



Direct Consolidation Loan Application and Promissory Note

William D. Ford Federal Direct Loan Program

OMB No. 1845-0007
Form Approved
Exp. Date 07/31/2022

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

BEFORE YOU BEGIN

Read the Instructions for Completing the Direct Consolidation Loan Application and Promissory Note.

NOTE: PAGES 1 THROUGH 5 MUST BE SUBMITTED FOR YOUR LOAN APPLICATION TO BE PROCESSED.

BORROWER INFORMATION

1. Last Name: First Name: Middle Initial:
2. Former Name(s):
3. Social Security Number:
4. Date of Birth:
5. Permanent Address (Street, City, State, Zip Code) (if P.O. box or general delivery, see Instructions):
6. Area Code/Telephone Number:
7. Email Address (optional):
8. Driver's License State and Number:
9. Employer's Name and Address (Street, City, State, Zip Code):
10. Work Area Code/Telephone Number:

REFERENCE INFORMATION

List two persons with different U.S. addresses who do not live with you and who have known you for at least three years

11. Last Name: First Name: Middle Initial:
Permanent Address (Street, City, State, Zip Code):

Email Address (optional):
Area Code/Telephone Number:
Relationship to You:
12. Last Name: First Name: Middle Initial:
Permanent Address (Street, City, State, Zip Code):

Email Address (optional):
Area Code/Telephone Number:
Relationship to You:

Borrower's Name John C Iacona Social Security Number: 052-54-2546

LOANS YOU WANT TO CONSOLIDATE

READ THE INSTRUCTIONS BEFORE COMPLETING THIS SECTION. List each federal education loan that you want to consolidate, including any Direct Loans that you want to include in your Direct Consolidation Loan. If you need more space to list loans, use the Additional Loan Listing Sheet included with this Direct Consolidation Loan Application and Promissory Note (Note). List each loan separately

IN THIS SECTION, LIST ONLY LOANS THAT YOU WANT TO CONSOLIDATE

13. Loan Code (see Instructions)	14. Loan Holder/Service Name, Address, and Area Code/Telephone Number (see Instructions)	15. Loan Account Number	16. Estimated Payoff Amount
O	EDUCATIONAL CREDIT MANAGEMENT CORP PO BOX 16408 PO BOX 16408 ST PAUL 55116(0408)		\$43,627.00

17. Grace Period End Date. If any of the loans you want to consolidate are in a grace period, you can have the processing of your Direct Consolidation Loan application delayed until the end of your grace period by entering your expected grace period end date in the space provided.

If you leave this item blank or if you are not consolidating any loans that are in a grace period, we will begin processing your Direct Consolidation Loan application as soon as we receive this Note and any other required documents. Any loans listed in the Loans You Want to Consolidate section that are in a grace period will enter repayment immediately upon consolidation. You will then lose the remaining portion of the grace period on those loans.

Expected Grace Period End Date (month/year):

Borrower's Name John C Iacona

Social Security Number: 052-54-2546

LOANS YOU DO NOT WANT TO CONSOLIDATE

READ THE INSTRUCTIONS BEFORE COMPLETING THIS SECTION. List all education loans that you do not want to consolidate, but want us to consider when we calculate the maximum repayment period for your Direct Consolidation Loan (see Item 11 of the Borrower's Rights and Responsibilities Statement that accompanies this Note). Remember to include any Direct Loans that you do not want to consolidate. If you need more space to list loans, use the Additional Loan Listing Sheet included with this Note. List each loan separately.

IN THIS SECTION, LIST ONLY LOANS THAT YOU DO NOT WANT TO CONSOLIDATE

18. Loan Code (see Instructions)	19. Loan Holder/Service Name, Address, and Area Code/Telephone Number (see Instructions)	20. Loan Account Number	21. Current Balance

NOTICE ABOUT LOANS TO BE CONSOLIDATED OR NOT CONSOLIDATED

We will send you a notice before we consolidate your loans. This notice will **(1)** identify all of your loans that will be consolidated and show the verified payoff amounts for those loans, and **(2)** tell you the deadline by which you must notify us if you want to cancel the Direct Consolidation Loan, or if you do not want to consolidate one or more of the loans listed in the notice. If you have any loans that will not be consolidated, the notice will also identify those loans. **See the Instructions for more information about the notice we will send.**

REPAYMENT PLAN SELECTION

To understand your repayment plan options, carefully read the repayment plan information in Item 11 of the Borrower's Rights and Responsibilities Statement (BRR) that accompanies this Note and in any other materials you receive with this Note. Then select a repayment plan for your Direct Consolidation Loan:

- To select the Standard Repayment Plan, the Graduated Repayment Plan, or the Extended Repayment Plan, complete the Repayment Plan Selection form that accompanies this Note.
- To select the Revised Pay As You Earn Repayment Plan (REPAYE Plan), the Pay As You Earn Repayment Plan (PAYE Plan), the Income-Based Repayment Plan (IBR Plan), or the Income-Contingent Repayment Plan (ICR Plan), visit StudentAid.gov to complete the Income-Driven Repayment Plan Request online, or complete the Income-Driven Repayment Plan Request form that accompanies this Note.

NOTE: You **must** select either the REPAYE Plan, the PAYE Plan, the IBR Plan, or the ICR Plan if:

- You want to consolidate a defaulted loan and you have not made a satisfactory repayment arrangement with the current holder of the defaulted loan;
- You are consolidating a delinquent Federal Consolidation Loan (a consolidation loan made under the Federal Family Education Loan Program) that the lender has submitted to the guaranty agency for default aversion; or
- You are consolidating a defaulted Federal Consolidation Loan, and you are not consolidating any other eligible loans.

BORROWER UNDERSTANDINGS, CERTIFICATIONS, AND AUTHORIZATIONS

22. I understand the following:

A. Applying for a Direct Consolidation Loan does not mean that I must accept the loan. Before my loans are consolidated, the U.S. Department of Education (ED) will send me a notice that:

- Identifies my loans that will be consolidated and shows the payoff amounts for those loans that have been verified with my loan holders or through the National Student Loan Data System (NSLDS), and

- Tells me the deadline by which I must notify ED if I want to cancel my application for the Direct Consolidation Loan, or if I do not want to consolidate one or more of the loans identified in the notice as loans that will be consolidated. If I have any loans that will not be consolidated, the notice will also identify those loans.

B. If I do not want all of the loans listed in the notice described in 22.A. to be consolidated, I must inform ED by the deadline specified in that notice.

Borrower's Name John C Iacona

Social Security Number: 052-54-2546

BORROWER UNDERSTANDINGS, CERTIFICATIONS, AND AUTHORIZATIONS (CONTINUED)

C. If ED accepts this application for a Direct Consolidation Loan, ED will send funds to the holders of the loans that I want to consolidate to pay off those loans. The amount of my Direct Consolidation Loan will be the sum of the balances of my outstanding eligible loans that I have chosen to consolidate. The payoff amount may be greater than or less than the estimated total balance I indicated in the Loans I Want to Consolidate section of this Note.

The outstanding balance on each loan to be consolidated includes unpaid principal, unpaid accrued interest and late charges as defined by federal regulations and as certified by the loan holder. If you are consolidating a defaulted loan, collection costs may also be included. For a Direct Loan or for a Federal Family Education Loan (FFEL) Program loan that is in default, the amount of any collection costs that may be included in the payoff balances of the loans is limited to a maximum of 18.5% of the outstanding principal and interest. For any other defaulted federal education loans, all collection costs that are owed may be included in the payoff balances of the loans.

D. If the amount ED sends to my loan holders is more than the amount needed to pay off the balances of the selected loans, the holders will refund the excess amount to ED and this amount will be applied against the outstanding balance of my Direct Consolidation Loan. If the amount that ED sends to my holders is less than the amount needed to pay off the balances of the loans selected for consolidation, ED will include the remaining amount in my Direct Consolidation Loan.

E. If I am consolidating loans made under the FFEL, Direct Loan, or Federal Perkins Loan (Perkins Loan) programs, the outstanding balance of my Direct Consolidation Loan counts against the applicable aggregate loan limits for each type of loan. Under the Act, as defined under "Laws That Apply to this Note and Other Legal Information" in the Note Terms and Conditions section of this Note, the percentage of the original amount of my Direct Consolidation Loan that is attributable to each loan type is counted against the loan limit for that type of loan.

F. I may not consolidate an existing Direct Consolidation Loan unless I include at least one additional eligible loan in the consolidation.

G. I may consolidate an existing Federal Consolidation Loan (a consolidation loan made under the FFEL Program) without including an additional eligible loan in the consolidation if I am:

- Consolidating a delinquent Federal Consolidation Loan that the lender has submitted to the guaranty agency for default aversion;
- Consolidating a defaulted Federal Consolidation Loan, and I agree to repay my new Direct Consolidation Loan under the REPAYE Plan, the PAYE Plan, the IBR Plan, or the ICR Plan;
- Consolidating a Federal Consolidation Loan to use the Public Service Loan Forgiveness Program (see BRR Item 16); or
- Consolidating a Federal Consolidation Loan to use the no accrual of interest benefit for active duty service members (see BRR Item 7).

H. If I consolidate my loans, I may no longer be eligible for certain deferments, subsidized deferment periods, certain types of loan discharges or loan forgiveness, borrower defenses to repayment based on acts or omissions of the school I attended, reduced interest rates, or repayment incentive programs that were available on the loans I am consolidating.

I. If I am consolidating a Perkins Loan:

- I will no longer be eligible for interest-free periods while I am enrolled in school at least half time, in the grace period on my loan, and during deferment periods; and
- I will no longer be eligible for full or partial loan cancellation under the Perkins Loan Program based on years of service in one of the following occupations: teacher in a low-income elementary or secondary school; staff member in an eligible preschool program; special education teacher; member of the Armed Forces who qualifies for special pay; Peace Corps volunteer or volunteer under the Domestic Volunteer Service Act of 1973; law enforcement or corrections officer; attorney in an eligible defender organization; teacher of mathematics, science, foreign languages, bilingual education or any other high-need field; nurse or medical technician providing health care services; employee of a public or private nonprofit child or family service agency that services high-risk children from low-income families and their families; fire fighter; faculty member at a Tribal College or University; librarian; or speech language pathologist.

J. Any payments I made on the loans I am consolidating (including any Direct Loans) before the date of consolidation will not count toward:

- The number of years of qualifying repayment required for loan forgiveness under the REPAYE Plan, the PAYE Plan, the IBR Plan, or the ICR Plan (see BRR Item 11), or
- The 120 qualifying payments required for Public Service Loan Forgiveness (see BRR Item 16).

K. If I am consolidating a Direct PLUS Loan or a Federal PLUS Loan (a Federal PLUS Loan is a PLUS loan made under the Federal Family Education Loan Program) that I obtained to help pay for my child's undergraduate education, I am not eligible to repay my Direct Consolidation Loan under the REPAYE Plan, the PAYE Plan, or the IBR Plan. However, I may repay my Direct Consolidation Loan under the ICR Plan.

L. If I am consolidating a Direct Loan Program loan first disbursed before July 1, 2012 on which I received an up-front interest rebate, and I have not yet made the first 12 required on-time payments on that loan at the time the loan is consolidated, I will lose the rebate. This means that the rebate amount will be added back to the principal balance of the loan before it is consolidated.

M. I have the option of paying the interest that accrues on my Direct Consolidation Loan during deferment (including in-school deferment), forbearance, and certain other periods, but if I do not do so, ED may add unpaid interest that accrues on my loan to the principal balance of my loan at the end of the deferment, forbearance, or other period. This is called "capitalization." Capitalization will increase the principal amount owed on the loan and the total amount of interest I must pay.

N. If I consolidate my loans after I have begun active duty military service, my new Direct Consolidation Loan will not qualify for the 6% interest rate limit under the Servicemembers Civil Relief Act as described in BRR Item 6 during that period of military service.

Borrower's Name John C Iacona

Social Security Number: 052-54-2546

**BORROWER UNDERSTANDINGS, CERTIFICATIONS, AND AUTHORIZATIONS
(CONTINUED)**

O. ED has the authority to verify information reported on this Note with other federal agencies and to report information about my loan status to persons and organizations permitted by law to receive that information.

P. I am entitled to an exact copy of this Note and the Borrower's Rights and Responsibilities Statement.

23. Under penalty of perjury, I certify that:

A. The information I provide on this Note and that I update from time to time is true, complete, and correct to the best of my knowledge and belief.

B. All of the loans I have selected for consolidation have been used to finance my education or the education of one or more of my children.

C. All of the loans I have selected for consolidation are in a grace period or in repayment ("in repayment" includes loans in deferment or forbearance).

D. If I owe an overpayment on a Federal Perkins Loan or on a grant made under the federal student aid programs (as defined in the Note Terms and Conditions), I have made satisfactory arrangements to repay the amount owed.

E. If I am in default on any loan I am consolidating, I have either made a satisfactory repayment arrangement with the holder of that defaulted loan, or I will repay my Direct Consolidation Loan under the REPAYE Plan, the PAYE Plan, the IBR Plan, or the ICR Plan, except that I **MUST** repay my Direct Consolidation Loan under the REPAYE Plan, the PAYE Plan, the IBR Plan, or the ICR Plan under the conditions described above in the Repayment Plan Selection section of this Note.

F. If I have been convicted of, or if I have pled nolo contendere (no contest) or guilty to, a crime involving fraud in obtaining federal student aid funds, I have fully repaid those funds.

24. I authorize:

A. ED to contact the holders of the loans I have selected for consolidation to determine the eligibility for consolidation and the payoff amounts of:

- The loans listed in the Loans I Want to Consolidate section of this Note, and
- Any of my other federal education loans that are held by a holder of a loan listed in the Loans I Want to Consolidate section.

B. The holders of the loans I want to consolidate to release any information required to consolidate my loans, in accordance with the Act, to ED or its agents and contractors.

C. ED to pay the full amount I owe to the holders of the loans that I want to consolidate to pay off those loans.

D. My schools, ED, and their agents and contractors to release information about my Direct Consolidation Loan to the references I provide and to my immediate family members, unless I submit written directions otherwise or as otherwise permitted by law.

E. My schools, ED, and their agents and contractors to contact me regarding my loan request or my loan, including repayment of my loan, at any cellular telephone number I provide now or in the future using automated dialing equipment or artificial or prerecorded voice or text messages.

PROMISES

25. I promise to pay ED the full amount disbursed under the terms of this Note to pay off the loans that I have chosen to consolidate, plus interest and other charges and fees that I may be required to pay under the terms of the Note.

26. If I do not make a payment on my Direct Consolidation Loan when it is due, I promise to pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.

27. I promise that I will not sign this Note before reading the entire Note, even if I am told not to read it, or told that I am not required to read it.

28. By signing this Note, whether electronically or on a paper copy, I promise that I have read, understand, and agree to the terms and conditions of this Note, including the Borrower Understandings, Certifications, and Authorizations section, and the Borrower's Rights and Responsibilities Statement.

I UNDERSTAND THAT THIS IS A LOAN THAT I MUST REPAY.

29. Borrower's Signature:

Today's Date (mm-dd-yyyy) 04-20-2023

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NOTE TERMS AND CONDITIONS

This section summarizes some of the major terms and conditions of your Direct Consolidation Loan. You can find more detailed information about the terms and conditions of your loan in the Borrower's Rights and Responsibilities Statement (BRR) that accompanies this Direct Consolidation Loan Application and Promissory Note (Note). Each topic covered in this section of the Note is followed by the number of the item in the BRR that provides additional information about that topic. The BRR is considered to be part of the Note. Whenever we refer to the Note, the term "Note" includes the BRR.

We contract with servicers to process Direct Loan payments, deferment and forbearance requests, and other transactions, and to answer questions about Direct Loans. We will provide you with information about how to contact us or our servicers after your loan is made. It is important to keep in contact with your servicer.

The words "we," "us," and "our" refer to the U.S. Department of Education or our servicers. The word "loan" refers to the Direct Consolidation Loan you receive under this Note.

The term "federal student aid" refers to aid awarded under the following programs: the Federal Pell Grant Program; the Federal Supplemental Educational Opportunity Grant (FSEOG) Program; the Federal Work-Study (FWS) Program; the Leveraging Educational Assistance Partnership Grant Program; the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program; the William D. Ford Federal Direct Loan (Direct Loan) Program; the Federal Family Education Loan (FFEL) Program; and the Federal Perkins Loan Program.

LAWS THAT APPLY TO THIS NOTE AND OTHER LEGAL INFORMATION (BRR Item 1)

The terms of this Note are determined in accordance with the Higher Education Act of 1965, as amended (the HEA), our regulations, and other federal laws and regulations. Throughout this Note, we refer to these laws and regulations as "the Act."

Any notice we are required to send you about your loan, even if you do not receive the notice, will be effective if it is sent by first-class mail to the most recent address that we have for you, emailed to an email address you have provided, or sent by any other method of notification that is permitted or required by the Act. You must immediately notify your servicer of a change in your contact information or status (see BRR Item 10).

If we do not enforce a term of this Note, that does not waive any of our rights to enforce that term or any other term in the future. No term of your loan may be modified or waived, unless we do so in writing. If any term of your loan is determined to be unenforceable, the remaining terms remain in force.

TYPES OF LOANS YOU CAN RECEIVE UNDER THIS NOTE (BRR Item 3)

This Note is used to make a Direct Consolidation Loan. You will have a single Direct Consolidation Loan, but depending on the types of loans you consolidate, it may have up to two components (each of which will have a separate loan identification number) representing subsidized loans and unsubsidized loans.

When the loans you are consolidating are paid off, we will send you a disclosure statement. The disclosure statement will identify the amount of your Direct Consolidation Loan, the loan identification number(s), and additional terms of the loan, such as the interest rate and repayment

schedule. Any disclosure statement we send to you in connection with the loan made under this Note is considered to be part of the Note. If you have questions about a disclosure statement that you receive, contact your servicer.

INTEREST RATE (BRR Item 6)

Unless we notify you in writing that a different rate will apply, the interest rate on your Direct Consolidation Loan is a fixed rate (meaning that your interest rate will never change) that is based on the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher one-eighth of one percent.

If you are in the military and the interest rate on your loan is greater than 6%, you may qualify to have the rate limited to 6% during your period of service.

PAYMENT OF INTEREST (BRR Item 7)

Generally, we do not charge interest on the subsidized component of your Direct Consolidation Loan during deferment periods and during certain periods of repayment under certain repayment plans that base your monthly payment amount on your income. We generally charge interest on the subsidized component of your Direct Consolidation Loan during all other periods, starting on the date the loans you choose to consolidate are paid off.

Generally, we charge interest on the unsubsidized component of your Direct Consolidation Loan during all periods, starting on the date the loans you choose to consolidate are paid off.

You are responsible for paying all interest we charge on your Direct Consolidation Loan. If you do not pay this interest, we may capitalize the interest (add it to the principal balance of your loan).

RESPONSIBILITY FOR PAYING ALL INTEREST ON ALL OR PART OF THE SUBSIDIZED COMPONENT OF A DIRECT CONSOLIDATION LOAN (IF YOU ARE A FIRST-TIME BORROWER ON OR AFTER JULY 1, 2013) (BRR Item 8)

If you were a **first-time borrower on or after July 1, 2013** when you received a Direct Subsidized Loan and you are now consolidating that loan, you may be responsible for paying the interest that accrues during all periods on the portion of your Direct Consolidation Loan that repaid the Direct Subsidized Loan.

LATE CHARGES AND COLLECTION COSTS (BRR Item 9)

If you do not make your full monthly loan payment within 30 days of your due date, we may require you to pay a late charge of not more than six cents for each dollar of each late payment.

We may also require you to pay any other charges and fees that are permitted by the Act related to the collection of your loan. If you default on a loan, you must pay reasonable collection costs, plus any court costs and attorney fees.

REPAYING YOUR LOAN (BRR Item 11)

You must repay your loan in monthly installments during a repayment period that begins on the date of the first payoff of the loans that you have chosen to consolidate. You have a choice of several repayment plans, including plans that base your required monthly payment amount on your income.

NOTE TERMS AND CONDITIONS (CONTINUED)

If you are temporarily unable to make your monthly loan payments, you can request a deferment or forbearance that allows you to temporarily stop making payments or to temporarily make a smaller payment amount (see BRR Item 15). In some cases, we may grant you a forbearance without a request.

You may prepay all or any part of your loan at any time without penalty. After you have fully repaid a loan, we will send you a notice telling you that you have paid off your loan.

DEFAULTING ON YOUR LOAN (BRR Item 12)

You will be considered in default on your loan if:

- You do not make your monthly loan payments for a total of at least 270 days;
- You do not comply with other terms of the loan, and we determine that you do not intend to repay your loan; or
- We accelerate your loan (see "CONDITIONS WHEN WE MAY REQUIRE YOU TO IMMEDIATELY REPAY THE FULL AMOUNT OF YOUR LOAN") and you do not pay the amount due.

If you default, we may:

- Capitalize all outstanding interest, which will increase the principal amount due on the loan and the total amount of interest you will pay;
- Report the default to nationwide consumer reporting agencies (credit bureaus), which will significantly and negatively affect your credit history;
- Demand that you immediately repay the loan in full;
- Order administrative wage garnishment (AWG) of your wages;
- Take (offset) your federal income tax refund or Social Security Administration payments or any other payment authorized for offset under federal law and use it to pay off part of your loan;
- File a lawsuit against you to collect on the loan; and
- Require you to pay collection costs, which will increase the total amount you must pay on your loan.

CONDITIONS WHEN WE MAY REQUIRE YOU TO IMMEDIATELY REPAY THE FULL AMOUNT OF YOUR LOAN (BRR Item 13)

We may require you to immediately repay the entire unpaid balance of your loan (this is called "acceleration") if you:

- Make a false statement that causes you to receive a loan that you are not eligible for; or
- Default on your loan (see "DEFAULTING ON YOUR LOAN").

INFORMATION WE REPORT ABOUT YOUR LOAN (BRR Item 14)

We will report information about your loan to nationwide consumer reporting agencies (credit bureaus) and the National Student Loan Data System (NSLDS) on a regular basis. This information will include the amount and repayment status of your loan (for example, whether you are current or delinquent in making payments). If you default on a loan, we will report this to nationwide consumer reporting agencies. Schools may access information in NSLDS for specific purposes that we authorize.

IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

The Gramm-Leach-Bliley Act (Public Law 106-102) requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

We disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authority for collecting the requested information from and about you is §451 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your Social Security Number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the Direct Loan Program, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty

agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), ED will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program, and also to the financial records of any account at a financial institution used to disburse Direct Loan Funds to you.

PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless the collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0007. Public reporting burden for this collection of information is estimated to average 30 minutes (0.5 hours) per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain a benefit in accordance with 34 CFR 685.201(c)(1).

If you have comments or concerns regarding the status of your individual submission of this form, contact:

[INSERT SERVICER ADDRESS]

ABOUT THE BORROWER'S RIGHTS AND RESPONSIBILITIES STATEMENT (BRR)

This BRR provides additional information about the terms and conditions of the loan you will receive under the accompanying Direct Consolidation Loan Application and Promissory Note (Note). Please keep a copy of the Note and this BRR for your records. You may request another copy of this BRR at any time by contacting your servicer. You can also obtain a complete copy of the Note that you signed, including the BRR, on [StudentAid.gov](https://studentaid.gov).

Throughout this BRR, the words "we," "us," and "our" refer to the U.S. Department of Education or our servicers.

1. LAWS THAT APPLY TO THIS NOTE AND OTHER LEGAL INFORMATION

The terms and conditions of loans made under this Note are determined by the Higher Education Act of 1965, as amended (the HEA), and other federal laws and regulations. We refer to these laws and regulations as "the Act" throughout this BRR. Under applicable state law (unless federal law preempts a state law), you may have certain borrower rights, remedies, and defenses in addition to those stated in the Note and this BRR.

Any notice we are required to send you related to a loan made under this Note, even if you do not receive the notice, will be effective if it is sent by first-class mail to the most recent address that we have for you, sent by electronic means to an email address you have provided, or sent by any other method of notification that is permitted or required by the Act. You must immediately notify your servicer of a change in your contact information or status (see BRR Item 10).

If we do not enforce a term of this Note, that does not waive our right to enforce that term or any other term in the future. No term of this Note may be modified or waived, unless we do so in writing. If any term of this Note is determined to be unenforceable, the remaining terms remain in force.

NOTE: Amendments to the Act may change the terms of this Note. Any amendment to the Act that changes the terms of this Note will be applied to your loan in accordance with the effective date of the amendment. Depending on the effective date of the amendment, amendments to the Act may modify or remove a benefit that existed at the time that you signed this Note.

2. THE WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

The Direct Loan Program (formally known as the William D. Ford Federal Direct Loan Program) includes the following types of loans, known collectively as "Direct Loans":

- Direct Subsidized Loans (formally known as Federal Direct Stafford/Ford Loans)
- Direct Unsubsidized Loans (formally known as Federal Direct Unsubsidized Stafford/Ford Loans)
- Direct PLUS Loans (formally known as Federal Direct PLUS Loans)
- Direct Consolidation Loans (formally known as Federal Direct Consolidation Loans)

Direct Loans are made by the U.S. Department of Education. We contract with servicers to process Direct Loan payments, deferment and forbearance requests, and other transactions, and to answer questions about Direct Loans. We will provide you with information about how to contact us or our servicers after your loan is made. It is important to keep in contact with your servicer.

If we transfer your loan to another servicer, we will notify you of who your new servicer is, how to contact your new servicer, and when your loan will

be transferred. A transfer of the servicing of your loan to a different servicer does not affect any of your rights and responsibilities under that loan. You can find the name of your servicer in the National Student Loan Data System (NSLDS) (see BRR Item 14).

3. DIRECT CONSOLIDATION LOAN COMPONENTS

Depending on the types of federal education loans that you consolidate, your Direct Consolidation Loan may have up to two components, with each component having a separate loan identification number. However, you will have only one Direct Consolidation Loan and will receive only one bill.

3a. The subsidized component of your Direct Consolidation Loan (identified as a "Direct Subsidized Consolidation Loan") will have one loan identification number representing the amount of the following types of loans that you consolidate:

- Subsidized Federal Stafford Loans
- Direct Subsidized Loans
- Subsidized Federal Consolidation Loans
- Direct Subsidized Consolidation Loans
- Federal Insured Student Loans (FISL)
- Guaranteed Student Loans (GSL)

3b. The unsubsidized component of your Direct Consolidation Loan (identified as a "Direct Unsubsidized Consolidation Loan") will have one identification number representing the amount of the following types of loans that you consolidate:

- Unsubsidized and Nonsubsidized Federal Stafford Loans
- Direct Unsubsidized Loans
- Unsubsidized Federal Consolidation Loans
- Direct Unsubsidized Consolidation Loans
- Federal PLUS Loans (for parents or for graduate and professional students)
- Direct PLUS Loans (for parents or for graduate and professional students)
- Direct PLUS Consolidation Loans
- Federal Perkins Loans
- National Direct Student Loans (NDSL)
- National Defense Student Loans (NDSL)
- Federal Supplemental Loans for Students (SLS)
- Auxiliary Loans to Assist Students (ALAS)
- Health Professions Student Loans (HPSL)
- Health Education Assistance Loans (HEAL)
- Nursing Student Loans (NSL) and Nurse Faculty Loans
- Loans for Disadvantaged Students (LDS)

4. ADDING ELIGIBLE LOANS TO YOUR DIRECT CONSOLIDATION LOAN

You may add eligible loans to your Direct Consolidation Loan by submitting a request to us within 180 days of the date your Direct Consolidation Loan is made. (Your Direct Consolidation Loan is "made" on the date we pay off the first loan that you are consolidating.) After we pay off any loans that you add during the 180-day period, we will notify you of the new total amount of your Direct Consolidation Loan and of any adjustments that must be made to your monthly payment amount and/or interest rate. If you want to consolidate any additional eligible loans after the 180-day period, you must apply for a new Direct Consolidation Loan.

5. TYPES OF LOANS THAT YOU CAN CONSOLIDATE INTO A DIRECT CONSOLIDATION LOAN

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General

Only the federal education loans listed in Items 3a. and 3b. of this BRR may be consolidated into a Direct Consolidation Loan. You may only consolidate loans that are in a grace period or in the repayment period (including loans in deferment or forbearance).

Defaulted loans

You may consolidate a loan that is in default if:

- You first make satisfactory repayment arrangements with the holder of the defaulted loan, or
- You agree to repay your Direct Consolidation Loan under the REPAYE Plan, the PAYE Plan, the IBR Plan, or the ICR Plan (see BRR Item 11).

Consolidation of existing consolidation loans

If you already have a Direct Consolidation Loan, you may not consolidate that loan into a new Direct Consolidation Loan unless you include at least one additional eligible loan in the consolidation.

If you currently have a Federal Consolidation Loan (a consolidation loan that was made under the FFEL Program), you may consolidate that loan into a new Direct Consolidation Loan without including an additional loan if you are:

- Consolidating a delinquent Federal Consolidation Loan that the lender has submitted to the guaranty agency for default aversion;
- Consolidating a defaulted Federal Consolidation Loan, and you agree to repay your new Direct Consolidation Loan under the REPAYE Plan, the PAYE Plan, the IBR Plan, or the ICR Plan;
- Consolidating a Federal Consolidation Loan to use the Public Service Loan Forgiveness program described in BRR Item 16; or
- Consolidating a Federal Consolidation Loan to use the no accrual of interest benefit for active duty service members described in BRR Item 7.

Consolidation of existing joint consolidation loans

Before July 1, 2006, married borrowers could combine their individual federal education loans into a single joint Direct Consolidation Loan or joint Federal Consolidation Loan. Both borrowers of a joint consolidation loan are equally responsible for repayment of the full amount of the joint consolidation loan, regardless of the amount of each individual borrower's original loans that were repaid by the joint consolidation loan, and regardless of any change in marital status.

Because the Act no longer allows borrowers to jointly consolidate, if you have an existing joint consolidation loan, you and the other borrower with whom you obtained the loan may not jointly consolidate the loan into a new joint consolidation loan. In addition, you may not individually consolidate an existing joint consolidation loan into a new Direct Consolidation Loan under your name only.

6. INTEREST RATE

The interest rate on your Direct Consolidation Loan will be the weighted average of the interest rates on the loans you are consolidating, rounded to the nearest higher one-eighth of one percent. We will send you a notice that tells you the interest rate on your loan.

The interest rate on a Direct Consolidation Loan is a fixed rate. This means that the interest rate will never change.

Servicemembers Civil Relief Act

If you are in military service, you may qualify for a lower interest rate on your loans.

Under the Servicemembers Civil Relief Act (SCRA), the interest rate on loans you received before you began your military service may be limited to 6% during your military service. We will determine if you are eligible for this benefit based on information from the U.S. Department of Defense. If you are eligible and have qualifying loans with an interest rate greater than 6%, we will automatically reduce the interest rate on those loans to 6% during your military service. If you think you qualify for the 6% interest rate but have not received it, contact your servicer.

Because the SCRA interest rate limit applies only to loans you obtained before entering military service, if you consolidate your loans after you have begun a period of active duty military service, your new Direct Consolidation Loan will not be eligible for the 6% interest rate limit under the SCRA for that period of active duty.

If you consolidate loans you obtained before you began a period of active duty military service and the interest rate on those loans is reduced to 6% under the SCRA, the 6% interest rate will be used to determine the fixed weighted average interest rate on your Direct Consolidation Loan.

Interest rate reduction for automatic withdrawal of payments

You will receive a 0.25% reduction in the interest rate on your loan if you choose to repay the loan under the automatic withdrawal option. Under the automatic withdrawal option, we automatically deduct your monthly loan payment from your checking or savings account. In addition to lowering your interest rate, automatic withdrawal ensures that your payments are made on time. We will provide you with information about the automatic withdrawal option.

7. PERIODS WHEN WE CHARGE INTEREST

General

In general, we charge interest on a Direct Consolidation Loan during all periods, from the date the loan is made until it is paid in full or discharged. You are responsible for paying the interest that accrues as explained below.

Direct Subsidized Consolidation Loans

We charge interest on Direct Subsidized Consolidation Loans—

- During most periods when you are repaying your loans;
- During forbearance periods; and
- During all periods, if you become responsible for paying all interest on your Direct Subsidized Loans (see BRR Item 8).

We do not charge interest on Direct Subsidized Consolidation Loans—

- While you are enrolled in school at least half-time;
- During deferment periods;
- During some periods of repayment under the REPAYE, PAYE, and IBR plans; and
- During periods of active duty military service that qualify you for the no accrual of interest benefit for active duty service members (see below).

Direct Unsubsidized Consolidation Loans

We charge interest on a Direct Unsubsidized Consolidation Loan—

- While you are enrolled in school at least half-time;
- During most periods when you are repaying your loans;
- During most deferment periods; and
- During forbearance periods.

We do not charge interest on Direct Unsubsidized Consolidation Loans—

- During some periods of repayment under the REPAYE Plan;

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- During periods of active duty military service that qualify you for the no accrual of interest benefit for active duty service members (see below); and
- During periods of deferment for cancer treatment (see BRR Item 15).

No accrual of interest benefit for active duty service members

We do not charge interest during periods while you are on qualifying active military duty in an area of hostilities where your service qualifies you for special pay (for up to 60 months) on the portion of a Direct Consolidation Loan that repaid a Direct Loan or a FFEL Program loan first disbursed on or after October 1, 2008.

Interest capitalization

If you do not pay the interest as it accrues on either a Direct Subsidized Consolidation Loan or a Direct Unsubsidized Consolidation Loan, we will add the accrued interest to the unpaid principal balance of your loan. This is called "capitalization." Capitalization increases the principal amount you owe on the loan and the total amount of interest that you will pay. We capitalize unpaid interest when you start making payments again after periods of deferment or forbearance.

The chart below shows the difference in the total amount you would repay if you pay the interest as it accrues during a 12-month deferment or forbearance period, compared to the amount you would repay if you do not pay the interest and it is capitalized at the end of the deferment or forbearance period. The example illustrated in the chart assumes the following—

- You consolidated only unsubsidized loans and your Direct Consolidation Loan balance was \$40,000 when the loan entered repayment;
- The interest rate on your loan is 6%;
- You are repaying your loans under the Standard Repayment Plan;
- Based on the amount of your Direct Consolidation Loan, your repayment period is 25 years; and
- You received a 12-month deferment or forbearance that began on the day after loan entered repayment.

	If you pay the interest as it accrues...	If you do not pay the interest and it is capitalized...
Loan principal amount owed at beginning of deferment or forbearance	\$40,000	\$40,000
Interest for 12 months at an annual interest rate of 6%	\$2,400 (paid as accrued)	\$2,400 (unpaid and capitalized)
Loan principal amount to be repaid at end of deferment or forbearance	\$40,000	\$42,000
Monthly Payment	\$258	\$273
Number of Payments	300	300
Total Repaid	\$79,716*	\$81,955

*The total repaid includes \$2,400 in interest that was repaid as it accrued during the 12-month deferment or forbearance period.

In this example, you would pay \$15 less per month and \$2,239 less altogether if you pay the interest as it accrues during the 12-month deferment or forbearance period.

Federal income tax deduction for student loan interest payments

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, available at <https://irs.gov/publications/p970>.

8. RESPONSIBILITY FOR PAYING ALL INTEREST ON ALL OR PART OF THE SUBSIDIZED COMPONENT OF A DIRECT CONSOLIDATION LOAN (IF YOU ARE A FIRST-TIME BORROWER ON OR AFTER JULY 1, 2013)

If you were a **first-time borrower on or after July 1, 2013** (see Note below) when you received a Direct Subsidized Loan and you are now consolidating that loan, you may be responsible for paying the interest that accrues during all periods on the portion of your Direct Consolidation Loan that repaid the Direct Subsidized Loan, as explained below.

There is a limit on the maximum period of time (measured in academic years) for which a first-time borrower on or after July 1, 2013 can receive Direct Subsidized Loans. In general, a first-time borrower may not receive Direct Subsidized Loans for more than 150% of the published length of his or her program of study. This is called the "maximum eligibility period."

Generally, a first-time borrower on or after July 1, 2013 will become responsible for paying the interest that accrues during all periods on previously received Direct Subsidized Loans if the borrower:

- Continues to be enrolled in any undergraduate program after having received Direct Subsidized Loans for his or her maximum eligibility period, or
- Enrolls in another undergraduate program that is the same length as or shorter than the borrower's previous program.

There are a few exceptions to this rule. You may obtain additional information about this requirement and the exceptions at StudentAid.gov.

You must pay the interest that accrues during all periods (including deferment periods) on the portion of your Direct Consolidation Loan that repaid a Direct Subsidized Loan you received as a first-time borrower on or after July 1, 2013 if:

- Before consolidating the Direct Subsidized Loan, you become responsible for paying all interest that accrues on that loan, as explained above; or
- After consolidating the Direct Subsidized Loan you become responsible for paying all interest that accrues on that loan, as explained above.

Note: You are a first-time borrower on or after July 1, 2013 if you had no outstanding balance on a Direct Loan or a Federal Family Education Loan (FFEL) Program loan on July 1, 2013, or if you had no outstanding balance on a Direct Loan or a FFEL program loan on the date you obtained a Direct Loan after July 1, 2013.

9. 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 6% of each late payment. We may also require you to pay other charges and fees involved in collecting your loan.

10. INFORMATION YOU MUST REPORT TO US AFTER YOU RECEIVE YOUR LOAN

Until your loan is repaid, you must notify your servicer if you:

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- Change your address or telephone number;
- Change your name (for example, maiden name to married name);
- Change your employer or your employer's address or telephone number changes; or
- Have any other change in status that would affect your loan (for example, if you receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment).

11. REPAYING YOUR LOAN

General

Unless you receive a deferment or forbearance on your loan (see BRR Item 15), your first payment will be due within 60 days after the first payoff amount for your Direct Consolidation Loan is issued. We will notify you of the date your first payment is due.

You must make payments on your loan even if you do not receive a bill or repayment notice.

You must repay the full amount disbursed under the terms of this Note to pay off the loans that you consolidated, plus interest and other charges and fees that you may be required to pay under the terms of this Note.

You must generally repay all of your Direct Loans under the same repayment plan.

There are two types of repayment plans: traditional repayment plans and income-driven repayment plans. We will ask you to choose a repayment plan before your loan enters repayment. If you do not choose a repayment plan, we will place you on the Standard Repayment Plan, which may require you to make a higher monthly payment than other repayment plans.

If you choose a repayment plan that reduces your monthly payment amount by extending the period of time you have to repay your loan or by basing your payment on your income, you will likely pay more in interest over time than you would pay on another repayment plan.

TRADITIONAL REPAYMENT PLANS

Under a traditional repayment plan, your required monthly payment amount is based on the loan amount that you owe, the interest rate on your loans, and the length of the repayment period.

The traditional repayment plans described below are available for all Direct Consolidation Loans

Standard Repayment Plan

Under the Standard Repayment Plan, you will make fixed monthly payments and repay your loan in full within 10 to 30 years (not including periods of deferment or forbearance) from the date the loan entered repayment, depending on the amount of your Direct Consolidation Loan and the amount of your other student loan debt (which may not exceed the amount you are consolidating) listed in the Loans I Do Not Want to Consolidate section of your Note (see the chart below). Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period.

Graduated Repayment Plan

Under the Graduated Repayment Plan, you will make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 to 30 years (not including periods of deferment or forbearance) from the date the loan entered repayment, depending on the total amount of your Direct Consolidation Loan and the amount of your other student loan debt (which may not exceed the amount you are consolidating) listed in **Loans I Do Not Want to Consolidate** section of your

Note (see the chart below). Your scheduled monthly payment must at least be equal to the amount of interest that accrues each month. No single scheduled payment will be more than three times greater than any other payment.

Standard and Graduated Plans: Maximum Repayment Periods	
Total Education Loan Indebtedness	Maximum Repayment Period
Less than \$7,500	10 years
\$7,500 to \$9,999	12 years
\$10,000 to \$19,999	15 years
\$20,000 to \$39,999	20 years
\$40,000 to \$59,999	25 years
\$60,000 or more	30 years

Extended Repayment Plan

You are eligible for the Extended Repayment Plan only if (1) you have an outstanding balance on Direct Loans that exceeds \$30,000, and (2) you did not have an outstanding balance on a Direct Loan as of October 7, 1998, or on the date you obtained a Direct Loan on or after October 7, 1998.

Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. If you make fixed monthly payments, your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your scheduled monthly payment must at least be equal to the amount of interest that accrues each month. No single scheduled payment under the graduated option will be more than three times greater than any other payment.

INCOME DRIVEN REPAYMENT PLANS

Under an income-driven repayment plan, your required monthly payment amount is based on your income and family size, instead of being based on your loan debt, interest rate, and repayment period, as under a traditional repayment plan. Changes in your income or family size will result in changes to your monthly payment amount. If you choose an income-driven plan, you must certify your family size and provide documentation of your income (and, if you are married, your spouse's income) each year so that we can recalculate your payment amount.

Your required monthly payment amount under an income-driven repayment plan is generally a percentage of your discretionary income. For all of the income-driven repayment plans except for the Income-Contingent Repayment Plan, discretionary income is defined as the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size, divided by 12. For the Income-Contingent Repayment Plan, discretionary income is defined as the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size, divided by 12.

Not all of the income-driven repayment plans are available for all Direct Consolidation Loans:

- **If you are consolidating a parent PLUS loan**, the only income-driven repayment plan that is available to you is the Income-Contingent Repayment Plan (ICR Plan). A parent PLUS loan is a Direct PLUS Loan or Federal PLUS Loan that you obtained to help pay for your child's undergraduate education.

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- If you are not consolidating any parent PLUS loans, you may also choose any of the four income-driven repayment plans described below.

Revised Pay As You Earn Repayment Plan (REPAYE Plan)

The REPAYE Plan is available only for Direct Consolidation Loans that did not repay any parent PLUS loans.

Under the REPAYE Plan, your monthly payment amount is generally 10% of your discretionary income.

If you are married, the income used to determine your REPAYE Plan payment amount will generally be the combined income of you and your spouse, regardless of whether you file a joint or separate federal income tax return. However, your payment amount will be reduced if your spouse also has federal student loans.

Under the REPAYE Plan, any remaining loan amount will be forgiven after you have made the equivalent of either 20 years of qualifying monthly payments over a period of at least 20 years (if all of the loans repaid by your Direct Consolidation Loan were obtained for undergraduate study) or 25 years of qualifying payments over a period of at least 25 years (if any of the loans repaid by your Direct Consolidation Loan were obtained for graduate or professional study). You may have to pay federal income tax on the loan amount that is forgiven.

Pay As You Earn Repayment Plan (PAYE Plan)

The PAYE Plan is available only for Direct Consolidation Loans that did not repay any parent PLUS loans.

Under the PAYE Plan, your monthly payment amount is generally 10% of your discretionary income, but it will never be more than the Standard Repayment Plan amount.

If you are married and file a joint federal income tax return, the income used to determine your PAYE Plan payment amount will be the combined adjusted gross income of you and your spouse, but your payment amount will be reduced if your spouse also has federal student loans.

If you are married and file a separate federal income tax return from your spouse, only your individual adjusted gross income will be used to determine your PAYE Plan payment amount.

To initially qualify for the PAYE Plan, the monthly amount you would be required to pay under this plan, based on your income and family size, must be less than the amount you would have to pay under the Standard Repayment Plan.

Under the PAYE Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments over a period of at least 20 years, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Income-Based Repayment Plan (IBR Plan)

The IBR Plan is available **only** for Direct Consolidation Loans that did not repay any parent PLUS loans.

Under the IBR Plan, your monthly payment amount is generally 15% of your discretionary income, but it will never be more than the Standard Repayment Plan amount.

If you are married and file a joint federal income tax return, the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse, but your payment amount will be reduced if your spouse also has federal student loans.

If you are married and file a separate federal income tax return from your spouse, only your individual adjusted gross income will be used to determine your IBR Plan payment amount.

To initially qualify for the IBR Plan, the monthly amount you would be required to pay under this plan, based on your income and family size, must be less than the amount you would have to pay under the Standard Repayment Plan.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments over a period of at least 25 years, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Income-Contingent Repayment Plan (ICR Plan)

The ICR Plan is available for all Direct Consolidation Loans, including Direct Consolidation Loans that repaid parent PLUS loans.

Under the ICR Plan, your monthly payment amount will be the lesser of—

- 20% of your discretionary income, or
- A percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period.

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.

If you are married and file a separate federal income tax return from your spouse, only your individual adjusted gross income will be used to determine your ICR Plan payment amount.

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.

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 over a period of at least 25 years, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Additional repayment information

Under each plan, the number or amount of payments may need to be adjusted to reflect capitalized interest and/or new loans made to you. We may also adjust payment dates on your loans or may grant you a forbearance (see BRR Item 15) to eliminate a past delinquency that remains even though you are making your scheduled monthly payments.

If you can show to our satisfaction that the terms and conditions of the repayment plans described above are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

You can use the Loan Simulator at [StudentAid.gov/Loan-Simulator](https://studentaid.gov/Loan-Simulator) to evaluate your eligibility for the PAYE and IBR plans and to estimate your monthly and total payment amounts under all of the repayment plans. The Loan Simulator is for informational purposes only. We will make the official determination of your eligibility and payment amount.

Generally, you may change from your current repayment plan to any other repayment plan you qualify for at any time after you have begun repaying your loan.

Unless you are required to pay late charges or collection costs, when you make a payment on your loan, we apply the payment first to outstanding interest. If the payment amount is more than the amount of outstanding interest, we apply the remainder of your payment to your loan principal.

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If you are required to pay late charges or collection costs, we apply your payment differently depending on your repayment plan. If you are repaying under a traditional repayment plan or the ICR Plan, we apply your payment first to late charges and collection costs, then to outstanding interest, and then to loan principal. If you are repaying under any income-driven repayment plan other than the ICR Plan, we apply your payment first to outstanding interest, then to late charges and collection costs, and then to loan principal.

You can prepay your loan (that is, make loan payments before they are due, or pay more than the amount due in a month) at any time without penalty. We apply any prepayments in accordance with the Act. Your servicer can provide more information about how prepayments are applied.

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.

12. DEFAULTING ON YOUR LOAN

Default (failing to repay your loan) is defined in detail in the Terms and Conditions section of your Note. If you default:

- We will require you to immediately repay the entire unpaid amount of your loan (this is called "acceleration").
- We may sue you, take all or part of your federal and state tax refunds and other federal or state payments as authorized by law, and/or administratively garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- You will have to pay reasonable collection fees and costs, plus court costs and attorney fees in addition to the amount of your loan.
- You will lose eligibility for other federal student financial aid and for assistance under most federal benefit programs.
- You will lose eligibility for loan deferments, forbearances, and repayment plans.
- We will report your default to nationwide consumer reporting agencies (see BRR Item 14). This will harm your credit history and may make it difficult for you to obtain credit cards, home or car loans, or other forms of consumer credit.

If you default on your loan, you will not be charged collection costs if you respond within 60 days to the initial notice of default that we send to you, and you enter into a repayment agreement with us, including a loan rehabilitation agreement, and fulfill that agreement.

13. CONDITIONS WHEN WE MAY REQUIRE YOU TO IMMEDIATELY REPAY THE FULL AMOUNT OF YOUR LOAN

We may require you to immediately repay the entire unpaid amount of your loan (this is called "acceleration") if you:

- Make a false statement that causes you to receive a loan that you are not eligible to receive; or
- Default on your loan (see BRR Item 12).

14. INFORMATION WE REPORT ABOUT YOUR LOAN

We will report information about your loan to nationwide consumer reporting agencies (commonly known as "credit bureaus") and to the National Student Loan Data System (NSLDS) on a regular basis. This information will include the amount and repayment status of your loan (for example, whether you are current or delinquent in making payments). The information in NSLDS will also identify the servicer of your loan. Schools may access information in NSLDS for specific purposes that we authorize.

If you default on a loan, we will report this to nationwide consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agency unless you resume making payments on the loan within 30 days of the date of the notice. You will be given a chance to ask for a review of the debt before we report a default.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response. We respond to objections submitted to consumer reporting agencies using the methods established by those agencies.

15. DEFERMENT AND FORBEARANCE (POSTPONING PAYMENTS)

General

If you meet certain requirements, you may receive a deferment that allows you to temporarily stop making payments on your loan. 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.

Deferment

You may receive a deferment:

- While you are enrolled at least half-time at an eligible school;
- While you are in a full-time course of study in a graduate fellowship program;
- While you are in an approved full-time rehabilitation program for individuals with disabilities;
- While you are unemployed and seeking work (for a maximum of three years);
- While you are experiencing an economic hardship, including serving in the Peace Corps (for a maximum of three years);
- While you are serving on active duty or performing qualifying National Guard duty during a war or other military operation or national emergency and for an additional 180-day period following the demobilization date for your qualifying service;
- For a maximum of 13 months following your active duty service, if you are a current or retired member of the National Guard or reserve component of the U.S. Armed Forces and you are called or ordered to active duty while you are enrolled at least half-time at an eligible school or during your grace period; or
- For Direct Loans that were first disbursed on or after September 28, 2018, or for Direct Loans first disbursed before that date that entered repayment on or before September 28, 2018, while you are receiving treatment for cancer and for an additional 6 months after your treatment has ended.

In most cases, you will automatically receive a deferment based on your enrollment in school on at least a half-time basis based on information that we receive from the school you are attending.

If we process a deferment based on information received from your school, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active duty military service or National Guard duty, a representative acting on your behalf) must submit a deferment request to your servicer, along with documentation of your eligibility for the deferment.

**WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM
DIRECT CONSOLIDATION LOAN BORROWER'S RIGHTS AND RESPONSIBILITIES STATEMENT**

OMB No. 1845-0007
Form Approved
Exp. Date 07/31/2022

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

You may also receive a forbearance if:

- You are serving in a qualifying medical or dental internship or residency program;
- The total amount you owe each month for all of your federal student loans is 20% or more of your total monthly gross income (for a maximum of three years);
- You are serving in an AmeriCorps position;
- You are performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program (see BRR Item 16);
- You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your servicer.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation (for example, while we are determining your eligibility for a loan discharge, or during periods when you are affected by a local or national emergency).

16. DISCHARGE (HAVING YOUR LOAN FORGIVEN)

General

If you meet certain conditions as described below, we may discharge (forgive) some or all of your loans. For a discharge based on your death, a family member must contact your servicer. To request a loan discharge based on one of the other conditions described below (except for a discharge due to bankruptcy), you must complete a loan discharge or forgiveness application and send it to your servicer. Your servicer can tell you how to apply.

We do not guarantee the quality of the academic programs provided by schools that participate in federal student financial aid programs. You cannot have your loan discharged solely because you do not complete the education paid for with your loan, are unable to obtain employment in the field of study for which your school provided training, or are dissatisfied with, or do not receive, the education you paid for with your loan.

Death, total and permanent disability, and bankruptcy

We will discharge (forgive) your loan if:

- You die. We must receive acceptable documentation (as defined in the Act) of your death. We will also discharge the portion of a Direct Consolidation Loan that repaid one or more Direct PLUS Loans or Federal PLUS Loans obtained on behalf of a child who dies;
- You become totally and permanently disabled; or
- Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship.

School closure, false certification, identity theft, and unpaid refund

We may also discharge all or a portion of your loan if:

- One or more Direct Loan Program, FFEL Program, or Federal Perkins Loan Program loans that you consolidated was used to pay for a program of study that you (or the child for whom you borrowed a Direct PLUS Loan or Federal PLUS Loan) were unable to complete because the school closed;

- Your eligibility (or the eligibility of the child for whom you borrowed a Direct PLUS Loan or Federal PLUS Loan) for one or more of the Direct Loan Program or FFEL Program loans that you consolidated was falsely certified by the school;
- Your eligibility for one or more of the Direct Loan Program or FFEL Program loans that you consolidated was falsely certified as a result of a crime of identity theft; or
- The school did not pay a required refund of one or more Direct Loan Program or FFEL Program loans that you consolidated.

Teacher Loan Forgiveness

We may forgive a portion of your Direct Consolidation Loan that repaid eligible student loans you received under the Direct Loan Program or the FFEL Program if you teach full time for five consecutive years in certain low-income elementary or secondary schools, or for low-income educational service agencies, and meet certain other requirements.

Eligible teachers of math, science, or special education may receive up to \$17,500 in loan forgiveness. Other teachers may receive up to \$5,000 in loan forgiveness.

Public Service Loan Forgiveness

A Public Service Loan Forgiveness (PSLF) program is also available. Under this program, we will forgive the remaining balance due on your Direct Loans after you have made 120 payments (after October 1, 2007) on those loans under certain repayment plans while you are employed full-time by a qualifying employer. The required 120 payments do not have to be consecutive. Qualifying repayment plans include the REPAYE Plan, the PAYE Plan, the IBR Plan, the ICR Plan, and the Standard Repayment Plan with a 10-year repayment period.

Note: Although the Standard Repayment Plan with a 10-year repayment period is a qualifying repayment plan for PSLF, to receive any loan forgiveness under this program you must enter the REPAYE Plan, the PAYE Plan, the IBR Plan, or the ICR Plan, and make the majority of the 120 payments under one of those plans.

Borrower defense to repayment

We may discharge some or all of the portion of your Direct Consolidation Loan that repaid loans you obtained to attend a school if that school did something or failed to do something related to those loans or to the educational services that the loans were intended to pay for.

The specific requirements to qualify for a borrower defense to repayment discharge vary depending on when you received the loans that were repaid by your Direct Consolidation Loan. Contact your servicer for more information.

END OF BORROWER'S RIGHTS AND RESPONSIBILITIES STATEMENT