

Repayment Information (Federal Consolidation Loan)

Repayment Plans

Select one of the repayment plans described below for your Federal Consolidation Loan. You generally will have a repayment period of 10 to 30 years, depending on your total education loan debt and the repayment plan you select.

- **Standard Repayment Plan** - This plan provides standard, equal monthly payments. The final payment may be slightly larger or smaller.
- **Graduated Repayment Plan** - A graduated repayment plan allows for payments to be smaller in the beginning of repayment and to increase over the course of the repayment period. If a graduated repayment plan is established, the schedule may not provide for any payment that is more than three times the amount of any other payment. Selecting a graduated repayment plan may increase your costs over the life of the loan.
- **Extended Repayment Plan** - This plan allows borrowers with FFELP loans in excess of \$30,000 to repay their debt over a 25-year period. Under the other repayment plans, you must have at least \$40,000 in debt to qualify for a 25-year repayment period. If you have debt in excess of \$60,000 and wish to repay it over 30 years, you should select one of the other repayment plans. Selecting an extended repayment plan may increase your costs over the life of the loan.
- **Income-Sensitive Repayment Plan** – This plan establishes payments annually based on your expected total monthly gross income from employment and all other sources. If an income-sensitive repayment plan is established, no payment may be more than three times the amount of any other payment. Selecting an income-sensitive repayment plan may increase your costs over the life of the loan. If you select this plan, your initial payment amount may be based on a standard plan.
- **Income-Based Repayment Plan**– To initially qualify for this plan, a borrower must demonstrate a partial financial hardship. Under this plan payment amounts are set annually based on your income and family size. If you choose this plan and meet certain requirements after a 25-year period, you may qualify for cancellation of any outstanding balance on your loan. Selecting an income-based repayment plan may increase your costs over the life of the loan. This repayment plan is not available for a Federal Consolidation Loan that includes a PLUS Loan obtained for a dependent undergraduate student.

If you do not notify your lender of your choice of repayment plan or do not provide your lender with the documentation required for an income-sensitive or income-based repayment plan, the consolidating lender will provide a standard repayment plan for your Consolidation Loan that does not exceed the maximum repayment period allowable for the amount of your loan. You may change the repayment plan on your loan once a year, except you may end an income-based repayment plan at any time to repay under the standard repayment plan.

Monthly Payment Calculator

Prior to selection of your repayment plan, it is important for you to determine the estimated total amount of your Federal Consolidation Loan and to calculate the interest rate of the loan based on the weighted average of the loans being consolidated. This information will assist you in projecting an estimated monthly payment for the standard repayment plan.

Step 1: Determine Your Estimated Federal Consolidation Loan Amount

- Column 1.** Enter the loan type of each loan you want to consolidate (e.g., Subsidized Stafford, PLUS, etc.).
- Column 2.** Enter the estimated current balance for each loan and total.
- Column 3.** Enter the interest rate of each loan.
- Column 4.** See Step 2 for instructions.

(1) Loan Type	(2) Estimated Current Balance	(3) Interest Rate	(4) Interest Factor
	\$		
Total	\$		

Step 2: Determine Your Estimated Federal Consolidation Loan Interest Rate

Except for the portion of your loan attributable to HEAL loans, the interest rate for your Federal Consolidation Loan will be the weighted average of the interest rates of the loans being consolidated, rounded up to the nearest 1/8th percent, not to exceed 8.25 percent. Use the instructions to the right to calculate the weighted average interest rate.

For any portion of the loan attributable to HEAL loans, the interest rate is variable and adjusts each July 1. The interest rate is the average of the bond equivalent rates of the 91-day Treasury Bills auctioned for the quarter ending June 30, plus 3.0%. If you have a HEAL loan included

in your Federal Consolidation Loan, you may have up to two interest rates on the loan – fixed and variable.

Instructions for Calculating the Estimated Weighted Average Interest Rate

1. Multiply each estimated current balance in Column 2 by the interest rate in Column 3. Enter those figures in Column 4 and total.

[Type text]

[Type text]

2. Divide the total interest factor in Column 4 by the total estimated current balance in Column 2.

$$\frac{\text{_____ (Total Column 4)}}{\text{_____} \$ \text{_____ (Total Column 2)}} = \text{_____} \%$$

Round this figure upward to the nearest 1/8th percent _____% (not to exceed 8.25 percent). This is the estimated weighted average interest rate.

Repayment Information (continued)

Length of Repayment Period

The table below shows the maximum repayment period available for a Federal Consolidation Loan.

The repayment period for a Federal Consolidation Loan depends on the loans that are consolidated, as well other outstanding eligible education loans not being consolidated and other education loans that are not eligible for consolidation but meet the following description: Loans must have been obtained from an institution that makes loans such as banks, schools, or state agencies under a public or private loan program exclusively to finance postsecondary education. (Personal loans from family or friends or loans in default may not be included.) The amount of loans that are not included in the Federal Consolidation Loan but are used to determine the repayment period cannot exceed the amount of the loans being consolidated.

Less than \$7,500	= 10 years	\$20,000 to \$39,999.99	= 20 years
\$7,500 to \$9,999.99	= 12 years	\$40,000 to \$59,999.99	= 25 years
\$10,000 to \$19,999.99	= 15 years	\$60,000 and above	= 30 years

If you have other outstanding education loans that are not being included in this Federal Consolidation Loan, and you would like the balance(s) of the loan(s) to be used to determine the repayment period on your Federal Consolidation Loan, be certain to list such loan(s) on the Federal Consolidation Loan Application and Promissory Note, Section D.2.

Note: You can request a repayment period that is shorter than the maximum allowed. Selecting a shorter repayment period will decrease your interest costs over the life of the loan.

Standard Payments – Estimated Monthly Payment

Using the estimated Federal Consolidation Loan amount that you determined in Step 1 and the estimated interest rate that you calculated in Step 2, you can use the following table to determine your estimated monthly payment under a standard repayment plan. The repayment table provides for estimated standard monthly payments for the maximum number of years allowed. If you are consolidating HEAL loans, contact your consolidating lender for information on estimating your monthly payment.

Principal Amount of Loan	Term (Years)	4%		5%		6%		7%		8%	
		Monthly Payment	Total Interest	Monthly Payment	Total Interest	Monthly Payment	Total Interest	Monthly Payment	Total Interest	Monthly Payment	Total Interest
\$5,000	10	\$51	\$1,075	\$53	\$1,364	\$56	\$1,661	\$59	\$1,967	\$61	\$2,280
\$7,500	12	\$66	\$1,956	\$70	\$2,489	\$74	\$3,040	\$78	\$3,607	\$82	\$4,191
\$10,000	15	\$74	\$3,315	\$80	\$4,235	\$85	\$5,190	\$90	\$6,177	\$96	\$7,201
\$12,500	15	\$93	\$4,143	\$99	\$5,293	\$106	\$6,487	\$113	\$7,724	\$120	\$9,003
\$15,000	15	\$111	\$4,972	\$119	\$6,352	\$127	\$7,785	\$135	\$9,268	\$144	\$10,803
\$20,000	20	\$122	\$9,087	\$132	\$11,678	\$144	\$14,389	\$156	\$17,215	\$168	\$20,150
\$25,000	20	\$152	\$11,359	\$165	\$14,598	\$180	\$17,986	\$194	\$21,518	\$210	\$25,187
\$30,000	20	\$182	\$13,631	\$198	\$17,517	\$215	\$21,583	\$233	\$25,822	\$251	\$30,224
\$35,000	20	\$213	\$15,903	\$231	\$20,437	\$251	\$25,181	\$272	\$30,126	\$293	\$35,261
\$45,000	25	\$238	\$26,258	\$264	\$33,920	\$290	\$41,981	\$319	\$50,416	\$348	\$59,196
\$60,000	30	\$287	\$43,122	\$323	\$55,954	\$360	\$69,503	\$400	\$83,706	\$441	\$98,494

The total interest listed assumes payments are received on time as scheduled.

Graduated Payments – Estimated Monthly Payment

Lenders can offer a variety of graduated payment plans provided they comply with federal regulations. [Payment examples to be added to this section by the lender/guarantor.]

Extended Payments – Estimated Monthly Payment

Extended repayment allows borrowers with FFELP loans in excess of \$30,000 to repay their debt over a 25-year period. Under the other repayment plans, you must have at least \$40,000 in debt to qualify for a 25-year repayment period. If you have debt in excess of \$60,000 and wish to repay it over 30 years, you should select one of the other repayment plans.

Income-Sensitive Payments – Estimated Monthly Payment

Based on the income documentation that you provide, your lender will make a determination of your monthly payment. Your lender will re-evaluate your monthly payment annually based on income documentation that you provide [Payment examples to be added to this section by the lender/guarantor.]

Income-Based Payments – Estimated Monthly Payment

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September, 2009

[Type text]

Based on the income documentation that you provide, your lender will make a determination of your eligibility for this repayment plan and your monthly payment. Your lender will re-evaluate your monthly payment annually based on income and family size documentation that you provide. [Payment examples to be added to this section by the lender/guarantor.]

Repayment Information (continued)

Capitalization Information

What Is Capitalization?

Capitalization is a process whereby a lender adds unpaid interest to the principal balance of a loan. You are responsible for paying the interest that accrues on your Federal Consolidation Loan from the date the lender disburses the loan proceeds to the holders of the loans being consolidated until your Federal Consolidation Loan is paid in full. Depending on the loan types included in your Federal Consolidation Loan, you may qualify to have the federal government pay the interest on your loan or a portion of your loan during an authorized deferment period. Any unpaid interest on your loan may be capitalized. Capitalization may occur no more frequently than quarterly.

If you are granted a deferment (and you are responsible for interest that accrues during such periods) or forbearance and you choose to defer payment, the principal balance of your loan will increase each time your lender capitalizes unpaid interest. As a result, you will pay more interest over the life of the loan. When you resume repayment, your monthly payment amount may be higher or you may be required to make more payments.

Contact your consolidating lender if you have any questions or need more information.

Capitalization for Loans at 8% Interest Rate

This chart compares the monthly payments on loans in a deferment or forbearance status where the interest is paid (Option 1) and where the interest is capitalized (Option 2). The estimate of interest capitalized in these examples is based on quarterly capitalization over a 12-month period.

Loan Amount	Monthly Interest	Option 1: Interest Payment Made	Option 2: Interest Payment Deferred	
		Monthly Payment	Interest Capitalized	Monthly Payment
\$5,000	\$34.00	\$61 (120 months)	\$413	\$66 (120 months)
\$7,500	\$50.00	\$82 (144 months)	\$619	\$88 (144 months)
\$10,000	\$67.00	\$96 (180 months)	\$826	\$104 (180 months)
\$15,000	\$100.00	\$144 (180 months)	\$1,237	\$156 (180 months)
\$20,000	\$134.00	\$168 (240 months)	\$1,651	\$182 (240 months)