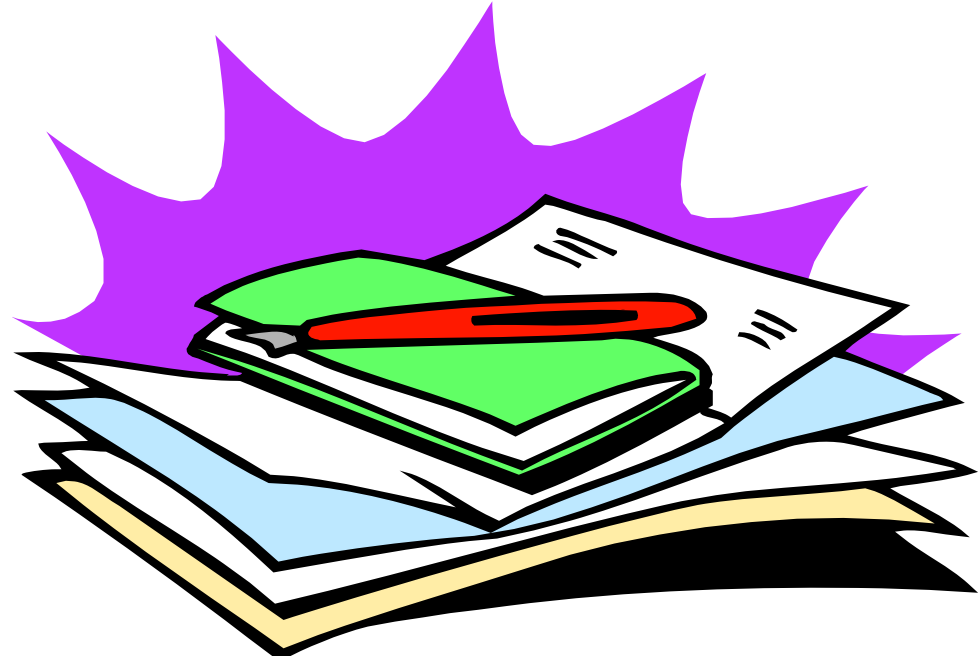


Managing your Student Loan Debt



June 18, 2009

Types of Loans in your Portfolio

- Federal Stafford Loan
- Graduate PLUS Loan
- Federal Perkins Loan
- Primary Care Loan
- LDS Loan
- Alumni Loan
- Private/Alternative Loan

ECSI-Electronic On-Line Exit Interviews

- If you borrowed **Perkins Loan, Alumni Loan, Loans for Disadvantaged Students or Primary Care Loans**
- Educational Computer Systems, Inc. (ECSI) will service your loans
- ECSI is sending a letter with instructions to complete your on-line exit interview

Stafford Loans Disbursed after 7/1/98 & prior to 7/1/06

- Variable interest rate
- 6-month grace period if loan was not consolidated or previously used
- 3.61% during grace period or deferment
- 4.21% during forbearance or active repayment
- Capped at 8.25%

Federal Stafford Loans Terms & Conditions as of 7/1/06

- Fixed interest rate
- 6-month grace period
- 6.8% during grace period, deferment, forbearance or active repayment
- Capped at 8.25%

Subsidized & Unsubsidized Stafford Loan

- No interest accrues during grace period or deferment on Subsidized Stafford
- Interest accrues as of date of disbursement, during deferment and forbearance on Stafford Unsubsidized
- Interest does accrue on Subsidized Stafford during Forbearance

Graduate PLUS Loan

- 8.5% Fixed Interest Rate
- 6 Month Grace Period on loans disbursed on or after 7/1/08
- Loans disbursed before 7/1/08 have no Grace Period
- Apply for deferment immediately before graduating on loans without a Grace Period
- Interest accrues as of date of disbursement, during deferment and forbearance

Private Loans

For Private Loans, contact your lender
regarding deferment

What is Capitalization?

- Accrued interest added to principal balance
 - Accruing interest on interest
- Frequency of capitalization varies by lender
 - Less frequent capitalization is better
- If possible, pay down interest prior to entering repayment

Grace Period

- Automatic time period between when you leave school and when you must begin repayment
- You do not have to apply for grace
- Monthly payments begins when your grace period ends

Deferment

- Period of time when a borrower may suspend payments if certain conditions are met
- Valid for one year; borrower must apply each year

Types of Deferments

- In-School
- Economic Hardship
- Medical Residency Forbearance
- Graduate Fellowship Deferment
- Other deferments may be available such as the Military Deferment; please contact your lender for specific information

Economic Hardship Deferment Before 7/1/09

- Based on a ratio of your federal loans in repayment to your income
- Your Federal Loans in repayment must be equal to or larger than 20% of your monthly income,
and after deducting the total amount of your monthly payments on your Federal loans in repayment from your monthly income, the amount remaining is less than 220% of the larger of the Federal minimum wage rate or the poverty line income for a family of two for your state (regardless of your actual family size)
- Poverty Level for a family of two is \$1821.25
- Maximum deferment is 3 years, one year at a time

Changes to Economic Hardship Deferment

- Effective 7/1/09
- When submitting Economic Hardship Deferment also submit Family Size Data Form
- Eligibility is based on 150% of the poverty line to your actual family size
- Income verification is required annually
- A new form is being developed by the U S Department of Education

Medical Residency Forbearance

- For Interns/Residents who do not qualify for deferment
- Can use forbearance for entire residency
- Apply yearly
- Interest accrues on entire loan, try to make payments
- Lender may bill you and request payment; this varies from lender to lender

Graduate Fellowship Deferment

- Eligibility based on participation in an eligible fellowship program
- For Stafford, Grad PLUS and Consolidation Loans
- Apply and qualify each year
- No limit, as long as you are eligible

Public Service

Something new..... a new type of loan
forgiveness

Public Service Loan Forgiveness

- Only for Direct Loans
Loans will have to be consolidated through Direct Loan Consolidation
- Loans previously consolidated will need to be reconsolidated through Direct Loan Consolidation
- Available for full time public service employees, as defined as working in government or a non-profit organization 501 (c) (3)

Public Service Loan Forgiveness

- Granted after 120 payment starting 10/1/07, the remaining balance of your loans may be forgiven
- You must use a 10 year repayment term with a Standard, Income-contingent or Income-Based Repayment Plan
- Public service status & proof of AGI will be evaluated annually to ensure continuing eligibility & monthly payment amount
- Debts forgiven are not taxable income

Delinquency and Default

- Delinquency
 - Failure to make payment when due
 - Adversely impacts your credit
 - Delinquency can lead to default
- Default
 - Failure to repay your education loan
 - Adversely impacts your credit
 - Adversely impacts your future borrowing ability
 - Adversely impacts your institution

Repayment Options

- Standard (Level) Repayment
- Graduated Repayment
- Income Based Repayment
- Extended Repayment
- Income Sensitive
- Income Contingent Repayment Plan

Standard Repayment

- Level monthly payments
- 10 year repayment period
- Higher monthly payments, but lower total repayments costs
- Available for Stafford, Grad PLUS & Perkins
- Your Stafford Loan servicer will select this repayment plan if you do not select a plan at the appropriate time

Graduated Repayment

- Payments start low and increase at designated intervals
- First one-third of the repayment term, you pay interest each month; for the remaining two-thirds, you pay level monthly payment
- 10 year repayment period or 25 years for borrowers who are eligible for an Extended repayment schedule
- Lower initial payments may result in higher total repayments costs
- Available for Stafford Loans & Grad PLUS (check promissory note on other loans)
- May help borrowers with cash flow concerns

Income Based Repayment

- Available to borrowers beginning July 1, 2009
- New repayment plan designed to help borrowers experiencing a “Partial Financial Hardship”
- “Partial Financial Hardship” is based on income & family size
- Borrower must provide permission for IRS to disclose AGI and other tax return information as well as family size certification
- Borrower who files married/joint: both spouses AGI are considered in determining payment amount

Income Based Repayment con't

- Borrower who files married/separate: only borrowers AGI and debt are considered in determining payment amount
- Available for Stafford Loans, SLS, Grad PLUS Loans & Federal Consolidation Loans that do not include Parent PLUS Loans; Perkins Loans are eligible if included in a Consolidation Loan
- Not available for private or “alternative” loans
- IBR will also forgive remaining debt, if any, after 25 years of qualifying payments

Income Based Repayment

- For additional information on the Income Based Repayment, look at the following website

www.ibrinfo.org

Extended Repayment

- Up to 25 years for eligible borrowers
- Length of repayment tied to amount borrowed
- Available to FFELP borrowers who accumulate \$30,000 or more in Stafford Loans & Grad PLUS on or after October 7, 1998
- Under this plan you have two options; fixed or graduated payments
- Fixed payments are the same amount each month
- Graduated payments start low and increase every two years
- Lower monthly payments may result in dramatically higher total repayment costs because of interest

Income Sensitive Repayment

- Payment is based on your annual income
- As your income increases or decreases, so do your payments
- The lender must collect and review the borrowers income documentation annually and adjust the payment amount accordingly
- The maximum repayment period is 10 years

Income-Contingent Repayment Plan (for Direct Loans)

- Only for Direct Loans (borrowed directly from the government)
- Monthly payments based on your annual income and that of your spouse if married, your family size and total amount of your Direct Loans
- Borrowers have 25 years to repay, the unpaid portion will be forgiven, however you may pay income tax on the amount forgiven

Loan Calculators

For a comparison of Repayment Options,
please see the following website:

www.finaid.org/calculators

Type of Repayment Schedule	Amount Borrowed	Interest Rate Repayment Term	Monthly Payment Amount	Total Interest Paid	Total Amount Paid
Standard	\$185,936.00	6.8% 10 Years	\$2,139.76	\$70,834.79	\$256,770.79
Graduated	\$185,936.00	6.8% 30 Years consolidated	Initial Loan Payment: \$1,069.88 Final Loan Payment: \$1,536.31	\$241,615.52	\$427,551.52
Extended	\$185,936.00	6.8% 30 Years consolidated	\$1,212.16	\$250,442.90	\$436,378.90

6/18/2009

Sample Repayment Schedule for

31

D. O. Program

Get Organized

- Identify your Lender(s) and servicer (s)
 - visit www.nslds.ed.gov
 - Confirm your contact information
- Determine first payment due date
 - First Payment due 30 to 60 days after entering repayment
 - Grace Period Length
 - Stafford Loans-6months
 - Perkins Loans-9months
 - Grad PLUS-none for loans disbursed before 7/1/08
 - Grad PLUS-6 months-loans disbursed after 7/1/08
 - Consolidated Loans lose their Grace Period

Loans Eligible for Consolidation

- Stafford Loans
- Graduate PLUS Loan
- Perkins Loans
- LDS (Loans for Disadvantaged Students)
- Previous Loans consolidated
- Private Loans are not eligible for consolidation

Consolidation

- You will lose your Grace Period
- Loans will capitalize
- Can extend a longer repayment period, however this will increase the total amount you repay
- You may lose certain benefits which vary between lenders
- You can prepay all or part of your loan at any time without a penalty

Managing your Loans

- Know what you borrowed, know who you borrowed from
- Know your grace periods, Deferment options and forbearance options
- “Run the numbers” before choosing a repayment plan or consolidating your loans
- Tax Benefits are available for certain higher educations expenses, including a deduction for loan interest that has been paid

Managing Your Loans (con't)

- Internal Revenue Service, publication 970, Tax Benefits for Higher Education, explains loan interest deduction and other tax benefits
- Get additional information online at www.irs.gov or call 1-800-829-1040

As a Borrower, you have a Right to:

- Written information on loan obligations
- A copy of your promissory note and return of the original note when the loan is paid in full
- Prior to repayment, balance information and a repayment schedule
- Be notified if your loan is sold & notification of obligations to the new holder
- Loan obligation will be cancelled in the event of death or permanent disability in accordance with applicable Federal regulations
- Grace and deferment periods, if eligible
- Lender cannot change terms of loan without your consent
- Prepay your loan early without penalty

As a Borrower, you have a Responsibility to:

- Repay the loan with interest, even if you do not complete the program, are dissatisfied with your education or cannot find employment
- Notify your loan servicer of anything that affects your ability to repay the loan
- Repay the loan in accordance with terms of my promissory note; I have received information about repayment plans from my school
- Notify your loan servicer and school of any changes to name, address, phone numbers or cessation of an eligible deferment status
- Proceeds from loan money are for tuition, fees and other reasonable educational and living expenses
- Attend a senior loan exit interview before you graduate

IF you Fail to Repay

- The default will be reported to credit bureaus and may effect your ability to obtain future credit
- The entire unpaid balance of your loans plus interest may immediately become due
- Your wages may become garnished
- Federal and state income tax refunds may be withheld
- Your account may be referred to a collection agency and you may be charged collection costs and attorney fees

Loan Discharge/Forgiveness

Your Federal loans may be discharged or forgiven in whole or part if:

- You are totally and permanently disabled
- You are unable to complete your program of study due to the closing of your school
- Your school falsely certified your loan eligibility due to an unauthorized or forged signature on documents for loan funds from which you did not benefit, due to disqualifying status or your ability to benefit, or if your school failed to refund required loan funds to your lender on your behalf

Loan Discharge/Forgiveness (con't)

- Your loan was falsely certified as a result of the crime of identity theft
- Your loan is discharged in bankruptcy (available under limited circumstance)
- You are eligible for the Teacher Loan Forgiveness Program, Service in Areas of National Need Loan Forgiveness Program, or the Civil Legal Assistance Attorney Loan Repayment Program
- You are employed in a public service job and consolidate your Federal Family Education Loan Program (FFELP) loans into a Direct Consolidation Loan and participate in the Loan Forgiveness Program for Public Service Employees
- You are deceased

Important Information

- Students Loan Ombudsman's Office
U.S. Department of Education has established the Ombudsman Office to resolve problems between you and your lender or loan servicer
- Call 877-557-2575 or visit <http://ombudsman.ed.gov>
- National Student Loan Data System (NSLDS) U.S. Department of Education database for students aid is available to answer questions regarding Title IV federal loans
- Visit <http://www.nslds.ed.gov>, use your FAFSA pin number to access your loan information or call 800-4-FED-AID

More Important Information

Review Your Payment Options Carefully

While you may benefit from smaller monthly payments, selecting the Standard plan will reduce the cost of interest over the life of the loan. You have the option of changing your repayment plan once a year.

More Important Information

- **Prepay**

You can prepay your loan in advance without penalty

- **Make Interest Payments**

Try paying interest during periods of deferment or forbearance. During forbearance, you are charged interest that accrues and may capitalize

More Important Information

- **Prepare a Realistic Budget and Stick to It**
At the end of the month, you won't be asking yourself, "Where did the money go?"
- **Sign up for Electronic Payment**
This will help avoid late fees and delinquency. You may be offered a discount interest rate
- **Keep Track of Loan Benefits**
Many lenders will offer a discount on their interest rate after you make a specified number of on-time payments

Free Credit Report

To Obtain a Free Credit Report,
call 877-322-8228, or go to this website,
www.annualcreditreport.com

May 31, 2009

Congratulations and
Good Luck!!!!!!!

QUESTIONS???