

Bobbie & Dwayne Bowie
 3093 Virginia Place
 Douglasville, GA 30135

Bobbie and Dwayne,

We would like to thank you for completing your student loan counseling and budget session with Take Charge America ("TCA"). If at any point you have additional questions or need further assistance, please do not hesitate to call our Student Loan Department. Our phone number is **877.784.2008**, and our email is **studentloans@takechargeamerica.org**.

Please review the following summary outlining the details of the Comprehensive Counseling Session for your Student Loans.

BOBBIE'S LOANS

Servicer	Loan Type	Loan Status	Balance	Rate
DEPT OF ED/SALLIE MAE	FFEL Stafford Subsidized Loan	Repayment	\$10,869.00	6.80%
DEPT OF ED/SALLIE MAE	FFEL Stafford Unsubsidized Loan	Repayment	\$12,757.00	6.80%
DEPT OF ED/SALLIE MAE	FFEL Stafford Unsubsidized Loan	Repayment	\$22,857.00	6.80%
DEPT OF ED/SALLIE MAE	FFEL Stafford Subsidized Loan	Repayment	\$5,589.00	6.80%
SALLIE MAE, INC.	FFEL Stafford Subsidized Loan	Repayment	\$6,514.00	6.80%
SALLIE MAE, INC.	FFEL Stafford Unsubsidized Loan	Repayment	\$22,844.00	6.80%
SALLIE MAE, INC.	FFEL Stafford Unsubsidized Loan	Repayment	\$10,466.00	6.80%
SALLIE MAE, INC.	FFEL Stafford Subsidized Loan	Repayment	\$3,258.00	6.80%
SALLIE MAE, INC.	FFEL Stafford Subsidized Loan	Repayment	\$10,936.00	6.80%
SALLIE MAE, INC.	FFEL Stafford Unsubsidized Loan	Repayment	\$15,970.00	6.80%
SALLIE MAE, INC.	FFEL Stafford Unsubsidized Loan	Repayment	\$13,095.00	2.35%
SALLIE MAE, INC.	FFEL Stafford Subsidized Loan	Repayment	\$9,300.00	2.35%
TOTAL			\$144,455.00	6.125 %

As of May 19, 2014, your Department of Education/Sallie Mae Loans were past due by 207 days and your Sallie Mae loans were almost 2 months past due. Sallie Mae brought your loans current through a forbearance, which will end on July 19th. This should give you enough time for your consolidation application to be processed before your next payments are due.

CONSOLIDATION

In order to keep your federal student loan payments affordable, and to ensure your loans will qualify for Public Service Loan Forgiveness (PSLF), you have consolidated your loans into a Direct Consolidation Loan. Once the consolidation is approved, your federal loans will be serviced by FedLoan Servicing.

In order for your payments to be considered “qualifying payments” towards forgiveness, your loans will need to be enrolled on one of the income-driven repayment plans. Payments on an income-driven plan are based on your Adjusted Gross Income and family size for the year. You have selected to enroll your loans on the Income-Based Repayment Plan. Payments will vary depending on your filing status. Payments on this plan will start at **approximately \$428 based solely on your income**. Payments will be set at **approximately \$796 if based on your joint income with your spouse**.

NEXT STEPS:

Since your most recent tax return was filed jointly, you will need to send a paper copy of documentation showing proof of income for payments to be calculated based solely on your income. Alternative proof of income could include: your most recent pay stubs, a letter from your employer listing your income, W-2s, etc. Along with the copy of your proof of income, you can include a brief note explaining why your most recent tax return does not reflect your current income level, and that you plan to change your filing status moving forward.

You will send your proof of income along with a printed copy of the **Income-Based (IBR) / Pay As You Earn / Income-Contingent (ICR) Repayment Plan Request**.

Since you have already completed the online **Income-Based (IBR) / Pay As You Earn / Income-Contingent (ICR) Repayment Plan Request**, this a pre-populated PDF document that can be found under My Loan Documents on www.studentloans.gov. You will need to print this document and attach your proof of income. If there are any fields that did not pre-populate, you can fill these in by hand.

On this form, be sure to check off box **1a: I am requesting a repayment plan based on my income**

You can either mail or fax this document along with your proof of income to:

FedLoan Servicing
P.O. Box 69184
Harrisburg, PA 17106-9184

Fax: 717-720-1628

You will receive a letter shortly after your consolidation application is received, advising you to review the information submitted in the application and to notify your servicer if you wish to make any changes or cancel the consolidation. Review this letter to confirm the information is accurate.

MAINTAINING INCOME-BASED PAYMENTS

To maintain your income-driven payments, you will need to re-certify your income each year. You can do this at www.studentloans.gov by selecting the “**Electronic IBR/Pay As You Earn/ICR Request**.” When the system prompts you to select the reason for submitting the request, you would select: *“I am submitting annual documentation for recalculation of my monthly payment amount under my current repayment plan.”*

You should receive notification from FedLoan servicing when you have to re-certify your income each year, but it is strongly recommended that you set your own reminder, so that you remember to re-certify 60 days prior to this anniversary.

PUBLIC SERVICE LOAN FORGIVENESS

If you continue to work at a qualifying public service organization for ten years, you could qualify for loan forgiveness on your consolidation loan.

You can complete the **Employment Certification Form** each year and send this form to FedLoan Servicing to confirm that your employment qualifies and that your loan is on track to receive forgiveness. **A copy of this form is attached.**

The key requirements of the Public Service Loan Forgiveness program include:

1. Your loan must be a Direct Loan to qualify. By consolidating all of your loans into a Direct Consolidation Loan, your loan will be a Direct Loan.
2. Your loan must be enrolled on a qualifying repayment plan. It is important to select one of the income-driven plans (IBR or ICR) to ensure your payments will count as qualifying payments. IBR typically offers lower payments than ICR.
 - **NOTE: If you are married and you file your taxes jointly, this will typically result in a higher monthly payment because your spouse's income is considered in your payment calculation. You could consider speaking with a tax advisor about changing your filing status to Married Filing Separate, so that only your income will be considered in the calculation of your payment amount.**
3. You must work full-time at a qualifying public service organization while making payments on your loan for ten years (120 payments). You must still work in public service at the time you request forgiveness.
4. While an application is not yet available for Public Service Loan Forgiveness, you should contact FedLoan Servicing once you have made 120 qualifying payments for information about the application process. You can call **FedLoan Servicing at 1-800-699-2908.**

DWAYNE'S LOANS

Servicer	Loan Type	Loan Status	Balance	Rate
DEPT OF ED/SALLIE MAE	FFEL Joint Consolidation Loan	Repayment	\$13,435.00	8.25%

Unfortunately, joint consolidation loans are not eligible for consolidation. Therefore, it is not possible to consolidate this loan into the Direct Loan program in order to qualify for loan forgiveness based on employment in public service. However, the loan can still qualify for the Income-Based Repayment Plan

(IBR). The loan is currently past due by about 26 days. Once enrolled on IBR, Sallie Mae should bring the loan current.

INCOME-BASED REPAYMENT

You have elected to enroll your **joint FFEL Consolidation Loan** on the **Income-Based Repayment Plan (IBR)**. Based on your adjusted gross income, you will pay approximately **\$45.00 on the Income-Based Repayment Plan**.

To maintain your income-driven payments, you will need to re-certify your income each year. You can do this at www.studentloans.gov by selecting the “**Electronic IBR/Pay As You Earn/ICR Request**.” When the system prompts you to select the reason for submitting the request, you would select: “*I am submitting annual documentation for recalculation of my monthly payment amount under my current repayment plan.*” Your payment amount will change if your income or family size changes. Your payments will never be greater than what you would be required to pay on the Standard (10-Year) Repayment Plan.

While enrolled on IBR, your payments may be so low that your loan balance will increase. This is called *negative amortization*, and it happens when your IBR payment is so low that it does not cover the interest that accrues monthly on your loans. For your **subsidized loans**, the government will waive any interest that accrues above your monthly payment for the first three years under IBR. For your **unsubsidized loans**, the interest will continue to accrue but will not be capitalized while you have a partial financial hardship.

Because you are making lower payments by enrolling on IBR, the amount of interest you pay over the life of the loan may be higher than under the Standard Repayment Plan. Remember that once you can afford to do so, you can begin to pay more than your IBR payment. You can choose to target any of your higher-rate loans with extra payments once you can afford to do so.

The Income-Based Repayment Plan is designed to allow for loan forgiveness of any remaining balance after 25 years of qualifying payments. If you do receive loan forgiveness after 25 years, you may need to pay income tax on the forgiven balance.

BUDGET SUMMARY

Total Monthly Net Income: **\$7,167**

Total Monthly Expenses: **\$7,077**

Total Monthly Disposable Income: **\$90**

Category	Category Total	Percentage of Gross Income
Home & Shelter	\$1,750.00	24.42%
Automobiles	\$1,187.05	16.56%

Utilities	\$824.00	11.50%
Transportation	\$750.00	10.46%
Groceries & Dining	\$800.00	11.16%
Insurance	\$767.00	10.70%
Medical Expenses	\$0.00	0.00%
Child Care	\$33.00	0.46%
Domestic Court Orders	\$0.00	0.00%
Household Expenses & Debts	\$966.00	13.48%

Recommendations:

Maintaining a Budget - continuing to track and analyze the budget we created with you.

Cable Bundle - contacting the cable company to bundle cable/Internet/phone services, canceling or minimizing cable services or extra channels.

Internet Movies - using Internet or mail-order movies in lieu of cable.

Eliminate Cable - eliminating cable entirely and buying a digital converter box.

Cell Phone - examining phone bills to identify unused services that could be cancelled, minimizing cell phone plan and services to reduce cost.

Coupons - shopping store ads and using coupons.

Eating Out - reducing how often you eat at restaurants, using restaurant coupons, choosing less expensive restaurants, ordering less expensive items and avoiding beverages.

Eliminate Eating Out - eliminating eating out entirely until the budget allows for this expense

OTHER RECOMMENDATIONS

- Set up payments on automatic-debit to take advantage of a 0.25% reduction in your interest rate.
- Stay in touch with your loan servicer and update your contact information if you move so you do not miss any important paperwork.
- You may consider speaking with a tax advisor to ask about taking advantage of tax deductions related to the repayment of your student loans.
- Stay organized. Keep all of your student loan paperwork for your records.

PAYMENT



We have processed a payment in the amount of **\$249.00** for your comprehensive counseling session on 05/19/2014.

Again, Take Charge America appreciates you utilizing our service to assist in your student loan repayments. Please let us know how we are doing and pass along our information to your friends and family who may also be struggling with their student loan payments.

Sincerely,

Jessica Ferastoaru

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www.studentloans.takechargeamerica.org

