

An Important Message About This Handbook

The WASHINGTON UNIVERSITY STUDENT LOAN HANDBOOK will be one of your **most valuable resources** while you are a student, as well as throughout repayment. This handbook has been designed within a folder to provide you with a place to keep all of the loan documents you will receive. **KEEP ALL YOUR DOCUMENTS TOGETHER IN A SAFE PLACE!**

You should keep, at a minimum:

- copies of loan applications;
- copies of promissory notes and loan disclosure statements;
- records of any loan checks received;
- loan repayment schedule, sent to you when repayment begins;
- copies of requests for deferment or forbearance, or other correspondence with the lender;
- record of payments you make, including cancelled checks and money order receipts;
- the most recent name and address of the lender and/or loan servicer.

Borrower Responsibilities

Washington University prides itself on the excellent manner in which our students address their loan obligations. On a national scale, however, student loan defaults continue to be of major concern to the federal government and pose a threat to the future of the student loan programs. As a result, it is now a federal requirement that we reiterate the seriousness and importance of the repayment obligation you assume.

Student loans are a valuable resource, enabling you and other students to meet the cost of your education. When you sign the promissory note, you accept the responsibility to repay the loan. It is important to the future of the federal loan programs that borrowers repay their loans so that others have the same opportunity.

You assume certain responsibilities when you borrow:

- Report any of the following changes to your lender:
 - failure to enroll in school for the period for which the loan is intended;
 - withdrawal or graduation from school;
 - transfer to another school;
 - registration for or dropping to a less than half-time status;
 - change of name or address.
- Repay the loan in accordance with the established repayment schedule.
- Provide any necessary documentation for forbearance or deferment consideration.
- Communicate with your lender if unable to make a scheduled payment.

You are obligated to repay the full amount of your loan even if you do not finish your program of study, are unable to obtain employment upon completion of your program, or are otherwise dissatisfied with or do not receive the educational services that you purchase. Failure to repay your loan according to the terms outlined in your promissory note can ultimately lead to default. Going into default on your student loans is SERIOUS, and may subsequently lead to any or all of the following:

- a report is made to all national credit bureaus, affecting your ability to obtain credit cards, car loans or a mortgage;
- your wages and/or federal income tax refunds may be garnished;
- you lose all right to deferment and forbearance;
- you will be unable to receive additional financial assistance until the defaulted loan is paid in full or rehabilitated;
- legal action may be taken against you;
- some states now refuse to issue or renew professional licenses for defaulted borrowers.

There is NO reason to default on an educational loan. Contact your lender or loan servicer (See *Appendix H*) about the options available to help you avoid default (these options will be discussed in more detail later in the Handbook):

- deferment or forbearance;
- consolidation;
- graduated or income-sensitive repayment terms.

Washington University is committed to assisting all of our students to borrow responsibly, as well as providing comprehensive materials to assist you throughout repayment. Most of the information you will ever need while borrowing or during repayment is contained within this Handbook. Please contact your lender, servicing agency, or Washington University Student Financial Services Department IMMEDIATELY if you ever have any questions or concerns about student borrowing or repayment obligations, and the options available to you.

Borrowing Responsibility

This section will assist you in planning for the time you begin repayment. If you are just beginning your college education, working through this chapter will help you decide how much you should borrow. If you are graduating (or leaving school for any other reason), it will help you estimate your monthly student loan payments and work them into your budget.

The average cumulative debt for Washington University School of Medicine's 2000 graduating class (borrowing Stafford, Perkins, or Washington University loans) was \$74,087. Some borrowed well above this average, some well below it. With long-term repayment periods and low variable interest rates, student loans are an effective and essential means of financing higher educational costs for thousands of students. When borrowed responsibly, they work.

Student Loan Repayment Estimate

STEP 1 → Complete the "Educational Loan Record" (use estimated amounts if you are an entering student) to determine a total for each loan (See *Appendix A*).

STEP 2 → Use the "10-Year Term Repayment Chart" to estimate a monthly payment amount for federal loans (Stafford, SLS, PLUS, Perkins, NDSL). We have also provided (on the reverse side of the 10-Year Chart) sample repayments for 15- and 20-year term loans (consolidation or private loans). (See *Appendix B*.)

STEP 3 → Complete the "Budget Worksheet" to help you plan for repayment. (See *Appendix C*.)

Repaying Responsibility

Listed below are the most commonly asked questions about repayment of federal student loans. A loan “servicer” will handle all inquiries, paperwork and payments during your repayment period. Stafford and Perkins/NDSL servicer information can be found in *Appendix H*. Servicer information is also provided in *Appendix H* for a few of our most commonly used private loan programs. If your program is not listed, contact your lender for your servicer information. (NOTE: Terms for private loan programs vary; please contact your servicer for term information.)

WHEN DOES REPAYMENT BEGIN? Grace periods begin on the day the student ceases to be enrolled on at least a half-time basis. After the grace period, payments of interest and principal are due on a monthly basis.

Stafford Loan	Six-month grace period*
Perkins Loan	Nine-month grace period
NDSL Loan	Six-month grace period**
SLS Loan	NO grace period. However, SLS borrowers who have also borrowed a Stafford Loan may postpone payment to coincide with the first Stafford payment (after the Stafford grace period expires). Interest will accrue on the SLS during this period.
PLUS Loan	Parent borrowers begin repayment 30 to 60 days after the loan has been fully disbursed.
Washington University Loan	Three-month grace period

*For reserve members of the Armed Forces who are called to active service, any period of service not to exceed 3 years will be excluded from the borrower’s grace period, including any interim periods after the completion of service and before the start of the next enrollment term.

**True for most borrowers: refer to your disclosure statement or promissory note to see if you are one of the few NDSL borrowers entitled to a 9-month grace period.

WHAT HAPPENS IF I WITHDRAW BEFORE COMPLETING THE TERM? If you withdraw from school before the end of the academic semester, Washington University must refund* the unearned** amount of Title IV loans (Subsidized and Unsubsidized Stafford, or Perkins Loan). The unearned Title IV loans will be returned to the Title IV program. Students will be responsible for any disbursed but unearned portion of their loan(s).

*Refund: Refers to when Title IV funds are sent back to the lender.

**Unearned: Refers to the amount of time in an academic semester that a student did not attend after withdrawing.

ARE THERE PREPAYMENT PENALTIES? No. You may repay your full loan obligation at any time without penalty. In fact, any payments made on the principal balance of the loan prior to the end of the student’s grace period reduce the principal before interest accrues to the borrower. In effect, all or a portion of the loan can be repaid on an interest-free basis in this way.

WHAT IS THE MAXIMUM AMOUNT OF TIME TO REPAY THE LOAN? The maximum is 120 months (10 years). However, students can, depending on their loan balance, extend payments up to 30 years if they select an extended repayment plan option or choose to participate in a loan consolidation program. Consolidation, however, is not for everyone. Please refer to the Student Loan Consolidation section of this Handbook (see *Appendix G*).

WHAT OPTIONS DO I HAVE IF I KNOW I’M GOING TO HAVE DIFFICULTY MAKING MY PAYMENTS? Contact your lender and/or servicer; there are many methods to assist you in avoiding delinquency or default during difficult times. Ask about any of the following:

Forbearance: An arrangement to delay or reduce payment of principal and/or interest which is made during the repayment period to ease the borrower’s financial difficulties. The borrower is responsible for repaying the interest accrued during repayment periods. For Stafford Loans, any unpaid interest will be added to the principal balance. For Perkins Loans, any unpaid interest is due at the end of the forbearance periods.

Deferment: An authorized postponement of principal and interest (no interest accrual) for loans which qualify for government interest subsidies (Subsidized Stafford, Perkins, NDSL). (See *Appendix D* & *Appendix E*). NOTE: Deferments are also available for the Unsubsidized Stafford; however, government interest subsidies are not available. The borrower has the option of making interest-only payments, or having the interest deferred and capitalized.

Standard Repayment Schedule: The payment amount is the same over the entire life of the Perkins, Stafford or private loan, with each payment covering a portion of principal and interest.

Graduated Repayment Schedule: Minimal monthly payments which can start as low as interest-only payments, then gradually increase over a period of time until you begin making a set payment for the life of the loan. The lenders have flexibility with the program and may offer varying terms. Check with the holder of your loans to see what options they have available in this program. Available only for Staffords and some private loan programs.

Income-Sensitive Repayment Plan: The borrower must provide the lender with information on the expected gross income that he/she receives from all sources. The borrower may not provide this information any earlier than 90 days before the first payment due date. The lender will determine whether the borrower qualifies for this plan. They are required to collect borrower income documentation annually, and to adjust the amount of the payment accordingly. Available only for Stafford Loans.

Consolidation: A lender issues a consolidation loan in the combined amount of the outstanding principal and accrued interest of all the loans to be consolidated, and then pays off the original lenders of those loans in full. The end result is one single loan with one lower monthly payment, due to extension of length of repayment period. (See *Appendix G* for further details on the Consolidation Program.)

Extended Repayment Plans: Students who first borrow on or after 10/1/98 and accumulate \$30,000 or more in debt can extend repayment up to 25 years without applying for consolidation. Available only for Stafford Loans and some private loan programs.

NOTE: Borrowers should be cautious when considering graduated, income-sensitive, extended, or consolidation payment plans. The options make it easier to repay the loans because the monthly payments will be smaller, but these plans will be more costly in the long run. Weigh all factors carefully before deciding to participate in one of these programs.

LOAN CANCELLATION

Stafford Loans

There is no obligation for an endorser or any family members in the event of the borrower's death. (The only exception is that of spouses who choose to consolidate loans together. The surviving spouse assumes responsibility for all debt.)

Total and Permanent Disability — Defined as an individual unable to work and earn money or attend school because of an injury or illness that is expected to continue indefinitely, or result in death. Contact the holder of the loan if more detailed information is needed. (See note above for married students who consolidate.)

Bankruptcy — The laws regarding discharge of federal student loans through bankruptcy are restrictive. Check with your attorney if you need more details.

Closed School — Loans can be discharged if the borrower cannot complete the program of study for which the loan was intended because the school has closed, or the student withdrew from the school not more than 90 days prior to the closure date.

False Certification/Unauthorized Disbursements — Discharge may be possible in the event the student's eligibility to receive the loan was falsely certified by an eligible school, or the school made unauthorized disbursements.

Perkins Loans

See *Appendix F* for Perkins/NDSL cancellation provisions. Borrowers applying for cancellation must submit necessary forms at the beginning and end of each qualifying year.

LOAN FORGIVENESS

Ability to apply for loan forgiveness depends not only on a borrower's eligibility under the provisions of legislation passed by the government but also on the government's approval of funding. If you feel you may be eligible under the guidelines described below, please contact the servicer of your loan to see if the program has been implemented, and to obtain application materials.

- For new borrowers on or after 10/1/89 — partial forgiveness of Stafford debt incurred during the last two years of undergraduate study for borrowers working as teachers in certain schools or as nurses in certain hospitals; designed to encourage community service (not currently funded).
- For new borrowers after 10/1/98 who complete a degree in early childhood education and work full-time for two consecutive years in a child care facility in a low-income area.
- For new borrowers after 10/1/98 who teach for five consecutive complete school years in a school in a high-poverty area — borrowers may be eligible for forgiveness of up to \$5,000 of debt they incurred as undergraduates.

Glossary

ACCRUED INTEREST: The interest that is added to the unpaid principal balance of your loan. If your loan is subsidized, the federal government will pay your accrued interest while you are in school. If your loan is unsubsidized, you can choose to pay the interest while you are in school.

BORROWER: The student (or parent, in case of the PLUS Loan and some private loans) who obtained the loan from the lender in order to pay for educational expenses.

CAPITALIZATION: The adding of unpaid interest to the principal balance. Your unpaid interest then accrues additional interest as part of the loan principal.

CONSOLIDATION: The combining of existing student loans into one new loan. Generally this results in a longer repayment period and lower monthly payments.

CREDIT BUREAU: An organization that maintains information on your credit history. Financial institutions, and sometimes prospective employers and landlords, obtain credit bureau reports for information about your financial reputation. A negative credit rating adversely affects your ability to borrow or to obtain employment.

DEFAULT: The failure of a borrower to make an installment payment when due, or to meet other terms of the promissory note under circumstances where the lender finds it reasonable to conclude that the borrower no longer intends to honor the obligation to repay, provided that this failure persists for 270 days for a loan repayable in monthly installments.

DEFERMENT: An approved postponement of payments for a specified period. The federal government pays the interest that accrues during deferment periods for Subsidized Stafford and Perkins/NDL loans only. Deferments are also available for the Unsubsidized Stafford, however, government interest subsidies are not available. The borrower has the option of making interest-only payments, or having the interest deferred and capitalized.

DELINQUENT: The borrower fails to make a payment when due, but is not yet in default.

ELIGIBLE SCHOOL: A school that is approved by the U.S. Department of Education for participation in the Federal Family Education Loan Program.

ENDORSER: Sometimes called a guarantor or cosigner, this is an individual who will also accept responsibility for the loan by signing the promissory note.

FEDERAL FAMILY EDUCATION LOAN PROGRAM: Program under which a borrower obtains a loan from a private lender, and the loan is insured by a guarantee agency and reinsured by the U.S. Department of Education. Includes Stafford, SLS, and PLUS loans.

FORBEARANCE: A temporary postponement of reduction of payments.

GRACE PERIOD: The period of time that begins when a loan recipient ceases to be enrolled at least half-time and ends when the repayment period starts. Loan principal need not be paid, and interest (on Subsidized Stafford Loans and Perkins/NDSL loans only) does not accrue during this period.

GUARANTY AGENCY: The guaranty agency insures the loan for the lender. That is, in case the borrower is unable to repay the loan due to death or total and permanent disability, or the borrower defaults, the guaranty agency pays the lender the amount owed on the loan. In effect, this means the guaranty agency has purchased the loan from the lender. In the case of default, because the guaranty agency now owns the loan, the guaranty agency will attempt to collect what is due on the defaulted loan from the borrower.

HOLDER OF THE LOAN: The holder of the loan is the organization to which you owe the loan. The holder of the loan may be the same as the lender (the organization that lent you the money in the first place). On the other hand, your original lender may have sold the loan. Therefore, if a lender sells a borrower's loan to another financial institution, the borrower now owes the loan to the financial institution that has purchased it. That financial institution now becomes the holder of the loan.

LENDER: The lender provides the loan funds to the student borrower.

PERKINS/NDSL: Need-based loan awarded by the school, if student is eligible. No interest accrual during in-school, grace and deferment periods.

PLUS LOAN: A credit-based parent loan for undergraduate students. Payment of principal and interest begins within 30 to 60 days after the loan has been fully disbursed.

PROMISSORY NOTE: The contract you signed promising to repay the loan. The promissory note is a legal and binding document.

REPAYMENT OBLIGATION/DISCLOSURE STATEMENT: A repayment schedule and disclosure of finances sent to the borrower when he/she enters a grace period. It should include the interest rate, the due date of the first payment, and the frequency of payments.

SECONDARY MARKET: An organization (private or state agency) which purchases student loans from lenders.

SERVICER: The servicer is the organization that works with the borrower to insure that the loan is repaid according to its terms and conditions (i.e., repayment schedules, deferment processing, etc.). The servicer and the lender may be the same organization or the lender may use an agency to service the loan.

SIMPLE INTEREST: Interest calculated only on the principal portion of the loan.

SLS LOAN: This program was eliminated and replaced by the Unsubsidized Stafford Loan Program.

SUBSIDIZED STAFFORD LOAN: A need-based loan. Government pays the interest during in-school, grace and deferment periods.

UNSUBSIDIZED STAFFORD LOAN: For students unable to demonstrate financial need. Borrower has the option of making interest payments, or have interest deferred and capitalized until they leave school.

Educational Loan Record

One of the keys to handling your financial obligations well is good record keeping. Keeping a record of all your educational loans will assist you in tracking your education debt levels so that you can make informed decisions regarding future borrowing and repayment obligations. Accordingly, Washington University has developed the "Educational Loan Record" for your use.

LOAN PROGRAM	LOAN AMOUNT	LOAN PERIOD	LOAN INTEREST RATE	LENDER	LOAN SERVICER (See Appendix H or contact your lender)
STAFFORD (GSL)					
TOTAL:					
PLUS/SLS					
TOTAL:					
PERKINS (NDSL)					
TOTAL:					
OTHER					
TOTAL:					

Repayment Chart

10-YEAR TERM

Loan Balance at Repayment	5% Payment Amount	7% Payment Amount	8% Payment Amount	8.25% Payment Amount	9% Payment Amount	10% Payment Amount
\$1,000	\$50	\$50	\$50	\$50	\$50	\$50
2,000	50	50	50	50	50	50
3,000	50	50	50	50	50	50
4,000	50	50	50	50	51	53
5,000	53	58	61	61	63	66
6,000	63	70	73	74	76	79
8,000	85	93	97	98	101	106
10,000	106	116	121	123	127	132
12,000	127	139	145	146	151	157
14,000	148	162	169	171	176	183
16,000	169	185	194	195	201	210
18,000	190	208	217	219	226	236
20,000	211	232	243	245	253	264
22,000	232	254	265	268	277	288
24,000	254	277	289	292	302	315
26,000	275	300	313	317	327	341
28,000	296	323	337	341	352	367
30,000	317	348	364	368	380	396
35,000	n/a*	404	422	426	440	459
40,000	n/a*	464	485	491	507	529
45,000	n/a*	519	542	548	566	590
50,000	n/a*	581	607	613	633	661
55,000	n/a*	635	663	670	692	721
60,000	n/a*	697	728	736	760	793
65,000	n/a*	750	783	792	817	852
70,000	n/a*	808	844	853	880	917
75,000	n/a*	866	904	914	943	983
80,000	n.a*	923	964	975	1,006	1,048
85,000	n/a*	981	1,024	1,035	1,069	1,114
90,000	n/a*	1,039	1,085	1,096	1,132	1,180
95,000	n/a*	1,097	1,145	1,157	1,194	1,245
100,000	n/a*	1,161	1,213	1,227	1,267	1,322
110,000	n/a*	1,277	1,335	1,349	1,393	1,454
120,000	n/a*	1,393	1,456	1,472	1,520	1,586
130,000	n/a*	1,509	1,577	1,594	1,647	1,718
140,000	n/a*	1,626	1,699	1,717	1,773	1,850
150,000	n/a*	1,742	1,820	1,840	1,900	1,982

*The 5% calculations are for Perkins/NDSL loans. The maximum amount available per borrower is \$30,000.

Repayment Chart 15-YEAR TERM

Loan Balance at Repayment	8% Payment Amount	9% Payment Amount	10% Payment Amount	11% Payment Amount	12% Payment Amount
\$2,000	\$50	\$50	\$50	\$50	\$50
4,000	50	50	50	50	50
6,000	57	61	65	68	72
8,000	76	81	86	91	96
10,000	96	101	108	114	120
12,000	115	122	128	136	144
14,000	134	142	151	159	168
16,000	153	162	172	182	192
18,000	172	183	194	205	216
20,000	191	203	215	227	240
22,000	210	223	237	250	264
24,000	229	243	258	273	288
26,000	249	264	280	296	312
28,000	268	284	301	318	336
30,000	287	304	323	341	360
32,000	306	324	344	364	384
34,000	325	345	366	387	408
36,000	344	365	387	409	432
38,000	363	385	409	432	456
40,000	382	406	430	456	480
42,000	402	426	452	478	504
44,000	421	446	469	496	523
46,000	440	466	495	523	552

Repayment Chart 20-YEAR TERM

Loan Balance at Repayment	8% Payment Amount	9% Payment Amount	10% Payment Amount	11% Payment Amount	12% Payment Amount
\$2,000	\$50	\$50	\$50	\$50	\$50
4,000	50	50	50	50	50
6,000	50	54	58	62	66
8,000	67	72	77	83	88
10,000	84	90	97	103	110
12,000	100	108	116	124	132
14,000	117	126	135	145	154
16,000	134	144	154	165	176
18,000	150	162	174	186	198
20,000	167	180	193	206	220
22,000	184	198	212	227	242
24,000	201	216	232	248	264
26,000	217	234	251	268	286
28,000	234	252	270	289	308
30,000	251	270	290	310	330
32,000	267	288	309	330	352
34,000	284	306	328	351	374
36,000	301	324	347	372	396
38,000	318	342	367	392	418
40,000	334	360	386	413	440
42,000	351	378	405	433	462
44,000	368	396	425	454	484
46,000	385	414	444	475	506

Monthly Budget Worksheet

By completing this Budget Worksheet you will be able to see how the estimated income from your planned career choice as well as your choice of lifestyle will allow for repayment of your educational loans. Your ability to repay will be affected by the profession and lifestyle you choose. This worksheet will help you evaluate these choices. The choices you make when you decide how much to borrow, or when it's time to enter repayment, impact your ability to comfortably repay your student loans.

ESTIMATED MONTHLY NET INCOME: _____

ESTIMATED STUDENT LOAN PAYMENTS:

(Use numbers from *Appendix B*)

Stafford	_____
Perkins	_____
Private Loans	_____

ANTICIPATED MONTHLY EXPENDITURES:

HOUSING:	Rent/Mortgage	_____
	Utilities	_____

FOOD:	_____
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CAR:	Car Payment	_____
	Maintenance	_____

INSURANCE:	Home/Renter's	_____
	Car	_____
	Health	_____
	Life	_____

MEDICAL:	Doctor/Dentist	_____
	Prescriptions	_____

CREDIT PAYMENTS:	_____ (Type)	_____
	_____ (Type)	_____
	_____ (Type)	_____

PERSONAL/MISC:	Clothing	_____
	Cleaning and Laundry	_____
	Personal Care	_____
	Entertainment	_____

TOTAL MONTHLY EXPENSES: _____

MONTHLY DISCRETIONARY INCOME : _____

(Savings, IRAs, Investments, etc.)

FFELP and Consolidation Loan Deferment Categories

(Stafford = A; SLS = B; PLUS = C; Consolidation = D)

The chart depicted below will provide you with a brief description of deferments which may be available to help you through repayment. Deferment eligibility is based in part on when you first borrowed. Detailed information regarding each type of deferment can be obtained from your lender and/or loan servicer.

Deferment Condition	Statutory Limit	Loans Made Prior to 8/15/83	Refinanced & Prior Borrowers (Pre 7/1/87)	New Borrower (7/1/87-6/30/93)*	New Borrower (After 7/1/93)**
Full-time Student	None	C	A,B,C	A,B,C ^{1/2}	A,B,C ² ,D
Half-time Student	None			A,B,C ^{1/2} ,D	A,B,C ² ,D
Graduate Fellowship	None	C	A,B,C	A,B,C,D	A,B,C,D
Rehabilitation Training	None	C ^{1/2}	A,B,C ^{1/2}	A,B,C ^{1/2} ,D	A,B,C ¹ ,D
Armed Forces or PHS* ³	3 Years	A,B	A,B		
NOAA	3 Years			A,B	
Peace Corps	3 Years	C	A,B	A,B	See Footnote 4
ACTION Programs	3 Years	C	A,B	A,B	
Temporary Disability	3 Years	C ¹	A,B,C ¹	A,B,C ¹ ,D	A,B,C ¹ ,D
Tax-Exempt Organization	3 Years	C	A,B	A,B	
Teacher Shortage	3 Years		A,B	A,B	
Economic Hardship	3 Years				A,B,C ¹ ,D
Unemployment	3 Years				A,B,C ¹ ,D
Unemployment	2 Years	C ¹	A,B,C ¹	A,B,C ¹ ,D	
Internship/Residency	2 Years	C ^{1/2}	A,B	A,B	
Working Mother	1 Year			A,B	
Parental Leave	6 months		A,B	A,B	

*Includes borrowers who first borrowed 7/1/87-6/30/93, and consolidation borrowers who consolidated during that time and had no loans disbursed prior to 7/1/87 that weren't paid off by the consolidation.

**Includes borrowers who first borrowed after 7/1/93, and borrowers who consolidated after 7/1/93 and had no loans outstanding that were made prior to 7/1/93 that were not included in the consolidation.

REFER TO REVERSE SIDE OF THIS PAGE FOR ADDITIONAL INFORMATION, AS WELL AS A BRIEF DESCRIPTION OF THE DEFERMENTS MENTIONED IN THE ABOVE CHART.

¹ A parent PLUS borrower is eligible for deferment during periods for which he/she meets deferment requirements.

² A parent PLUS borrower is eligible for deferment during periods for which the student for whom the loan was taken out meets eligibility requirements.

³ Includes military service and service as a commissioned officer in Public Health Service.

⁴ New borrowers after 7/1/93 meeting criteria may qualify for deferment under economic hardship.

Graduate Fellowship: Engaged in a study under a graduate fellowship program approved by the U.S. Secretary or Commissioner of Education.

Rehabilitation Training: Engaged in a study under a rehabilitation training program for disabled individuals approved by the U.S. Secretary or Commissioner of Education.

Armed Forces or PHS (Public Health Service): A member on active duty of the United States Armed Forces, or an officer in the Commissioned Corps of the Public Health Service.

NOAA (National Oceanic & Atmospheric Administration Corps): A member on active duty.

Peace Corps/ACTION Programs: A volunteer in the Peace Corps or a full-time volunteer in an ACTION program.

Temporary Disability: Temporarily totally disabled, as established by a sworn affidavit of a qualified physician, or during which time the borrower is unable to secure employment by reason of the care required by a spouse who is disabled. In addition, new borrowers (after July 1, 1987) may be eligible for a “single parent” deferment. The dependent must be unable, due to injury or illness, to attend school or gainfully employed for at least three months, and require continuous nursing or similar services during that time (maximum period allowed for both is three years).

Tax-Exempt Organization: In service as a full-time volunteer for an organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, and be engaged in service to low-income persons and communities (excluding religious activities).

Teacher Shortage: Must be full-time teachers in a public or non profit private elementary or secondary school in a teacher-shortage area as designated by the Secretary of Education.

Economic Hardship: Maximum period of three years.

Unemployment: If you borrowed for the first time before 7/1/93 and are seeking but unable to find full-time employment, you will be eligible for deferment for up to two years. If you have borrowed for the first time on or after 7/1/93 this deferment has been extended for up to three years.

Internship/Residency: Must be serving in an internship or residency, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service.

Working Mother: Up to twelve months for mothers with preschool-age children who are just reentering the work force and who are compensated at a rate not to exceed \$1 in excess of the minimum wage.

Parental Leave: Up to six months of parental leave, during which the borrower is pregnant, or caring for his or her newborn or adopted child; borrower must have been enrolled at least half-time within the six months preceding the requested deferment period.

LOAN CANCELLATION: In the event of the borrower’s death or total and permanent disability, the unpaid balance of the loan is cancelled. “Total and permanent disability” is defined by regulations as “the inability to work and earn money because of an impairment that is expected to continue indefinitely or result in death.”

Federal Perkins Loan Deferment Provisions

DEFERMENT CONDITION	Federal Perkins/National Direct Disbursed on or after 7/1/93	Federal Perkins Disbursed Before 7/1/93 & on or after 7/1/87	National Direct Disbursed Before 7/1/93 & on or after 10/1/80	National Direct Disbursed Before 10/1/80	National Defense
Half-time enrollment	No Limit *	No Limit*	No Limit*	No Limit*	No Limit*
Less than half-time enrollment as a regular student	N/A	N/A	N/A	N/A	3 Years**
Rehabilitation training	No Limit*	No Limit*	No Limit*	No Limit*	No Limit*
Graduate fellowship study ¹	No Limit*	No Limit*	No Limit*	No Limit*	No Limit*
Eligible internship or residency program	N/A	2 Years ^{2*}	2 Years ^{3*}	N/A	N/A
Inability to secure full-time employment	3 Years*	3 Years*	3 Years*	3 Years*	3 Years*
Economic hardship ⁴	3 Years*	3 Years*	3 Years*	3 Years*	3 Years*
Hardship as determined by school	N/A	No Limit**	No Limit**	No Limit**	No Limit**
Law enforcement/correction office	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote5*
Peace Corps/ACTION Program volunteer	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote5*
Full-time volunteer for tax-exempt organization in service comparable to Peace Corps or ACTION	N/A	3 Years*	3 Years*	N/A	N/A
U.S. Armed Services ⁴	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote5*
Officer in Commissioned Corps of U.S. Public Health Service	N/A	3 Years*	3 Years*	N/A	N/A
National Oceanic and Atmospheric Adminis. Corps	N/A	3 Years*	N/A	N/A	N/A
Nurse/medical technician providing health services	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote5*
Temporary total disability or care for temporarily totally disabled spouse/dependent	N/A	3 Years*	3 Years ^{7*}	N/A	N/A
Pregnancy, care of newborn or newly adopted child ⁸	N/A	6 Months*	N/A	N/A	N/A
Mother of preschooler working or returning to work ⁹	N/A	1 Year*	N/A	N/A	N/A
Employment in Head Start Program	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*
Teacher in designated low-income school	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*
Teacher of special education, including teacher of infants, toddlers, children or youth with disabilities ¹⁰	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*
Provider of early intervention services ¹¹	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*
Teacher of mathematics, science, foreign languages, bilingual education or other field of expertise determined by state education agency to have a shortage of qualified teachers	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*
Provider or supervisor of provision of services to high-risk children from low-income communities and their families ¹²	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*	See Footnote 5*

* Principal need not be paid, and interest does not accrue.

** Principal and interest may be deferred, but interest continues to accrue.

FEDERAL PERKINS LOAN DEFERMENT PROVISIONS

The chart on the previous page is to be used for reference only. Refer to DCL GEN-92-21, Part E of the Higher Education Act, and 34 CFR Part 674, Sections 674.33 through 674.39 if you have any questions regarding a particular borrower's eligibility for loan cancellation.

1. A deferment request from a borrower enrolled in a graduate or post-graduate fellowship-supported program outside of the U.S. is approved until the completion of the fellowship period.
2. The internship program must require that the borrower have a bachelor's degree before being admitted. In addition, the program must be required by a state licensing agency for certification for professional practice or service, or the program must lead to a postgraduate degree or certificate from a post-secondary school, hospital or health care facility.
3. The internship program must require that the borrower have a bachelor's degree before being admitted. The program must be required by a state licensing agency for certification for professional practice or service.
4. A borrower is considered to have an economic hardship if the borrower:
 - a. Is working full-time but earning an amount that does not exceed (the greater of):
 - 1) The federal minimum wage, or
 - 2) An amount equal to 100% of the poverty line for a family of two as determined according to Section 673(2) of the Community Service Block Grant Act. OR
 - b. Meets other regulatory criteria which takes into account the borrower's debt-to-income ratio as a primary factor.
5. Deferment is for a period in which borrower is engaged in service eligible for Federal Perkins Loan cancellation for loans prior to 7/1/93. Some cancellation benefits are effective for service performed after 10/98 only.
6. Military service must be in an area that qualifies for hazardous duty pay.
7. Applies to borrower or care of spouse only. Does not allow deferment for the care of temporarily totally disabled dependent.
8. Borrower must not be attending an eligible post-secondary institution or be gainfully employed. Deferment must begin within 6 months after the borrower ceased to be enrolled at least half-time at an eligible institution.
9. Borrower's salary must not be more than \$1 over the minimum hourly wage rate.
10. Infants, toddlers, children and youth with disabilities are defined in Section S 602(a)(1) and 672(1) of the Individuals with Disabilities Education Act.
11. Must be employed in a public or nonprofit program under public supervision. A qualified professional provider of early intervention services is defined in Section 672(2) of the Individuals with Disabilities Education Act.
12. Must be employed in public or nonprofit child or family services agency. High-risk children are defined as individuals under the age of 21 who: are low income; have been or are at risk of being abused or neglected; have serious emotional, mental, or behavioral disturbances; reside in placements outside of their homes; or are involved in the juvenile justice system. Low-income communities are defined as those communities in which there is a high concentration of children eligible to be counted under Chapter 1 of Title 1 of the Elementary and Secondary Act of 1965.

Federal Perkins Loan Cancellation Conditions

Cancellation Criteria	Federal Perkins/National Direct Made on or after 7/23/92	Federal Perkins Made Prior to 7/23/92	National Direct Made Prior to 7/23/92	National Defense
Total and permanent disability or death of borrower	100%	100%	100%	100%
Full-time employment in a Head Start Program ¹	100%	100%	100%	100%
Full-time law enforcement or correction officer ²	100%	100% ³	100% ³	100%
Full-time teaching in low-income school eligible for funding under Chapter 1 of the Education Consolidation and Improvement Act of 1981 ^{4/5}	100%	100%	100%	100% ⁶
Full-time special education teacher, including teacher of infants, toddlers, children or youth with disabilities ^{4/6}	100%	100%	100%	100%
Provider of early intervention services in a public or nonprofit program under public supervision ^{2/7}	100%	100%	100%	100%
Full-time teacher of handicapped students in a public or nonprofit elementary/secondary school ³	N/A	100% ⁴	100% ⁴	100% ⁴
Full-time teacher of mathematics, science, foreign languages, bilingual education, or any field of expertise determined by the state education agency to have a shortage of qualified teachers ^{3/4}	100%	100%	100%	100%
Provider or supervisor of provision of services to high-risk children from low-income communities and their families ^{2/3/8}	100%	100%	100%	100%
Nurse or medical technician providing health care services ^{2/3}	100%	100%	100%	100%
Peace Corps or ACTION programs volunteer ⁹	70%N F. Perkins N/A Natl. Direct	70%	70%	70%
Service in the U.S. Armed Forces ¹⁰	50%	50%	50%	50%
Full-time teaching public/nonprofit elementary/secondary school, institution of higher education or overseas Department of Defense elementary/secondary school	N/A	N/A	N/A	50% ¹¹
Bankruptcy ¹²	In some cases	In some cases	In some cases	In some cases

FEDERAL PERKINS LOAN CANCELLATION PROVISIONS

This chart is to be used for reference only. Refer to DCL GEN-92-21, Part E of the Higher Education Act, and 34 CFR Part 674, Subpart D if you have any questions regarding a particular borrower's eligibility for loan cancellation.

1. Cancellation rate is 15% per year.
2. Cancellation rate is: 15% per year for first and second years; 20% per year for third and fourth years; and 30% for fifth year.
3. For loans made prior to 7/23/92, service cancellation eligibility begins as of 10/7/98.
4. Cancellation rate is: 15% per academic year for first and second years, 20% per academic year for third and fourth years, and 30% for fifth academic year.
5. If borrower teaches at a school that does not only qualify as a low-income school in a subsequent year, the borrower remains eligible for loan cancellation as long as the borrower continues to teach full-time at the school.
6. Infants, toddlers, children and youth with disabilities are defined in Section 602(a)(1) and 672(1) of the Individuals with Disabilities Education Act.
7. A qualified professional provider of early intervention services is defined in Section 672(2) of the Individuals with Disabilities Education Act.
8. Must be employed in public or nonprofit child or family services agency. High-risk children are defined as individuals under the age of 21 who: are low-income; have been or are at risk of being abused or neglected; have serious emotional, mental, or behavioral disturbances; reside in placements outside of their homes; or are involved in the juvenile justice system. Low-income communities are defined as those communities in which there is a high concentration of children eligible to be counted under Chapter 1 of the Elementary and Secondary Education Act of 1965.
9. Cancellation rate is 15% per year for first and second years, and 20% per year for third and fourth years.
10. Military service must be in an area that qualifies for hazardous duty pay. Cancellation rate is 12.5% per year of qualifying service.
11. Cancellation rate is 10% per academic year.
12. Student loans are non-dischargeable. The loan is only discharged if a request for undue hardship is granted by the court.

Student Loan Consolidation Facts

WHAT IS A CONSOLIDATION LOAN? Under the consolidation program, the lender issues a consolidation loan in the combined amount of the outstanding principal and accrued interest of all loans to be consolidated, and then pays off the original lenders of those loans in full, the end result being one single loan with one lower monthly payment).

WHAT LOANS ARE ELIGIBLE FOR CONSOLIDATION? Eligible programs are: Stafford, PLUS, SLS, FISL, Perkins, HPSL, NSL, HEAL, and William Ford Federal Direct Loans.

(NOTE: Parents may consolidate their PLUS Loans if the student for whom the loan was borrowed is no longer enrolled on at least a half-time basis.)

ARE THERE ANY FEES ASSOCIATED WITH CONSOLIDATION LOANS? No. Student loans are consolidated free of charge.

WHAT IS THE INTEREST RATE FOR A CONSOLIDATION LOAN? The interest rate is the weighted average of the interest rates of the loans being consolidated rounded to the nearest higher 1/8 of 1%, with a maximum of 8.25%.

HOW DO I QUALIFY FOR A CONSOLIDATION LOAN? The borrower must:

- be no longer enrolled on at least half-time basis at a school.
- be in the grace period or have entered repayment on each loan chosen for consolidation.
- certify that he/she does not have another consolidation loan application pending.
- have made satisfactory payment arrangements (regulatory criteria defines this as three consecutive, on-time, voluntary monthly payments; prepayment of future installments cannot be counted in determining whether the borrower has made three consecutive payments, and payment obtained through wage garnishment is not considered voluntary), if any of the loans being considered for consolidation are in default.
- agree to notify the lender of address changes.
- if all the loans are held by one holder, borrower must first apply for consolidation with that lender and be declined before applying with another lender.

Married couples may consolidate their loans jointly if each borrower is eligible and agrees to be jointly liable for the repayment of the loan, regardless of any change in the marital status.

HOW LONG WILL MY REPAYMENT PERIOD BE IF I CONSOLIDATE? The maximum repayment period is determined by the total amount of the borrower's beginning balance of the consolidation loan and the amount of the borrower's other educational loans (institutional or private), as follows:

- | | |
|-------------------------|----------|
| • \$5,000 to \$7,499: | 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 |

WHAT REPAYMENT OPTIONS ARE AVAILABLE THROUGH THE CONSOLIDATION PROGRAM? The standard, graduated, and income-sensitive repayment options are available in consolidation. These options are described in the "Repaying Responsibly" section.

The following example reflects the results of paying without consolidation, versus the standard repayment schedule. Costs for the graduated and income-sensitive programs are not reflected due to the flexibility allowed the lenders in setting the terms, and the variability in income for each prospective borrower.

A borrower has \$28,000 in student loans upon graduation. The interest rate has been rounded up, and the examples given will show you the results at both 8% and 9%.

	Without Consolidation	Standard
8%		
Term:	10 Years	20 Years
Mo. Pymt:	\$335	\$235
Total Cost:	\$40,200	\$56,216
9%		
Term:	10 Years	20 Years
Mo. Pymt:	\$355	\$252
Total Cost:	\$42,563	\$60,460

DO I HAVE ANY DEFERMENT PRIVILEGES IN THE CONSOLIDATION PROGRAM? See *Appendix D* for deferment privileges available to consolidation borrowers. For borrowers whose consolidation loans include Subsidized Staffords, the Subsidized Stafford portion is eligible for federal interest subsidies during periods of deferment.

Loan Servicing Agencies

(Who to Contact Regarding Deferment or Repayment)

The lender who originally made your loan will usually not be servicing the loan during repayment. Lenders sell to, or contract with, loan servicing companies to handle paperwork and accept payments. Listed below are servicer names, web addresses, and contact numbers for lenders recommended by Washington University. If your lender is not listed below, contact your lender directly to find out if your loan will be sold or transferred. If so, ask for the name and number of the loan servicer who will be handling your account.

Lender	Servicer	Telephone Number	Web Address
Stafford/SLS/Plus			
Bank of America	(formerly Boatmen's Bank)	(314) 781-4421	
	MOHELA	(800) 6MO-HELA	www.mohela.com
	Sallie Mae	(800) MED-CAP0	www.salliemae.com
Wells Fargo	Wells Fargo Servicing	(800) 218-8008	www.wellsfargo.com
Total Higher Education (T.H.E.)	Great Lakes	(888) 843-0002	www.Northstar.org
Perkins/NDSL Loans			
Washington University School of Medicine		(314) 362-6845	www.medicine.wustl.edu/~finaid
		(800) 488-3738	
		AFSA Data Corporation	(800) 826-4470

If you need help to determine the agency you should contact regarding any repayment questions and your student loans please do not hesitate to contact the Office of Student Financial Planning at Washington University School of Medicine for assistance 1-888-840-3239. You can also obtain information about your federal loans (Perkins and Stafford) from the National Student Loan Data System at WWW.NSLDS.ED.GOV. In order to access information you must first obtain a PIN, which can be done at the web site.

OFFICE OF THE OMBUDSMAN

If you are unable to resolve a problem or dispute with the lender or servicer of your Perkins, Stafford, or SLS loan, you may contact the Department of Education Office of the Ombudsman as follows:

Internet: <http://SFAHELP.ED.GOV> or <http://OMBUDSMAN.ED.GOV>

Telephone: 1-877-557-2575

Mail: Office of the Ombudsman
Student Financial Assistance
U.S. Department of Education
Rm. 3012, ROB #3
7th and D Streets, SW
Washington, DC 20202-5144

Notes