

# Appendix D

## Direct Loan Forms

# Sample Master Promissory Note Manifest

Report Date: 99/99/9999  
Report Time: 99:99:99

U.S. DEPARTMENT OF EDUCATION  
Federal Direct Loan Program  
Sub/Unsub Manifest

Page: 99

THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT  
\*\*\*\*\*

PROMISSORY NOTE SHIPPING BATCH NUMBER: #AX99999999999999999999

BORROWER'S NAME STUDENT'S CURRENT SSN -----	MPN ID -----
XXXXXXXXXXXXXXXXXX, XXXXXXXXXXXXX X XXXXXXXXXXXXXXXXXX, XXXXXXXXXXXXX X 999999999	999999999M999999999999
ABCDEFGHIJKLMNQP, QRSTUVWXYZAB Z XXXXXXXXXXXXXXXXXX, XXXXXXXXXXXXX X 999999999	999999999M999999999999
BCDEFGHIJKLMNQPQ, RSTUVWXYZABC A XXXXXXXXXXXXXXXXXX, XXXXXXXXXXXXX X 999999999	999999999M999999999999

NUMBER OF NOTES FOR SHIPPING \_\_\_\_\_

I hereby certify that each borrower named on the enclosed notes/disclosures is accepted for enrollment on at least a half-time basis and is making satisfactory progress in a program that is eligible for the loan type(s) awarded. I certify that each student is an eligible borrower in accordance with the Act. I further certify that each borrower's eligibility for a Pell Grant has been determined, that each borrower is not incarcerated, and that each borrower has been determined eligible for loan(s) in the amount(s) certified. I further certify that the disbursement schedules comply with the requirements of the Act and hereby authorize the Department of Education to adjust disbursement dates if necessary to ensure compliance with the Act. I further certify that, based on records available and due inquiry, each borrower has met the requirements of the Selective Service Act, that each borrower is not liable for an overpayment of any Federal grant made under the Act, and that the information provided in the Borrower and the School sections of the promissory notes/disclosures (including information supplied in electronic format) is true, complete and accurate to the best of my knowledge and belief.

SCHOOL CODE: X99999 NAME: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

SIGNATURE: \_\_\_\_\_

FAA NAME: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

# Sample PLUS Manifest

Report Date: 99/99/9999  
Report Time: 99:99:99

U.S. DEPARTMENT OF EDUCATION  
Federal Direct Loan Program  
PLUS Manifest

Page: 99

THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT  
\*\*\*\*\*

PROMISSORY NOTE SHIPPING BATCH NUMBER: #AX99999999999999

BORROWER'S NAME	LOAN ID
STUDENT'S NAME	
STUDENT'S CURRENT SSN	
-----	-----
XXXXXXXXXXXXXXXXXX, XXXXXXXXXXXX X	999999999X9999999999
XXXXXXXXXXXXXXXXXX, XXXXXXXXXXXX X	
999999999	
ABCDEFGHIJKLMNQP, QRSTUVWXYABC Z	999999999X9999999999
XXXXXXXXXXXXXXXXXX, XXXXXXXXXXXX X	
999999999	
BCDEFGHIJKLMNOPQ, RSTUVWXYZABC A	999999999X9999999999
XXXXXXXXXXXXXXXXXX, XXXXXXXXXXXX X	
999999999	

NUMBER OF NOTES FOR SHIPPING \_\_\_\_\_

I hereby certify that each student named on the enclosed applications/promissory notes is accepted for enrollment on at least a half-time basis and is making satisfactory progress in a program that is eligible for the loan type certified. I certify that each borrower is an eligible borrower in accordance with the Act and has been determined eligible for a loan in the amount certified. I further certify that the disbursement schedules comply with the requirements of the Act and hereby authorize the Department of Education to adjust disbursement dates if necessary to ensure compliance with the Act. I further certify that, based on records available and due inquiry, each student has met the requirements of the Selective Service Act, that each student is not liable for an overpayment of any Federal grant made under the Act, and that the information provided in the Borrower, Student and School sections of the applications/promissory notes (including information supplied in electronic format) is true, complete and accurate to the best of my knowledge and belief.

SCHOOL CODE: X99999 NAME: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

SIGNATURE: \_\_\_\_\_

FAA NAME: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

# Direct Loans

U.S. Department of Education  
P.O. Box 2003  
Montgomery, AL 36102

## Disclosure Statement William D. Ford Federal Direct Loan Program

William D. Ford Federal Direct Loan Program

### Direct Subsidized Loan Direct Unsubsidized Loan

#### Borrower Information

**1. Name (last, 1. Name and Address**

Testloan, Student A.  
123 Main Street  
Arlington, VA 22033

**2. Date of Disclosure Statement**

08/01/2001

**3. Area Code/Telephone Number**

(703) 741-9999

#### School Information

**4. School Name and Address**

Direct Loan University  
12345 Loan Road  
Fairfax, VA 22222

**5. School Code/Branch**

G99999

#### Loan Information

**6. Loan Identification Number(s)**

111222333S02G99999001  
111222333U02G99999001

**7. Loan Period(s)**

09/01/2001 - 7/15/2002  
09/01/2001 - 7/15/2002

**8. Loan Fee %**

3.000 %  
3.000 %

**9. Information about the loan(s) that your school plans to disburse (pay out) follows. This information is explained in detail on the back. The actual disbursement dates and amounts may be different than the dates and amounts shown below. Your school and the Direct Loan Servicing Center will notify you of the actual disbursement dates and amounts.**

<b>Direct Subsidized Loan</b>	<b>Gross Loan Amount</b>	-	<b>Loan Fee Amount</b>	+	<b>Interest Rebate Amount</b>	=	<b>Net Loan Amount</b>
	\$4000.00	-	\$120.00	+	\$60.00	=	\$3940.00

**Your school plans to disburse the Net Loan Amount as follows:**

	Date	Net Disbursement Amount	Date	Net Disbursement Amount
<b>(Variable Interest Rate)</b>	09/01/2001	\$ 197.00	02/01/2002	\$ 197.00
	09/15/2001	\$ 197.00	02/15/2002	\$ 197.00
	10/01/2001	\$ 197.00	03/01/2002	\$ 197.00
	10/15/2001	\$ 197.00	03/15/2002	\$ 197.00
	11/01/2001	\$ 197.00	04/01/2002	\$ 197.00
	11/15/2001	\$ 197.00	04/15/2002	\$ 197.00
	12/01/2001	\$ 197.00	05/01/2002	\$ 197.00
	12/15/2001	\$ 197.00	05/15/2002	\$ 197.00
	01/01/2002	\$ 197.00	06/01/2002	\$ 197.00
	01/15/2002	\$ 197.00	06/15/2002	\$ 197.00

<b>Direct Unsubsidized Loan</b>	<b>Gross Loan Amount</b>	-	<b>Loan Fee Amount</b>	+	<b>Interest Rebate Amount</b>	=	<b>Net Loan Amount</b>
	\$4000.00	-	\$120.00	+	\$60.00	=	\$3940.00

**Your school plans to disburse the Net Loan Amount as follows:**

	Date	Net Disbursement Amount	Date	Net Disbursement Amount
<b>(Variable Interest Rate)</b>	09/01/2001	\$ 197.00	02/01/2002	\$ 197.00
	09/15/2001	\$ 197.00	02/15/2002	\$ 197.00
	10/01/2001	\$ 197.00	03/01/2002	\$ 197.00
	10/15/2001	\$ 197.00	03/15/2002	\$ 197.00
	11/01/2001	\$ 197.00	04/01/2002	\$ 197.00
	11/15/2001	\$ 197.00	04/15/2002	\$ 197.00
	12/01/2001	\$ 197.00	05/01/2002	\$ 197.00
	12/15/2001	\$ 197.00	05/15/2002	\$ 197.00
	01/01/2002	\$ 197.00	06/01/2002	\$ 197.00
	01/15/2002	\$ 197.00	06/15/2002	\$ 197.00

## Disclosure Statement (continued)

This Disclosure Statement provides information about the Direct Subsidized Loan and/or Direct Unsubsidized Loan that your school plans to disburse (pay out) by crediting your student account, paying you directly, or both. It replaces any Disclosure Statements that you may have received previously for the same loan(s). Keep this Disclosure Statement for your records.

You must have signed a Master Promissory Note (MPN) before your loan money is disbursed. The MPN, the Borrower's Rights and Responsibilities statement, and the Plain Language Disclosure explain the terms of your loan(s). If you have any questions about your MPN or this Disclosure Statement, contact your school.

Item 9 on the front of this Disclosure Statement provides the following information about the amount of each loan that your school plans to disburse to you:

- **Gross Loan Amount**--This is the total amount of the loan that you are borrowing. You will be responsible for repaying this amount.
- **Loan Fee Amount**--This is the amount of the fee that we charge on your loan. It is based on a percentage of your Gross Loan Amount. The percentage is shown in Item 8. The Loan Fee Amount will be subtracted from your Gross Loan Amount.
- **Interest Rebate Amount**--This is the amount of an up-front interest rebate that you may receive as part of a program to encourage timely repayment of Direct Loans. If you receive a rebate, the Interest Rebate Amount will be added back after the Loan Fee Amount is subtracted.

To keep an up-front interest rebate that you receive on your loan, you must make all of your first 12 required monthly payments on time (we must receive each payment no later than 6 days after the due date) when you begin repaying your loan. You will lose the rebate if you do not make all of your first 12 required monthly payments on time. If you lose the rebate, we will add the Interest Rebate Amount back to the principal balance on your loan account.

- **Net Loan Amount**--This is the amount of your loan money that remains after the Loan Fee Amount is subtracted and the Interest Rebate Amount is added. Your school will disburse the Net Loan Amount to you by crediting your student account, paying you directly, or both.

Item 9 shows your school's plan for disbursing your Net Loan Amount to you. The actual disbursement dates and amounts may be different than the dates and amounts that are shown. Your school and the Direct Loan Servicing Center will notify you of the actual disbursement dates and amounts.

Before your loan money is disbursed, you may cancel all or part of your loan(s) 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(s):

- Within 14 days after the date your school notifies you that it has credited loan money to your student account, 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), you may inform your school that you want to cancel all or part of the loan money that was credited to your account. Your school will return the cancelled loan amount to us. You do not have to pay interest or the loan fee on the part of your loan(s) that you tell your school to cancel within these timeframes. If you received an up-front interest rebate on your loan(s), the rebate does not apply to the part of your loan(s) that you tell your school to cancel. Your loan(s) will be adjusted to eliminate any interest, loan fee, and rebate amount that applies to the amount of the loan(s) that was cancelled.

If you ask your school to cancel all or part of your loan(s) outside the timeframes described above, your school may process your cancellation request, but it is not required to do so.

- Within 120 days of the date your school disbursed your loan money (by crediting the loan money to your student account, paying it to you directly, or both), you may return all or part of your loan(s) to us. Contact the Direct Loan Servicing Center for guidance on how and where to return your loan money. You do not have to pay interest or the loan fee on the part of your loan(s) that you return within 120 days of the date that part of your loan(s) is disbursed. If you received an up-front interest rebate on your loan(s), the rebate does not apply to the part of your loan(s) that you return. Your loan(s) will be adjusted to eliminate any interest, loan fee, and rebate amount that applies to the amount of the loan(s) that you return.

# Sample EExpress Disclosure Statement (Four Anticipated Disbursements)

BORROWER INFORMATION-----

1. Name and Address	2. Date of Disclosure Statement
LASTNAME123456, FIRST6789123, A	08/15/2001
STREET78901234567890123456789012345	
CITY567890123456, ST 12345-1010	3. Area Code/Telephone Number
	(703) 741-9999

SCHOOL INFORMATION-----

4. School Name and Address	5. School Code/Branch
George Mason University	
12345 Chain Bridge Road	
Fairfax, VA 22222	G99999

LOAN INFORMATION-----

6. Loan Identification Number(s)	7. Loan Period(s)	8. Loan Fee %
123456789SO2G99999001	09/01/2001 - 05/15/2002	3.00
123456789U02G99999001	09/01/2001 - 05/15/2002	3.00

9. Information about the loan(s) that your school plans to disburse (pay out) follows. This information is explained in detail on the back. The actual disbursement dates and amounts may be different than the dates and amounts shown below. Your school and the Direct Loan Servicing Center will notify you of the actual disbursement dates and amounts.

Direct	Gross Loan Amount	-	Loan Fee Amount	+	Interest Rebate Amount	=	Net Loan Amount
Subsidized	\$xxxxx.00	-	\$xxxxx.00	+	\$xxxxx.00	=	\$xxxxx.00
Loan							

Your school plans to disburse the Net Loan Amount as follows:

	Date	Net Disbursement Amount	Date	Net Disbursement Amount
(Variable	xx/xx/xxxx	\$xxxxx.00	xx/xx/xxxx	\$xxxxx.00
Interest	xx/xx/xxxx	\$xxxxx.00	xx/xx/xxxx	\$xxxxx.00
Rate)				

Direct	Gross Loan Amount	-	Loan Fee Amount	+	Interest Rebate Amount	=	Net Loan Amount
Unsubsidized	\$xxxxx.00	-	\$xxxxx.00	+	\$xxxxx.00	=	\$xxxxx.00
Loan							

Your school plans to disburse the Net Loan Amount as follows:

	Date	Net Disbursement Amount	Date	Net Disbursement Amount
(Variable	xx/xx/xxxx	\$xxxxx.00	xx/xx/xxxx	\$xxxxx.00
Interest	xx/xx/xxxx	\$xxxxx.00	xx/xx/xxxx	\$xxxxx.00
Rate)				

# Sample EExpress Disclosure Statement (20 Anticipated Disbursements)

BORROWER INFORMATION-----

1. Name and Address 2. Date of Disclosure Statement

LASTNAME123456, FIRST6789123, A  
 STREET78901234567890123456789012345  
 CITY567890123456, ST 12345-1010

08/15/2001

3. Area Code/Telephone Number  
 (703) 741-9999

SCHOOL INFORMATION-----

4. School Name and Address 5. School Code/Branch

George Mason University  
 12345 Chain Bridge Road  
 Fairfax, VA 22222

G99999

LOAN INFORMATION-----

6. Loan Identification Number(s)	7. Loan Period(s)	8. Loan Fee %
123456789SO2G99999001	09/01/2001 - 05/15/2002	3.00
123456789U02G99999001	09/01/2001 - 05/15/2002	3.00

9. Information about the loan(s) that your school plans to disburse (pay out) follows. This information is explained in detail on the back. The actual disbursement dates and amounts may be different than the dates and amounts shown below. Your school and the Direct Loan Servicing Center will notify you of the actual disbursement dates and amounts.

Direct	Gross Loan Amount	-	Loan Fee Amount	+	Interest Rebate Amount	=	Net Loan Amount
Subsidized	\$xxxxxx.00	-	\$xxxxxx.00	+	\$xxxxxx.00	=	\$xxxxxx.00
Loan							

Your school plans to disburse the Net Loan Amount as follows:

	Date	Net Disbursement Amount	Date	Net Disbursement Amount
(Variable	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
Interest	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
Rate)	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00

Direct	Gross Loan Amount	-	Loan Fee Amount	+	Interest Rebate Amount	=	Net Loan Amount
Unsubsidized	\$xxxxxx.00	-	\$xxxxxx.00	+	\$xxxxxx.00	=	\$xxxxxx.00
Loan							

Your school plans to disburse the Net Loan Amount as follows:

	Date	Net Disbursement Amount	Date	Net Disbursement Amount
(Variable	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
Interest	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
Rate)	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00
	xx/xx/xxxx	\$xxxxxx.00	xx/xx/xxxx	\$xxxxxx.00

# Direct Loans

William D. Ford Federal Direct Loan Program

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

**1. General Information** – You are receiving a student loan to help you cover the costs of your education. This Plain Language Disclosure (Disclosure) summarizes information concerning your loan. Please read this Disclosure carefully. Throughout this Disclosure, the words “we,” “us,” and “our” refer to the U.S. Department of Education. If you have questions about your loan, contact our Direct Loan Servicing Center. The Direct Loan Servicing Center’s telephone number and address are shown on all of the correspondence you will receive related to your loan.

You must repay this loan, even if you are unhappy with your education, do not complete it, or cannot find work in your area of study. Borrow only the amount you need.

**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 you continue to attend school and if your school is authorized and chooses to make multiple loans under the same MPN. If your school is not authorized or chooses not to make multiple loans under the same MPN, 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 the Direct Loan Servicing Center in writing.

**3. Loan Terms and Conditions** – This Disclosure summarizes information concerning 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 the Direct Loan Servicing Center. 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.

**4. Maximum Loan Amounts** – There are annual and total (aggregate) limits on the amount you may borrow, as explained in the Borrower’s Rights and Responsibilities statement that you received previously. The amount you borrow each year and in total cannot be more than these limits.

**5. 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.

**6. 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, 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. The Direct Loan Servicing Center will notify you each time your school disburses a portion of your loan money.

**7. Change of Status or Address** – You must notify both your school and the Direct Loan Servicing Center if you:

- stop attending school,
- drop below half-time enrollment,
- change your address, or
- change your name (for example, maiden name to married name).

In addition, you must notify the Direct Loan Servicing Center if you:

- transfer from one school to another school,
- change employers or if your employer’s address or phone number changes,
- change your telephone number, or
- have any 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. 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:

- Within 14 days after the date your school notifies you that it has credited loan money to your student account, 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), you may inform your school that you want to cancel all or part of the loan money that was credited to your account. Your school will return the cancelled loan amount to us. You do not have to pay interest or the loan fee on the part of your loan(s) that you tell your school to cancel within these timeframes. If you received an up-front interest rebate on your loan(s), the rebate does not apply to the part of your loan(s) that you tell your school to cancel. Your loan(s) will be adjusted to eliminate any interest, loan fee, and rebate amount that applies to the amount of the loan(s) that was cancelled.

If you ask your school to cancel all or part of your loan(s) outside the timeframes described above, your school may process your cancellation request, but it is not required to do so.

- Within 120 days of the date your school disbursed your loan money (by crediting the loan money to your student account, paying it to you directly, or both), you may return all or part of your loan(s) to us. Contact the Direct Loan Servicing Center for guidance on how and where to return your loan money. You do not have to pay interest or the loan fee on the part of your loan(s) that you return within 120 days of the date that part of your loan(s) is disbursed. If you received an up-front interest rebate on your loan(s), the rebate does not apply to the part of your loan(s) that you return. Your loan(s) will be adjusted to eliminate any interest, loan fee, and rebate amount that applies to the amount of the loan(s) that you return.

**9. Loan Fee** – We charge a loan fee on your loan of up to 4 percent of the principal amount of the loan. This fee will be subtracted from the loan amount that is disbursed to you. If you cancel or return all or part of your loan within 120 days of the date your loan money is disbursed, no loan fee will be charged on the amount that you cancel or return.

**10. Interest** – The interest rate on your loan is a variable rate which can change each year on July 1. As a result, your interest rate may change annually, but it will never be more than 8.25%. We will notify you of the interest rate formula and the actual interest rate for each loan that you receive.

We do not charge interest on Direct Subsidized Loans while you are attending school, during your grace period, and during deferment periods. We charge interest on Direct Subsidized Loans during all other periods (starting on the day after your grace period ends), including forbearance periods.

We charge interest on Direct Unsubsidized Loans during all periods. This includes periods while you are attending 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.

CONTINUED ON REVERSE



You are responsible for paying the interest on the unpaid amount of your loan during the periods described above. If you do not pay the interest, we will add it to the unpaid amount of your loan. This process is called capitalization. Capitalization increases the unpaid amount of your loan, and we will then charge interest on the increased amount.

**11. Up-Front Interest Rebate** – You may receive an up-front interest rebate on your loan as part of a program to encourage timely repayment of Direct Loans. The rebate will be equal to a percentage of the loan amount that you borrow. If you receive a rebate on your loan, the Direct Loan Servicing Center will send you more specific information.

To keep the up-front interest rebate that you receive on your loan, you must make all of your first 12 required monthly payments on time (we must receive each payment no later than 6 days after the due date) when your loan enters repayment after you leave school or drop below half-time status.

You will lose the rebate if you do not make all of your first 12 required monthly payments on time. If you lose the rebate, we will add the rebate amount back to the principal balance on your loan account.

**12. Grace Period** – You will receive a 6-month grace period 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.

**13. Repayment** – You must repay each loan that you receive according to the repayment schedule provided by the Direct Loan Servicing Center. 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 30 years, depending on the repayment plan that you choose and the total amount you have borrowed. You may choose one of the following repayment plans:

- Standard Repayment Plan
- Extended Repayment Plan
- Graduated Repayment Plan
- Income Contingent Repayment Plan

These plans are designed to give you flexibility in meeting your obligation to repay your loan. The Borrower's Rights and Responsibilities statement that you received previously explains the terms and conditions of each repayment plan. 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 fully repaid a loan, the Direct Loan Servicing Center does not have to send you the original MPN but may instead send you a letter telling you that you have paid off your loan. You should keep this letter in a safe place.

**14. Late Charges and Collection Costs** – We may require you to pay a late charge if you do not make any part of a payment within 30 days after it is due. We may also require you to pay other charges and fees involved in collecting your loan.

**15. Deferment** – After you have begun making payments, you may, if you meet certain requirements, 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 school at least half-time or for up to 3 years while you are unemployed. For a complete list of deferments, refer to the Borrower's Rights and Responsibilities statement that you received previously. To request a deferment, contact the Direct Loan Servicing Center.

We do not charge interest on Direct Subsidized Loans during deferment periods. However, we do charge interest on Direct Unsubsidized Loans during deferment periods.

**16. Forbearance** – A forbearance allows you to temporarily make smaller payments or 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. 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 that you received previously. To request a forbearance, contact the Direct Loan Servicing Center.

We charge interest on both Direct Subsidized Loans and Direct Unsubsidized Loans during forbearance periods.

**17. Loan Consolidation** – You may consolidate (combine) all of your eligible federal education loans into one loan. Consolidating your loans gives you up to 30 years to pay them back and may lower your monthly payments. That may make it easier to repay your loans. However, because

you make payments for a longer period of time, you will pay more interest if you consolidate your loans. Contact the Direct Loan Servicing Center for more information about loan consolidation.

**18. Loan Discharge** – We will discharge (forgive) your loan if:

- we receive acceptable documentation that you died or became totally and permanently disabled,
- you cannot complete your course of study because your school closes, or
- your school falsely certified your eligibility to receive a loan.

We may also discharge your loan up to the amount of any refund that your school should have returned to us, but did not return. We will not automatically discharge your loan if you file for bankruptcy.

We may forgive up to \$5,000 of any loans you received after October 1, 1998 if you teach full-time for 5 consecutive years in certain low-income elementary and secondary schools and meet certain other qualifications, and if you did not owe a Direct Loan Program or Federal Family Education Loan Program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998. Contact the Direct Loan Servicing Center for specific eligibility requirements.

In some cases, you may not have to repay your loan if you claim, as a defense against repayment, 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 could result in legal action being taken against the school under state law. If you believe that you have a defense against repayment of your loan, contact the Direct Loan Servicing Center.

**19. Credit Bureau Reporting** – We will report information about your loan to one or more national credit bureaus. This information will include the disbursement dates, amount, and repayment status of your loan (for example, whether you are current or behind schedule in making payments).

**20. Demand for Immediate Repayment** – We will require you to immediately repay the entire unpaid amount of your loan (on your MPN this is called "acceleration") if you:

- receive loan money but do not enroll at least half-time at the school that certified your eligibility to receive the loan,
- use your loan money to pay for anything other than educational expenses at the school that determined you were eligible to receive the loan,
- make any false statement that causes you to receive a loan that you are not eligible to receive, or
- default on your loan.

**21. Default** – You are in default on your loan if you:

- do not repay the entire unpaid amount of your loan if we require you to do so,
- have not made a payment on your loan for at least 270 days, or
- 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 that fact to all national credit bureaus. 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 may face other serious consequences.

# **Master Promissory Note (Subsidized/Unsubsidized)**

## **Sample Master Promissory Note (MPN)**

A sample Master Promissory Note may be accessed via the following Web site:

**[www.ed.gov/offices/OSFAP/DirectLoan/brr.html](http://www.ed.gov/offices/OSFAP/DirectLoan/brr.html)**

This site provides two versions of the MPN. Version A provides data labels and Version B does not provide data labels. Also available are the instructions for completing the MPN.

## **Borrower's Rights and Responsibilities**

A sample of the Borrower's Rights and Responsibilities information may be accessed via the following Web site:

**[www.ed.gov/offices/OSFAP/DirectLoan/brr.html](http://www.ed.gov/offices/OSFAP/DirectLoan/brr.html)**

# **Promissory Note (PLUS)**

## **Sample PLUS Promissory Note/Application**

A sample PLUS Promissory Note/Application may be accessed via the following Web site:

**[www.ed.gov/offices/OSFAP/DirectLoan/brr.html](http://www.ed.gov/offices/OSFAP/DirectLoan/brr.html)**

## **PLUS Borrower's Rights and Responsibilities**

A sample of the PLUS Borrower's Rights and Responsibilities information may be accessed via the following Web site:

**[www.ed.gov/offices/OSFAP/DirectLoan/brr.html](http://www.ed.gov/offices/OSFAP/DirectLoan/brr.html)**

# Direct Loans

William D. Ford Federal Direct Loan Program

08/25/2001

Dear School/Borrower:

While processing the enclosed promissory note(s) batch, we identified the following missing or incorrect information:

- Alterations to preprinted text without authorized initials
- Invalid/Missing loan identification number
- No original signature (Xerox or faxed copy)
- Driver license incomplete
- Document in pencil
- Section/Block \_\_\_not completed
- No signature on document
- Manifest errors
- Missing legal text
- Student or Parent is in default
- This is a duplicate; we already have a copy
- This document was torn or damaged at **LOC/DLSC**
- Year five loans must be on year five-promissory note
- Section block numbers 20 and 21 on Plus note needs signature and date
- Invalid signature. Please provide official state or federal document to verify/validate signature provided on Promissory Note
- Immediately, return promissory notes as they are generated and signed***
- Other \_\_\_\_\_

Because we are not permitted by law to alter the original promissory note, we are enclosing it for correction(s) as noted above. Please assist the borrower in completing the promissory note, assuring that the correct information has been incorporated where needed. When the promissory note(s) has been completed and corrected, please return it to the Loan Origination Center so that processing of the loan may continue.

If you have any questions, the Loan Origination Center is available to assist you from 8:00 AM to 8:00 PM, Eastern Standard Time, Monday through Friday. We can be reached, toll-free, at 1-800-848-0978. Our toll-free TDD number for the hearing impaired is 1-800-557-7395.

Please return the corrected promissory note(s) to:

## Regular Postal Delivery

U.S. Department of Education  
Loan Origination Center  
School Relations  
P. O. Box 5692  
Montgomery, AL 36103-5692

## Express/Overnight Delivery

U. S. Department of Education  
Loan Origination Center  
School Relations  
474 South Court Street Suite 400  
Montgomery, AL 36104

*Our Mission is to Ensure Equal Access to Education and to Promote Educational Excellence Throughout the Nation*