. Unless we tell you otherwise in this Disclosure, your MPN and the Borrower’s Rights and Responsibilities Statement control the terms and conditions of your loan. Loans made under your MPN are subject to the Higher Education Act of 1965, as amended (the HEA), and federal regulations (we refer to the HEA and these regulations as “the Act”). Any change to the Act that affects the terms of the MPN that you signed will be applied to your loans in accordance with the effective date of the change.

4. Direct Subsidized Loans and Direct Unsubsidized Loans. Direct Subsidized Loans are available only to undergraduate students. (Graduate and professional students were eligible to receive Direct Subsidized Loans for periods of enrollment that began before July 1, 2012.) Direct Unsubsidized Loans are available to both undergraduate students and graduate or professional students.

To receive a Direct Subsidized Loan, you must have financial need. Except as explained in Item 10 of this Disclosure, you are not required to pay the interest that accrues on Direct Subsidized Loans while you are in school, during the grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Plan.

Direct Unsubsidized Loans are not based on financial need. You must pay the interest that accrues on Direct Unsubsidized Loans during all periods. For more information on interest charges, see Item 10.

5. Time limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013. If you are a first-time borrower (see the Borrower’s Rights and Responsibilities Statement that you received previously) on or after July 1, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans.

In general, if you are a first-time borrower on or after July 1, 2013 you may not receive Direct Subsidized Loans for more than 150% of the published

length of your program of study. This is called your “maximum eligibility period.” For example, if you are enrolled in a 4-year bachelor’s degree program, the maximum period for which you can receive Direct Subsidized Loans is 6 years (150% of 4 years = 6 years).

Your maximum eligibility period is based on the published length of the program in which you are currently enrolled. This means that your maximum eligibility period can change if you change programs. If you receive Direct Subsidized Loans for one program and then change to a different program, the period of time for which you received Direct Subsidized Loans for the earlier program will generally count against your new maximum eligibility period.

After you have received Direct Subsidized Loans for your maximum eligibility period, you are no longer eligible to receive additional Direct Subsidized Loans, and if you are enrolled in school you may become responsible for paying interest on your Direct Subsidized Loans. You may continue to receive Direct Unsubsidized Loans. We will notify you if you are no longer eligible to receive additional Direct Subsidized Loans.

In addition, if you continue to be enrolled in any undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period, or if you enroll in another undergraduate program that is the same length as or shorter than your previous program, in most cases (there are certain exceptions as provided under the Act) you will become responsible for paying the interest that accrues on your Direct Subsidized Loans during all periods, beginning on the date of the enrollment that causes you to become responsible for paying the interest. We will notify you if you become responsible for paying all of the interest that accrues on your Direct Subsidized Loans.

You may obtain additional information about the limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013 from your school’s financial aid office or at StudentAid.gov.

6. Use of loan money. You may use your loan money only to pay for educational expenses (for example, tuition, room, board, books) at the school that determined you were eligible to receive the loan. If you accept this loan, your eligibility for other student assistance may be affected.

7. Information you must report. While you are still in school, you must notify your school if you (i) change your address or telephone number; (ii) change your name (for example, maiden name to married name); (iii) do not enroll at least half-time for the loan period certified by the school, or do not enroll at the school that certified your eligibility for the loan; (iv) stop attending school or drop below half-time enrollment; or (v) graduate or transfer to another school.

You must also notify your servicer of any of the above changes at any time after you receive your loan. In addition, you must notify your servicer if you (i) change employers or if your employer’s address or phone number changes; or (ii) have any other change in status that affects your loan (for example, if you received a deferment but no longer meet the eligibility requirements for that deferment).

8. Amount you may borrow. There are limits on the amount you may borrow each academic year (annual loan limits) and the amount you may borrow in total for undergraduate and graduate study (aggregate loan limits), as explained in more detail in the Borrower’s Rights and Responsibilities Statement. You cannot borrow more than these limits. The annual and aggregate loan limits are as follows:

Annual Loan Limits

Dependent Undergraduates (<i>except</i> students whose parents cannot borrow Direct PLUS Loans)	
First Year (freshman)	\$5,500 (maximum \$3,500 subsidized)
Second Year (sophomore)	\$6,500 (maximum \$4,500 subsidized)
Third Year (junior) & Beyond	\$7,500 (maximum \$5,500 subsidized)
Independent Undergraduates (<i>and</i> dependent students whose parents cannot borrow Direct PLUS Loans)	
First Year (freshman)	\$9,500 (maximum \$3,500 subsidized)
Second Year (sophomore)	\$10,500 (maximum \$4,500 subsidized)
Third Year (junior) & Beyond	\$12,500 (maximum \$5,500 subsidized)

Plain Language Disclosure for Direct Subsidized Loans and Direct Unsubsidized Loans
William D. Ford Federal Direct Loan Program

Graduate and Professional Students	
For loan periods beginning before July 1, 2012	\$20,500 (maximum \$8,500 subsidized)
For loan periods beginning on or after July 1, 2012	\$20,500 (unsubsidized only)

Aggregate Loan Limits

Dependent Undergraduates (except students whose parents cannot borrow Direct PLUS Loans)	
	\$31,000 (maximum \$23,000 subsidized)
Independent Undergraduates (and dependent students whose parents cannot borrow Direct PLUS Loans)	
	\$57,500 (maximum \$23,000 subsidized)
Graduate and Professional Students	
	\$138,500 (maximum \$65,500 subsidized)

9. Interest rate. The interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans varies depending on when the loan is first disbursed and other factors, as explained below. Different loans that you received under the same MPN may have different interest rates. We will notify you of the interest rate for each loan you receive in a disclosure statement that we send to you.

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. Contact your servicer for information about how to request this benefit.

Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed on or after July 1, 2013

Loans first disbursed on or after July 1, 2013 have a fixed rate that is calculated in accordance with a formula specified in the Act. The interest rate is calculated each year. When the rate is calculated, it applies to all Direct Subsidized Loans and Direct Unsubsidized Loans for which the first disbursement is made during the period beginning on July 1 of one year and ending on June 30 of the following year. Different fixed interest rates may apply to separate loans made under an MPN depending on when the loan is first disbursed, and whether you are an undergraduate student or a graduate or professional student. The maximum interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans made to undergraduate students is 8.25%. The maximum interest rate for Direct Unsubsidized Loans made to graduate or professional students is 9.5%.

Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed on or after July 1, 2006 and before July 1, 2013

Direct Subsidized Loans first disbursed on or after July 1, 2006 and before July 1, 2013 have different fixed interest rates that range from 3.4% to 6.8%, depending on when the loan was first disbursed, and whether you received the loan as an undergraduate or graduate student.

All Direct Unsubsidized Loans first disbursed during on or after July 1, 2006 and before July 1, 2013 have a fixed interest rate of 6.8%.

Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed before July 1, 2006

Loans first disbursed before July 1, 2006 have a variable interest rate that is adjusted each year on July 1 but will never be more than 8.25%. Some variable interest rate loans have an interest rate that is lower during in-school, grace, and deferment periods, and higher during repayment and forbearance periods. For loans with a variable interest rate, we will notify you annually of the actual interest rate for each loan that you receive.

10. Payment of interest. In general (see **Note** below for exceptions), you are not required to pay the interest that accrues on Direct Subsidized Loans while you are enrolled in school at least half time, during your grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Plan. Except as explained below for certain borrowers who are active duty service members, you must pay the interest that accrues on Direct Subsidized Loans during all other periods (starting on the day after your grace period ends), including forbearance periods.

Note: You must pay the interest that accrues during the grace period on any Direct Subsidized Loan for which the first disbursement is made on or after July 1, 2012 and before July 1, 2014. In addition, if you are a first-time

borrower on or after July 1, 2013, under certain conditions you must pay the interest that accrues on your Direct Subsidized Loans during all periods, as explained in Item 5 of this Disclosure.

Except as provided below for certain borrowers who are active duty service members, you must pay the interest that accrues on Direct Unsubsidized Loans during all periods (starting on the day your loan is paid out). This includes periods while you are enrolled in school, during your grace period, and during deferment and forbearance periods. Therefore, you will pay more interest on Direct Unsubsidized Loans than on Direct Subsidized Loans.

If you do not pay the interest that is charged to you during in-school, grace, deferment, and forbearance periods, as explained above, we will add it to the unpaid amount of your loan. This is called capitalization. Capitalization increases the unpaid amount of your loan, and we will then charge interest on the increased amount.

Under the no accrual of interest benefit for active duty service members, you are not required to pay the interest that accrues on any type of Direct Loan Program loan first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months).

11. Loan fee. For each Direct Subsidized Loan or Direct Unsubsidized Loan you receive, we charge a loan fee that is a percentage of the principal amount of the loan. This fee will be subtracted proportionately from each disbursement of your loan and will be shown on a disclosure statement that we send to you.

12. Repayment incentive programs. A repayment incentive is a benefit we offer to encourage you to repay your loan on time. Under a repayment incentive program, the interest rate we charge on your loan may be reduced. The following repayment incentive program may be available to you: *Interest Rate Reduction for Automatic Withdrawal of Payments*. This repayment incentive program is described in the Borrower's Rights and Responsibilities Statement. Contact your loan servicer for more information.

13. Disbursement of loan money. Generally, your school will disburse (pay out) your loan money in more than one installment, usually at the beginning of each academic term (for example, at the beginning of each semester or quarter). If your school does not use academic terms or does not have academic terms that meet certain requirements, it will generally disburse your loan in at least two installments, one at the beginning of the period of study for which you are receiving the loan and one at the midpoint of that period of study. Your school may disburse your loan money by crediting it to your student account, or may give it to you directly by check or other means.

14. Canceling your loan. Before your loan money is disbursed, you may cancel all or part of your loan at any time by notifying your school. After your loan money is disbursed, there are two ways to cancel all or part of your loan:

- **You may notify your school (within certain timeframes).** If your school obtains your written confirmation of the types and amounts of Title IV loans that you want to receive for an award year before crediting loan money to your account at the school, you may tell the school that you want to cancel all or part of that loan within 14 days after the date the school notifies you of your right to cancel all or part of the loan, or by the first day of your school's payment period, whichever is later (your school can tell you the first day of the payment period). If your school does not obtain your written confirmation of the types and amounts of loans you want to receive before crediting the loan money to your account, you may cancel all or part of that loan by informing the school within 30 days of the date the school notifies you of your right to cancel all or part of the loan.
- **You may return all or part of your loan to us.** Within 120 days of the date your school disbursed your loan money (by crediting the loan money to your account at the school, by paying it directly to you, or both), you may cancel all or part of your loan by returning all or part of the loan money to us. Contact your servicer for guidance on how and where to return your loan money.

Plain Language Disclosure for Direct Subsidized Loans and Direct Unsubsidized Loans
William D. Ford Federal Direct Loan Program

You do not have to pay interest or the loan fee on the part of your loan that is cancelled or returned within the timeframes described above. We will adjust your loan amount to eliminate any interest and loan fee that applies to the amount of the loan that was cancelled or returned.

15. Grace period. You will receive a 6-month grace period on repayment that starts the day after you stop attending school or drop below half-time enrollment. You do not have to begin making payments on your loan until after your grace period ends.

16. Repaying your loan. You must repay each loan that you receive according to the repayment schedule provided by your servicer. You must begin repaying your loan after your grace period ends. The amount of time you have to repay your loan (the repayment period) will vary from 10 to 25 years, depending on the repayment plan that you choose and the total amount you have borrowed. If your loan has a variable interest rate, we may need to adjust the number or amount of your payments to reflect changes in the interest rate.

These plans are designed to give you flexibility in meeting your obligation to repay your loan. You may change repayment plans at any time after you have begun repaying your loan. You may make loan payments before they are due, or pay more than the amount due each month, without penalty. When you have repaid a loan in full, your servicer will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

You may choose one of the following repayment plans:

Standard Repayment Plan

You will make fixed monthly payments and repay your loan within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 per month (\$600 per year) and will be more, if necessary, to repay the loan within the required time period.

Graduated Repayment Plan

Your payments will usually be lower at first, and will then increase over time. You must repay your loan in full within 10 years (not including periods of deferment and forbearance) from the date the loan entered repayment. Your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment will be more than 3 times greater than any other payment.

Extended Repayment Plan

You may choose this plan only if (i) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan on or after October 7, 1998, and (ii) you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time, and will repay your loan in full over a period not to exceed 25 years (not including periods of deferment and forbearance) from the date your loan entered repayment. If you make fixed monthly payments, your payments must be at least \$50 per month (\$600 per year) and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment under the graduated option will be more than three times greater than any other payment.

Income-Based Repayment Plan (IBR Plan)

Under this Plan, your monthly payment amount is generally 15% (10% if you are a new borrower; see **Note** below) of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size.

To initially qualify for the IBR Plan and to continue to make payments based on your income, the amount you would be required to pay on your eligible student loans under the IBR Plan must be less than the amount you would have to pay under the Standard Repayment Plan.

If you are married and file a joint federal income tax return, the loan amount used to determine if you initially qualify for the IBR Plan will include your eligible loans and your spouse's eligible loans, and the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse.

While you are repaying under the IBR Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years (20 years if you are a new borrower) of qualifying monthly payments and at least 25 years (20 years if you are a new borrower) have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven. Your servicer can provide more information about the IBR Plan.

Note: You are a new borrower for the IBR Plan if you have no outstanding balance on a Direct Loan Program or Federal Family Education Loan (FFEL) Program loan on July 1, 2014, or if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on the date you obtain a Direct Loan Program loan after July 1, 2014. Your servicer will determine whether you are a new borrower based on the information about your loans in NSLDS.

Pay As You Earn Repayment Plan (Pay As You Earn Plan)

Under this plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. The Pay As You Earn Plan is available only to new borrowers. You are a new borrower for the Pay As You Earn Plan if:

- (1) You had no outstanding balance on a Direct Loan Program or FFEL Program loan as of October 1, 2007, or you have no outstanding balance on a Direct Loan Program or FFEL Program loan when you obtain a new loan on or after October 1, 2007, and
- (2) You receive a disbursement of a Direct Subsidized Loan, Direct Unsubsidized Loan, or student Direct PLUS Loan (a Direct PLUS Loan made to a graduate or professional student) on or after October 1, 2011, or you receive a Direct Consolidation Loan based on an application received on or after October 1, 2011.

In addition to being a new borrower, to initially qualify for the Pay As You Earn Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the Pay As You Earn Plan must be less than the amount you would have to pay under the Standard Repayment Plan.

If you are married and file a joint federal income tax return, the loan amount used to determine if you initially qualify for the Pay As You Earn Plan will include your eligible loans and your spouse's eligible loans, and the income used to determine your Pay As You Earn Plan payment amount will be the combined adjusted gross income of you and your spouse.

While you are repaying under the Pay As You Earn Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the Pay As You Earn Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven. Your servicer can provide more information about the Pay As You Earn Plan.

Income Contingent Repayment Plan (ICR Plan)

Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your ICR Plan payment amount will be the combined adjusted gross income of you and your spouse. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues monthly on your loan unless you request a forbearance.

While you are repaying under the ICR Plan, you must annually provide documentation of your income and certify your family size. Your monthly

Plain Language Disclosure for Direct Subsidized Loans and Direct Unsubsidized Loans
William D. Ford Federal Direct Loan Program

payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the ICR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven. Your servicer can provide more information about the ICR Plan.

17. Transfer of loan. We may transfer one or all of your loans to another servicer without your consent. If there is a change in the address to which you must send payments or direct communications, you will be notified of the new servicer's name, address, and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different servicer does not affect your rights and responsibilities under that loan.

18. Late charges and collection costs. If you do not make any part of a payment within 30 days after it is due, we may require you to pay a late charge. This charge will not be more than six cents for each dollar of each late payment. We may also require you to pay other charges and fees involved in collecting your loan.

19. Demand for immediate repayment. The entire unpaid amount of your loan becomes due and payable (on your MPN this is called "acceleration") if you **(i)** receive loan money but do not enroll at least half-time at the school that determined you were eligible to receive the loan; **(ii)** use your loan money to pay for anything other than educational expenses at the school that determined you were eligible to receive the loan; **(iii)** make a false statement that causes you to receive a loan that you are not eligible to receive; or **(iv)** default on your loan.

20. Default. You are in default on your loan if you **(i)** do not repay the entire unpaid amount of your loan if we require you to do so; **(ii)** have not made a payment on your loan for at least 270 days; or **(iii)** do not comply with other terms and conditions of your loan, and we conclude that you no longer intend to honor your obligation to repay your loan.

If you default on your loan, we will report your default to nationwide consumer reporting agencies (see Item 21). We may sue you, take all or part of your federal tax refund, and/or garnish your wages so that your employer is required to send us part of your salary to pay off your loan. We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees. You will lose eligibility for other federal student aid and assistance under most federal benefit programs. You will lose eligibility for loan deferments.

21. Consumer reporting agency notification. We will report information about your loan to nationwide consumer reporting agencies (commonly known as "credit bureaus"). This information will include the disbursement dates, amount, and repayment status of your loan (for example, whether you are current or delinquent in making payments). Your loan will be identified as an education loan.

22. Deferment and forbearance (postponing payments). If you meet certain requirements, you may receive a **deferment** that allows you to temporarily stop making payments on your loan. For example:

- You may receive a deferment while you are attending an eligible school at least half-time, or for up to 3 years while you are unemployed or experiencing an economic hardship.
- You may receive a deferment 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 were 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 enrolled at least half-time at an eligible school, or within 6 months after 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, refer to the Borrower's Rights and Responsibilities Statement that you received previously.

You are not required to pay interest on Direct Subsidized Loans during deferment periods, except as explained in Item 10 of this Disclosure. However, you are responsible for paying the interest on Direct Unsubsidized Loans during deferment periods.

If you cannot make your scheduled loan payments but do not qualify for a deferment, we may give you a **forbearance**. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments. For example, we may give you a forbearance if you are temporarily unable to make scheduled loan payments because of financial hardship or illness. We may also give you a forbearance under other conditions as described in the Borrower's Rights and Responsibilities Statement. You are responsible for paying the interest on both Direct Subsidized Loans and Direct Unsubsidized Loans during forbearance periods.

To request a deferment or forbearance, contact your servicer.

23. Loan discharge. We may discharge (forgive) all or part of your loan if **(i)** you die, and we receive acceptable documentation of your death; **(ii)** you become totally and permanently disabled and meet certain other requirements; **(iii)** your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship; **(iv)** you were unable to complete your course of study because your school closed; **(v)** your school falsely certified your eligibility; **(vi)** your school did not pay a refund of your loan money that it was required to pay under federal regulations; or **(vii)** a loan in your name was falsely certified as a result of a crime of identity theft.

We may forgive a portion of any loans you received under the Direct Loan or FFEL program after October 1, 1998 if you teach full-time for 5 consecutive years in certain low-income elementary or secondary schools, or for certain low-income educational service agencies, and meet certain other qualifications. In addition, you must not have owed a Direct Loan or FFEL program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998. Contact your servicer for specific eligibility requirements.

A Public Service Loan Forgiveness program is also available. Under this program, we will forgive the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments on those loans (after October 1, 2007) under certain repayment plans while you are employed full-time in certain public service jobs.

For a discharge based on your death, a family member must contact your loan servicer. To request any other type of loan discharge (except for a discharge based on bankruptcy), you must complete a discharge application. Your servicer can tell you how to obtain an application.

The Act may provide for certain loan forgiveness or repayment benefits on your loan in addition to the benefits described above. If other forgiveness or repayment options become available, your servicer will provide information about these benefits.

In some cases, you may assert, as a defense against collection of your loan, that your school did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if what your school did or did not do would give rise to a legal cause of action under applicable state law. If you believe that you have a defense against repayment of your loan, contact your servicer.

24. Loan consolidation. You may consolidate (combine) one or more of your eligible federal education loans into a new loan with a single monthly payment. Consolidation may also allow you to extend the period of time that you have to repay your loans. This may make it easier for you to repay your loans. However, you will likely pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. Contact your servicer for more information about loan consolidation.