ENTRANCE COUNSELING

Your Guide to Borrowing Wisely

All the Facts You Need to Know About Your Student Loans!

Congratulations on your decision to further your education! A college education is one of the best investments you can make.

Federal student loans can be very useful in helping you cover education and living expenses. But keep in mind that loans must be repaid. Make sure you understand the responsibility that comes with borrowing a student loan because the decisions you make now will affect your ability to meet financial obligations in the future.

Before you can receive your Federal Stafford Loan (subsidized or unsubsidized), federal regulations require that you complete entrance counseling. The information provided in this Entrance Counseling Guide will help you understand your rights and responsibilities as a Federal Stafford Loan borrower, as well as how to manage those loans, during and after college. One way to meet the Entrance Counseling requirements is to read this guide, complete and submit the Entrance Counseling Form included with this guide to your financial aid office. In addition, information on Federal Grad PLUS Loans can be found on page 25 of this guide. Federal Perkins Loan information is available on page 26.

The Iowa College Student Aid Commission is your financial aid connection. We are here to help you understand your student loans and to guide you through successful repayment. We want to help you succeed!

On the Cover:
Michael is a college student just like you. He understands the importance of budgeting and smart borrowing. As an elementary education major, Michael knows that the average starting salary for teachers in Iowa is in the mid 20's[1]. In order to keep his monthly student loan payments no more than 8% of his monthly income when he graduates, Michael has a part-time job to help with his educational expenses. Living on a tight budget as a college student will start Michael out on the right foot when he graduates.

[1]Source: U.S. Department of Labor - Bureau of Labor Statistics, May 2006 State Occupational Employment Statistics Survey

IowaCollegeAid.gov
Your Financial Aid Connection

Phone: 877-272-4456
Website: www.IowaCollegeAid.gov

Loan Counseling Updates

*** half-time enrollment * withdrawing * loan repayment * debt collection * borrower rights ***

Half-Time Enrollment

To be enrolled half time, a student must be taking at least half of the course load of a full-time student. Your school defines a full-time workload, but it must meet the minimum standards in the Federal Student Aid regulations. Be sure to check with your school's financial aid office for the full-time and half-time enrollment definitions for the program in which you are enrolled, including summer sessions.

Failure to maintain at least a half-time enrollment will result in the loss of eligibility for Federal Stafford Loan and PLUS Loan programs. If you have a Federal Stafford Loan and drop to less than half-time enrollment, you will enter your grace period followed by loan repayment. Each Federal Stafford Loan has one grace period. However, as long as you do not take a break from school or are not enrolled less than half time for a continuous period of 6 months, the Federal Stafford Loans you obtain for this in-school period should have a 6-month grace period when you finish your program.

If you have a Federal Grad PLUS Loan and received an in-school deferment, you are eligible for a 6 month postponement of repayment after you drop to less than half-time enrollment. If you also have Federal Stafford Loans and you have not used your grace period, it will automatically begin.

Withdrawing

If you are thinking about withdrawing from school before you complete your program, contact your school's financial aid office. There may be ways to resolve the issues that are keeping you from finishing your education.

You must also complete loan counseling if you decide to withdraw. This counseling will provide you with valuable information about your rights and responsibilities for the loans you have borrowed and will give you the chance to ask questions. Remember that loans borrowed for an unfinished program still must be repaid.

Borrower Rights

You not only have the right to prepay your loan without penalty, but you can also choose to pay on a shorter repayment schedule or request a change in repayment schedule.

Loan Repayment

You are required to repay all loans borrowed regardless of how long it takes you to complete your program, whether you complete your program or are dissatisfied with your education.

Debt Collection

If you become delinquent on your federal student loans, expect to receive multiple written notices and telephone calls from your lender and guarantor, each of which will not only warn you of the serious consequences if you fail to pay but also will advise you of options to prevent default.

If you fail to make a payment for 241 days, you will receive a final written notice giving you 30 days to respond. If you fail to respond within 30 DAYS, a default claim will be filed.

Loan Counseling Updates

* loan limits * loan forgiveness * deferments * consolidation interest rates *

Loan Limits

Annual Loan Limits	Federal Subsidized Stafford	Federal Unsubsidized Stafford (Dependent)	Federal Unsubsidized Stafford (Independent)
First Year	$3,500	$5,500*	$9,500*
Second Year	$4,500	$6,500*	$10,500*
Third Year	$5,500	$7,500*	$12,500*
Fourth Year	$5,500	$7,500*	$12,500*
Fifth Year	$5,500	$7,500*	$12,500*
Graduate	$8,500	n/a	$20,500*
Aggregate Loan Limits			
Undergraduates	$23,000	$31,000*	$57,500*
Graduate students	$65,000	n/a	$138,500*

Please note that dependent students enrolled in undergraduate or graduate prep coursework, or teacher certification coursework are ineligible for additional unsubsidized Stafford loan amounts. In addition, the annual loan limit amounts apply to loans first disbursed on or after July 1, 2008. Increased unsubsidized Stafford loan limits are authorized for certain health profession students.

* Minus subsidized Stafford awarded

Consolidation Interest Rates

Please refer to the interest rate chart on page 8 of the Exit Counseling for a listing of all fixed interest rates for loans disbursed on or after 07/01/2006

Deferments

In addition to the deferment options listed on the chart, new in-school deferment options are available for Parent PLUS and Grad PLUS borrowers.

- A Parent PLUS borrower may request deferment of repayment while either the borrower or the student for whom the loan was borrowed is enrolled least half time and for six months thereafter.
- A Grad PLUS borrower may receive deferment of repayment while enrolled at least half time and for six months thereafter.

Loan Forgiveness

- The spouses and parents of public servants and victims who died or became totally and permanently disabled (as certified by a physician) due to injuries suffered in the September 11, 2001 terrorist attacks may be eligible to receive forgiveness of loan amounts* owed on September 11, 2001.

* includes only amounts outstanding when discharge is requested

- Full-time employees in over a dozen national need employment areas may be eligible for up to $2,000 forgiveness per year ($10,000 maximum) on federal educational loans (except parent PLUS).**
- Licensed attorneys may be eligible to receive forgiveness on outstanding federal education loans (except Parent PLUS) of up to $6,000 per year ($40,000 maximum) in exchange for their commitment to serve at least three years as a full-time civil legal assistance attorney.**

** Benefits are subject to annual funding by Congress

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IOWA COLLEGE STUDENT AID COMMISSION

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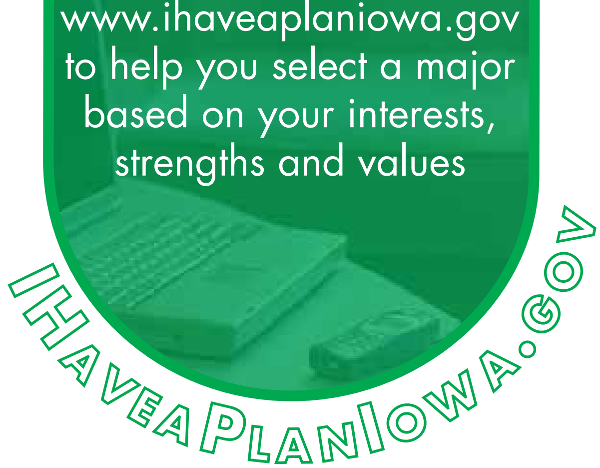


The purpose of the information contained in this guide is to provide you an overview of the Federal Stafford Loan process and to ensure that you understand your rights and responsibilities as a Federal Stafford Loan borrower. Additional information can be found on page 25 for Federal Grad PLUS Loan borrowers and on page 26 for Federal Perkins Loan borrowers. Two college students, Michael and Sarah, will lead you through the guide. You will be able to see how decisions they make while in college may positively or negatively impact their student loan debt after college. In fact, you will see that the decisions Sarah makes will increase her student loan debt. If she budgeted her money better, she could reduce the amount she will owe when she begins repayment of her student loans. Michael, on the other hand, limits his spending and works part time to manage his student loan debt.

Deciding a Major

While choosing a major is a big decision that impacts your future, don't be too concerned if you haven't made this decision yet. It is better to wait to declare a major until you are more certain of the career path you want to follow. Many college students remain undecided through their freshman year. This allows you time to take core classes and explore your interests before declaring a major.

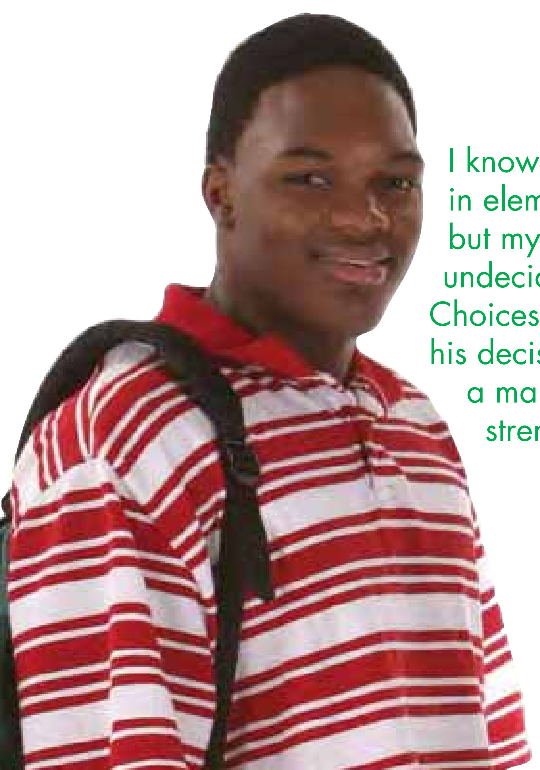
Career Planning at IHaveaPlanIowa.gov

The Iowa College Student Aid Commission (Iowa College Aid) provides Iowa Choices, a career and education planning tool, to help you select a career path based on your interests, strengths and values. You can access this web-based system at www.ihaveaplaniowa.gov.

If you attended an Iowa middle school and/or high school, you may already be familiar with the career planning program. If you have any questions about career planning, please contact Iowa College Aid at 1-877-272-4456.

I know I am going to be an interior designer. Trading Spaces better be ready for me!

I know I want to major in elementary education, but my roommate is undecided. I think Iowa Choices will help him in his decision to declare a major based on his strengths and interests.



Don't Over-Estimate Your Starting Salary.

Once you have determined a career path, it may be helpful to size up earnings associated with the profession. While expected earnings should not dictate your career path, knowing your earning potential now can help you manage debt while you are in school.

You need to be reasonably sure that you can comfortably repay your student loans after graduation. The smaller the loan debt you acquire, the lower the salary you'll need to repay the debt. Many students are overly optimistic about what their starting salaries will be upon graduation. Be realistic about how much you can potentially earn after you graduate. The chart on the next page provides estimated starting salaries and average salaries for occupations in Iowa.

Aid's Loan Debt-to-Income Calculator at http://calculators.iowacollegeaid.gov/co/ICSAC/ to help you calculate a manageable loan payment amount.

ONLINE RESOURCE!

What Part of My Financial Aid Package Must be Repaid?

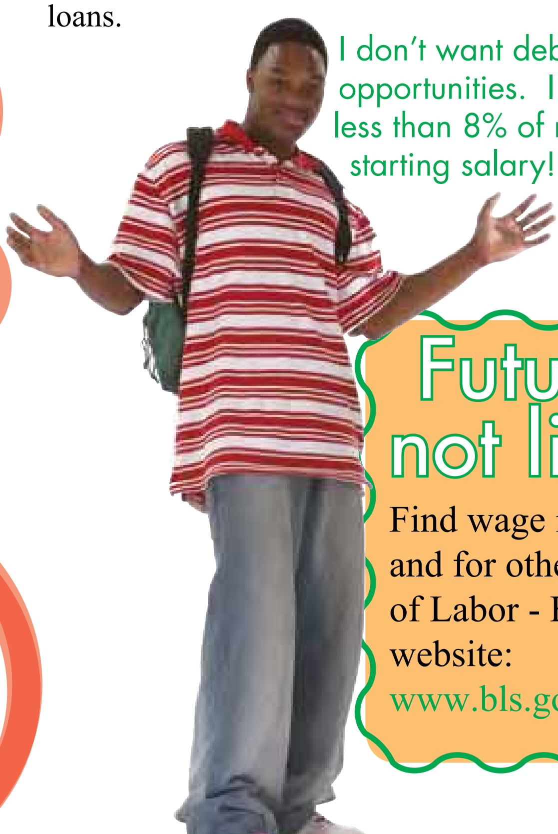
Your financial aid package may have consisted of scholarships, grants, and student loans. Scholarships and grants are considered gift aid and do not have to be repaid. Student loans are considered self-help aid and must be repaid.

How Much Can I Afford to Pay Back?

Many experts recommend that student loan payments should not exceed 8 percent of your income. Based on the Estimated Salary Chart on page 5, Michael shouldn't have a problem repaying his student loan debt of $13,000 over 10 years at a 6.0 percent fixed interest rate if he makes the estimated starting salary of $23,320 for elementary education teachers in Iowa. If Sarah makes $23,550, the estimated starting salary for interior designers in Iowa, she should try to keep her student loan debt under $13,600.

Be Cautious, Be Responsible, Be Sensible.

If your student loan payment is more than 8 percent of your income, your available cash for everyday living expenses will be limited. This could restrict your opportunities for other credit, like car and home loans.



I don't want debt to limit my opportunities. I plan to borrow less than 8% of my estimated starting salary!

Are you kidding?!? I'll make $60,000 when I graduate. I'm not worried about how much I borrow.

Future occupation not listed?

Find wage information for other occupations and for other states at the U.S. Department of Labor - Bureau of Labor Statistics website:
www.bls.gov/bls/blswage.htm

State of Iowa Estimated Salary Chart

Occupation	Estimated Starting Salary[1]	Annual Average Wages	Feasible Student Loan Debt[2]	Feasible Student Loan Payment[2]
Accountant/Auditor	$32,140	$54,480	$18,615	$214.26
Advertising & Promotions Manager	$32,090	$61,091	$18,550	$213.93
Architect	$35,140	$61,420	$20,345	$234.13
Architect - Landscape	$14,140	$42,060	$8,190	$94.26
Auto Body Repair	$18,570	$32,360	$10,755	$123.80
Carpenter	$21,200	$33,690	$12,280	$141.33
Child/Family/School Social Worker	$18,370	$35,690	$10,640	$122.46
Chiropractor	$32,530	$80,810	$18,840	$216.86
Clergy	$19,270	$39,540	$11,160	$128.46
Computer Programmer	$34,130	$55,290	$19,770	$227.53
Computer Support Specialist	$24,770	$40,330	$14,350	$165.13
Cosmetologist	$13,160	$22,470	$7,620	$87.73
Curator	$23,650	$47,910	$13,700	$157.66
Customer Service	$17,770	$27,860	$10,290	$118.46
Database Administrator	$34,430	$59,470	$19,945	$229.53
Dietitian	$26,210	$42,240	$15,180	$174.73
Editor	$20,690	$38,660	$11,985	$137.93
Electrician	$26,980	$43,060	$15,630	$179.86
Engineer - Chemical	$48,230	$70,790	$27,940	$321.53
Engineer - Electrical	$50,770	$74,520	$29,410	$338.46
Engineer - Mechanical	$41,270	$65,580	$23,900	$275.13
Food Service Manager	$20,470	$42,290	$11,850	$136.46
Forensic Science Technician[3]	$27,530	$48,130	$15,940	$183.53
Graphic Designer	$20,780	$34,360	$12,035	$138.53
Human Resource Manager	$43,220	$76,690	$25,035	$288.13
Insurance (underwriter)	$29,800	$48,710	$17,260	$198.66
Interior Designer	$23,550	$34,570	$13,640	$157.00
Lawyer	$42,640	$93,310	$24,700	$284.26
Librarian	$25,080	$42,840	$14,530	$167.20
Loan Counselor	$24,370	$33,430	$14,115	$162.46
Market Research Analyst	$29,660	$50,630	$17,180	$197.73
Meeting & Convention Planner	$21,280	$37,440	$12,325	$141.86
Nurse - Licensed Practical	$25,780	$33,000	$14,935	$171.86
Nurse - Registered	$34,040	$47,030	$19,720	$226.93
Paralegal	$26,740	$38,860	$15,490	$178.26
Personal Financial Advisor	$23,640	$74,020	$13,695	$157.60
Pharmacist	$66,350	$86,590	$38,435	$442.33
Physical Therapist	$42,420	$61,190	$24,575	$282.80
Physician (Family & General)	$70,430	$156,220	$40,800	$469.53
Physician's Assistant	$49,790	$71,990	$28,845	$331.93
Radiological Technician	$30,820	$41,330	$17,850	$205.46
Real Estate Agent	$15,990	$39,780	$9,260	$106.60
Reporter & Correspondent	$16,580	$31,850	$9,605	$110.53
Respiratory Therapist	$33,030	$42,580	$19,135	$220.20
Speech Pathologist	$34,920	$51,100	$20,230	$232.80
Statistician	$39,980	$57,640	$23,160	$266.53
Surveyor	$24,150	$40,790	$13,990	$161.00
Teacher - Elementary Education	$23,320	$35,730	$13,510	$155.46
Teacher - Secondary Education	$24,030	$36,150	$13,920	$160.20
Technical Writer	$30,660	$46,960	$17,760	$204.40
Urban & Regional Planner	$29,830	$49,590	$17,280	$198.86
Veterinarian[3]	$43,530	$81,490	$25,215	$290.20
Welder	$21,840	$30,440	$12,650	$145.60

Information Source: U.S. Department of Labor - Bureau of Statistics May 2006 State Occupational Employment Statistics Survey.

[1]Starting salary figures are based on state of Iowa wages reported at the 10th percentile and may be higher or lower than actual starting wages.

[2]Feasible student loan debt is based on a monthly payment of 8% of the starting salary.

[3]Forensic Science Technician and Veterinarian salary figures were not listed individually for Iowa, therefore, national salary figures were used.

Payment amounts are based on an interest rate of 6.8% and a 10-year standard repayment period.

Successful Budgeting

Budgeting Your Money

Developing a budget isn't hard and it is the key to staying in control of your money. Set realistic spending goals and stick to them. The first step in developing your budget is to estimate your monthly income and expenses.

Income

Income includes all sources such as income from a job, your savings, the amount your parents or other family members are going to contribute to your education, as well as your scholarships, grants, and student loans.

Expenses

Expenses include educational costs such as tuition, room and board, books, supplies, and fees. You also will need to take into consideration transportation, utilities, phone charges, personal items, clothing, eating out, entertainment, and other miscellaneous expenses.

Net Income

The difference between your total income and your expenses is your net income. Hopefully you have enough income to cover your expenses. If not, you either need to find ways to increase your income - like working a few more hours - or find ways to cut your expenses. Here are a few ideas:

- Use campus transportation instead of bringing a car to campus. You will remove gas, oil changes, and other maintenance from your budget.
- Buy calling cards or monitor the available minutes on your cell phone to avoid unexpected fees.
- Buy used textbooks. This can save you a lot, but that means you need to buy early.
- Throw snacks in your backpack so you aren't tempted by vending machines, smoothie shops, or other treats available on campus.
- Check into free entertainment on campus rather than going out. Often, there are campus-sponsored concerts, movie nights, and other events - all free to students.
- Take advantage of the campus fitness center. You may already pay a college fee for its use, so you might as well take advantage of the opportunity.
- Limit how often you eat out. When you do, take advantage of student discounts.
- Live with roommates, family or relatives to cut down your room and board costs.
- Purchase supplies at discount stores instead of the campus bookstore. While you may like having notebooks with your college logo, in the end, it's just paper.
- Limit ATM withdrawals and only use those owned by your bank to avoid fees.

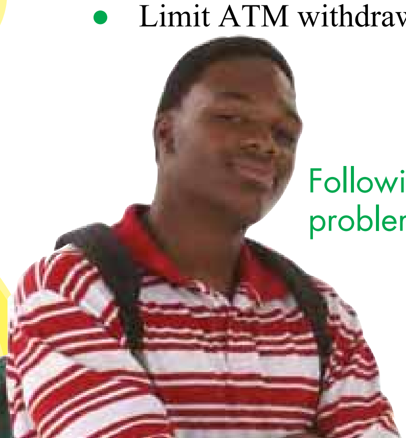
Online Resource!

Budgeting is easier than you might think! Access Iowa College Aid's online College Expense Worksheet at http://calculators.iowacollegeaid.gov/co/ICSAC/ to help you budget for college living expenses.

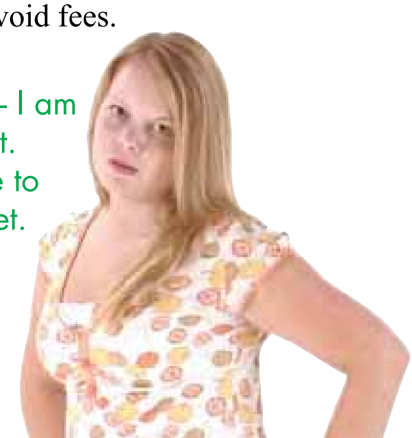
Income

− Expenses

Net Income



Following a budget? No problem - I can handle this.



Budget-smudget - I am a college student. I don't have time to prepare a budget.

College Student Budget Worksheet

Category	Monthly	Semester or Term	Annually
Income:			
Work			
Savings			
Parents & Family			
Grants			
Scholarships			
Student Loans			
Total Income:			
Expenses:			
Tuition			
Room & Board or Rent			
Books			
Supplies			
College Fees			
Transportation/Car Payment			
Gasoline			
Utilities			
Groceries			
Telephone/Cell Phone			
Eating Out			
Entertainment			
Clothing			
Personal Hygiene			
Insurance			
Other			
Total Expenses:			

Total Income ______ - **Total Expenses** ______ = **Net Income** ______

Find Free Money First

Before you borrow your student loan, it's smart to first exhaust all other options that don't require repayment. Even if you did not qualify for federal and state grants, you should continue to explore other possibilities such as private scholarships, grants, and gifts from family and friends.

Consider a Part-Time Job

You may decide to pay for some of your college expenses by taking a part-time job. The extra income means having to borrow less in student loans. Part-time jobs can include work-study and jobs on and off campus. When seeking a part-time job, keep in mind the following:

1. While working part-time teaches financial responsibility and self-discipline, it's important that it does not conflict with your primary objective - completing your college education.
2. Don't work so many hours that you jeopardize the amount of time you have to study or attend class. In particular, working late night hours may result in over-sleeping and missing classes. Typically, part-time employment will not affect grades if you work 20 hours or less each week.

Student Loans are Real Money

If you still need money to cover educational expenses after you have exhausted other aid and employment opportunities, student loans are a good option. Just remember, student loan money is for financing your education, not your lifestyle. Student loans are real money that must be repaid, with interest, so borrow only what you need.

Remember!

- Student loans are real money. You have to pay them back.
- The amount that you decide to borrow now will impact the lifestyle you can afford when you leave school.
- Failure to make your student loan payments can damage your credit rating which will negatively affect your ability to qualify for other purchases such as a car or house.
- If you live like a professional while a student, you may have to live like a student when you're a professional.

Michael

My scholarships and grants only covered a portion of my total cost of attendance. I needed an additional $6,000! I don't want to be financially strapped when I graduate, so I immediately looked for a part-time job and found one at a fast food taco restaurant. Yes - I smell like bean burritos at the end of my shift, but the hours aren't bad - 7-10 on Tuesday & Thursday nights and from 11-5 on Saturdays. After taxes, I will clear over $2,100 during the school year. I also discussed my financial concerns with my parents. They decided to help me with personal expenses by sending me $25 a week - that's another $900 for the school year! Instead of needing $6,000, I only needed to borrow $3,000. I also applied for a scholarship that I found online with a deadline of October 1. Late in the school year, I found out that I was selected as one of 5 recipients and received $1,000. I went to my financial aid office, and we canceled my spring Stafford Loan disbursement. I only ended up borrowing $2,000 for the academic year!

Sarah

Most of my total cost of attendance was covered by scholarships and grants. I only needed to borrow an additional $6,000 - no big deal! I thought about getting a part-time job, but the employers don't seem to understand a college student's schedule. No way am I getting up before noon on the weekends - are they crazy? I have to go out on Friday and Saturday nights. Do they realistically think I am going to give up tanning on Tuesday nights and girls night out on Wednesday nights? My schedule is just too crazy to fit in work. But that is what student loans are for. Between federal and private loans, I borrowed the full $6,000 for the academic year!

Who's Involved in the Loan Process?

Finding your way through the student loan process can be confusing. There are several different parties involved in the loan process. Understanding who they are and what they do will help make repayment easier for you.

U.S. Department of Education (USDE)

The U.S. Department of Education (USDE) oversees the Federal Family Education Loan (FFEL) program and administers the William D. Ford Federal Direct Student Loan (Direct Loan) program. The USDE sets the loan program regulations, requirements, and defines eligibility criteria for both programs.

Colleges & Universities

The financial aid office at the college or university that you attend determines your eligibility for financial aid, including Stafford Loans, based on the information you provided on the FAFSA (Free Application for Federal Student Aid). Your college or university also certifies your loan application and monitors your enrollment status.

Guarantor

Guarantors are state or non-profit private agencies authorized by the U.S. Department of Education to administer the FFEL program in each state. Guarantors insure (or guarantee) the repayment of student loans by agreeing to reimburse lenders for loans that default (are not repaid) or are forgiven due to death, permanent disability, or are eligible for other federal loan forgiveness programs. They also provide program support services and resources. The Iowa College Student Aid Commission (Iowa College Aid) is the designated guaranty agency in Iowa.

Lenders

Lenders may include banks, credit unions, savings and loan institutions, and other companies who provide the money for your student loans through the FFEL program. You may work with some lenders through the life of your loan, while others may sell your loan to a secondary market or use a loan servicing agency.

Loan Holder

The term loan holder refers to the lender that currently owns your loan. Your original lender and your current loan holder could be different since some lenders sell their loans.

Secondary Markets

Secondary markets purchase loans from FFEL lenders. This allows lenders to continue to provide funds for future student loans. While your loan holder may change, the terms and conditions of your loan will not.

Servicers

Servicers or loan servicing agencies administer loans on behalf of FFEL lenders and secondary markets. They become your primary contact for questions and repayment, but do not own the loan.

Direct Loan Servicing Center

The Direct Loan Servicing Center is the primary contact for borrowers with loans through the Federal Direct Loan program. They collect payments, grant deferment or forbearance requests, and help students select or change repayment options.

Federal Student Loan Programs

Stafford Loans are administered under two student loan programs: the Federal Family Education Loan (FFEL) program and the Direct Loan program. Your school may participate in one or both of these programs.

Federal Family Education Loan (FFEL) Program

Loans are funded through lenders and guaranteed by a non-profit private or state guaranty agency, such as the Iowa College Student Aid Commission. Your primary contact during repayment may be your original lender, a designated secondary market, or a servicer that administers loans on behalf of lenders and secondary markets.

Direct Loan Program (Direct Loan)

Loans are funded through the federal government. Your primary contact during repayment will be the Direct Loan Servicing Center.

Stafford Loan Types

Subsidized Stafford Loans

These loans are based on financial need, which is determined by the information you submit on the Free Application for Federal Student Aid (FAFSA).

The federal government pays the interest that accrues:

- While you are enrolled at least half time.
- During the six-month grace period that begins after you graduate or are no longer enrolled at least half time.
- During authorized deferments.

Unsubsidized Stafford Loans

These loans are not based on financial need and are available to all students (as long as your financial assistance does not exceed your total cost of attendance).

- The federal government does not subsidize these loans. You are responsible for the interest that starts to accrue the day the loan is disbursed.
- You can make interest payments while you are in school or allow the interest to accrue and be added to your principal balance at repayment.

I better check and make sure I know how much of my loan is subsidized. It would really help me out when I graduate if I can pay the interest payments on my unsubsidized loan while I am still in school.

I am still in school - I don't need to think about this now.

Stafford Annual Limits - The Amount You Can Borrow

An annual limit is the maximum amount that you may borrow in Stafford Loans for a single academic year. An aggregate limit is the maximum amount of Stafford Loans that is allowed in your lifetime. Loan limits are provided in detail in the table on page 13.

The amount that you are eligible to borrow each year is based on:

- Your cost of attendance, minus other aid you will receive.
- For subsidized Stafford Loans, your financial need, determined by your Expected Family Contribution (EFC) calculated by the U.S. Department of Education.
- Your dependency status (whether you are considered dependent or independent).
- Your year of study.
- The length of your program.
- Your enrollment status (you must be enrolled at least half time).

Just because you can borrow the annual loan limit each year does not mean that you should. Student loans are real money that must be repaid, so only borrow what you need. The chart below provides estimated standard monthly payments for each of the annual loan limit and aggregate loan limit amounts. More information on Stafford Loan repayment plans is available on pages 18 and 19.

Stafford Loan Limits

Academic Year	Base Subsidized	Additional Unsubsidized	Maximum Sub & Unsub	Estimated Monthly Payment Based on Maximum Limit
First Year Dependent Student	$3,500	$2,000	$5,500	**$61**
First Year Independent Student	$3,500	$6,000	$9,500	**$105**
Second Year Dependent Student	$4,500	$2,000	$6,500	**$72**
Second Year Independent Student	$4,500	$6,000	$10,500	**$117**
Third - Fifth Years Dependent Student	$5,500	$2,000	$7,500	**$83**
Third - Fifth Years Independent Student	$5,500	$7,000	$12,500	**$139**
Graduate/ Professional Student	$8,500	$12,000	$20,500	**$228**
Aggregate Loan Limits				
Dependent Undergraduate Student	$23,000	$7,000	$31,000	**$344**
Independent Undergraduate Student	$23,000	$34,500	$57,500	**$638**
Graduate/ Professional Student	$65,500	$73,000	$138,500	**$1,538**

The loan limits in the chart above are effective for loans first disbursed on or after July 1, 2008. The estimated monthly amounts were calculated assuming a 6.0% interest rate with no outstanding interest upon entering repayment and a standard 10-year repayment plan. Estimated payment amounts are examples only.

Interest Rates

Federal Stafford Loans first disbursed after July 1, 2006 have fixed interest rates. The rates differ based on when the loan was disbursed, whether you were an undergraduate or graduate student, and if the loan was subsidized or not. The chart below outlines the fixed interest rates. Interest rates for loans disbursed prior to July 1, 2006 can be found at www.IowaCollegeAid.gov.

Fees

Federal Stafford Loans have fees that are deducted from each loan disbursement. Some or all of these fees may be paid as a benefit to you depending on the loan program and loan provider you select. Check with your loan holder to see what benefits are available to you.

	Federal Subsidized Stafford	Federal Unsubsidized Stafford - Dependent	Federal Unsubsidized Stafford - Independent[2]
Eligible Borrowers	Dependent undergraduates Independent undergraduates Graduate & professional students	Dependent undergraduates	Independent undergraduates Graduate & professional students Dependent undergraduates whose parent was unable to obtain a PLUS loan
Need-Based	Based on financial need	Not based on financial need	Not based on financial need
Annual Loan Limits[1]	First Year: $3,500 Second Year: $4,500 Third Year: $5,500 Fourth Year: $5,500 Fifth Year: $5,500 Graduate: $8,500 **Dependent students enrolled in undergraduate or graduate preparatory coursework, or teacher certification coursework, are ineligible for additional unsubsidized Stafford loan amounts.*	First Year: $5,500 Second Year: $6,500 Third Year: $7,500 Fourth Year: $7,500 Fifth Year: $7,500 **Minus subsidized Stafford awarded*	First Year: $9,500 Second Year: $10,500 Third Year: $12,500 Fourth Year: $12,500 Fifth Year: $12,500 Graduate: $20,500 **Minus subsidized Stafford awarded*
Aggregate Limits	Undergraduates: $23,000 Graduate Students: $65,500	Undergraduates: $31,000* **Minus subsidized Stafford awarded*	Undergraduates: $57,500* Graduate Students: $138,500*[1] **Minus subsidized Stafford balances*
Interest Rate	Rate for undergraduates: Disbursed on or after July 1, 2008 = 6.0% fixed Disbursed on or after July 1, 2009 = 5.6% fixed Disbursed on or after July 1, 2010 = 4.5% fixed Disbursed on or after July 1, 2011 = 3.4% fixed *Rate for graduate & professional = 6.8% fixed*	6.8% fixed *for loans first disbursed on or after July 1, 2006*	6.8% fixed *for loans first disbursed on or after July 1, 2006*
Interest Subsidy	Interest is paid by the federal government during periods of enrollment (at least half time), the grace period, and during authorized deferments.	Interest starts to accumulate from the first loan disbursement. Interest may be paid as it accrues or added to the original balance at repayment.	Interest starts to accumulate from the first loan disbursement. Interest may be paid as it accrues or added to the original balance at repayment.
Loan Fees	**FFEL:** 1% Federal Default Fee *Some guarantors or loan holders may pay this fee on behalf of borrowers. Check with your loan holder for more information.* Origination fee for loans first disbursed on or after: July 1, 2008 = 1.0% July 1, 2009 = 0.5% July 1, 2010 = 0.0% **Direct Loan:** Origination Fee for loans first disbursed on or after: July 1, 2008 = 2.0% July 1, 2009 = 1.5% July 1, 2010 = 1.0% *Some borrowers may qualify for a 1.5% rebate.*	Same as subsidized Stafford	Same as subsidized Stafford
Repayment	Loan has a six month grace period that begins after the borrower graduates, withdraws or enrollment drops below half time. First payment is due within 60 days after the grace period ends.	Same as subsidized Stafford	Same as subsidized Stafford

[1] Annual limit amounts listed above apply to loans first disbursed on or after July 1, 2008. Increased unsubsidized Stafford aggregate loan limits are authorized for certain health profession students.

[2] A student with limited eligibility for need-based, subsidized Stafford loans may receive up to the full annual loan limit in unsubsidized Stafford loan funds.

Dependency Status

Independent students are eligible to borrow additional unsubsidized Stafford Loans. You must meet specific qualifications to be determined independent. Just because your parents have not claimed you on their taxes or aren't going to provide you with financial assistance while you are in college does not make you an independent student. The federal government considers you to be independent only if you meet one of the following criteria:

A low grade point average your first term may not meet SAP standards at your college or university. This may jeopardize your financial aid eligibility, including scholarships, grants and student loans for the next term.

IMPORTANT!

- You are at least 24 years old by December 31 of the award year.
- You are (or were until you reached 18) an orphan or ward of the court.
- You are a veteran of the U.S. Armed Forces[2].
- You are currently serving on active duty (for other than training) in the U.S. Armed Forces.
- You are working on a master's or doctorate program (such as an MA, MBA, MD, JD, PhD, EdD, or graduate certificate, etc.) at the beginning of the award year for which the FAFSA is completed.
- You were married as of the date the FAFSA was completed.
- You have at least one child who receives more than half of his or her support from you.
- You have a dependent, other than a spouse or child, who lives with you and receives more than half of his or her support from you.

[2]For the purposes of determining dependency status, a student is considered to be a veteran if he or she will meet both of the following criteria prior to the end of the award year for which the FAFSA is filed. 1) The student is engaged in active duty in the U.S. Armed Forces; is a National Guard or Reserves enlistee, who was called to active duty for purposes other than training; or was a cadet or midshipman at a service academy (even if the student withdrew before graduation); and 2) He or she was released under a condition other than dishonorable.

Maintaining Eligibility

In order to maintain your Federal Stafford Loan eligibility, you must be enrolled at least half time, attend classes, and meet Satisfactory Academic Progress (SAP) standards at your college or university. SAP standards include a maximum time frame for program completion, as well as a minimum quality standard, such as a minimum grade point average. Check your student handbook or catalog to determine the SAP standards you must meet at your college or university.

Understanding the Master Promissory Note

A signed Master Promissory Note (MPN) is a legally binding agreement to repay your student loan(s). You may complete the MPN electronically or by paper. Either way, make sure to keep a copy for your records.

The MPN can be used as a single-year or multi-year note. If you attend a college or university that uses the multi-year feature, you only have to complete one MPN as long as you use the same loan holder.

Understanding the Master Promissory Note, cont.

Keep these things in mind as you continue to borrow each year:

- You are obligated to repay all of the Stafford Loans originated under your MPN.
- You can continue to receive Stafford Loans under the same MPN for a period of ten years as long as you borrow through the same loan holder.
- You must notify your financial aid office and your loan holder if you do not want to use the multi-year feature of the MPN. If you do this, you will have to complete a new MPN each year.

Talk to your financial aid office about how the MPN is used at your college or university.


Federal Family Education Loan Program (FFELP)
Federal Stafford Loan
Master Promissory Note

Receiving Your Loan Funds

Federal regulations usually require that you receive your Stafford Loans in multiple disbursements during your enrollment period. Depending on your financial aid office's procedures, your loan funds may be disbursed either electronically or by paper check. Check with your financial aid office to learn how your loans will be disbursed.

Your Rights as a Stafford Loan Borrower

As a Stafford Loan borrower, you have certain rights and responsibilities. You have the right to:

- Cancel or reduce your loan amount.
- Prepay your loan without penalty.
- Receive a repayment period of at least five years.
- Request a graduated, income sensitive (FFEL), or income contingent (Direct) repayment schedule.
- Request, if you qualify, an extended repayment plan, depending on the loan program you borrowed through and the amount you owe on your loans when you enter repayment.
- Request a change in your repayment plan no more frequently than once a year.
- Defer your loan payments, if you qualify.
- Request a forbearance from your loan holder if you are unable to make payments and do not qualify for a deferment.
- Have your loan canceled as a result of death, or if you qualify, total and permanent disability.
- Have any questions about your student loan answered by your lender, guarantor, or the U.S. Department of Education.

FYI:

Prepaying means making payments while you are still in school and during your grace period. Once in repayment, you can pay extra in order to pay your loan off sooner.

Payments made on a subsidized Stafford Loan during in-school, grace, or deferment periods will all be applied to the principal balance since the federal government is paying the interest during those times.

You are also entitled to the following documents:

- A copy of your Notice of Loan Guarantee and Disclosure Statement.

  This disclosure statement is sent by the guarantor (FFEL) or Direct Loan Servicing Center (Direct Loan) prior to the first disbursement of each Stafford Loan that you borrow. It will tell you the loan amount that has been guaranteed, the current interest rate, any fees that are being deducted from your loan, the loan period for which you borrowed the loan, the anticipated disbursement dates, your anticipated graduation date, and the expected repayment start date.

- A copy of your repayment schedule.

  A repayment schedule is sent by your loan holder(s) prior to your first payment. You usually receive this during your grace period. It is an important document to read because it informs you of the total amount you have borrowed from your loan holder, the current interest rate, the payment amount, the number of months in repayment, the monthly payment due date, and the total amount of principal and interest you will pay if you follow the repayment schedule.

- Notification, in writing, if your loans are sold or transferred for servicing and the location to which you should send payments or correspondence changes.

- Notice when your loan is paid in full.

  You may request that your original promissory note be returned to you once your loan is paid in full. If you electronically signed your Master Promissory Note online, you can request your loan holder send you a certified original copy.

Use this folder to file all of your loan documents. When you need them, you will know right where they are!

TIP

I am not making a payment until I have to. Why in the world would I do that? I deserve to treat myself after I graduate. Besides, I will have other expenses during my grace period, like a down payment on a new car, a new wardrobe (I can't start a new job without the most up-to-date fashions), and new furniture for my apartment - IKEA here I come!

If I start working right after I graduate, I should be able to make some payments during my grace period. The sooner I get my student loan repaid, the more money I will have for the things I really want.

Your Responsibilities as a Stafford Loan Borrower

As a Stafford Loan borrower, you have many responsibilities. When you sign your student loan promissory note, you are agreeing to:

- Notify your loan holder or servicer if you change your:
    - name
    - address
    - telephone number or email address
    - employment information
    - enrollment status (i.e., you withdraw, graduate, drop to less than half-time enrollment, or transfer to a different college or university)
- Repay your loan, including interest and fees, whether or not you complete your studies, are satisfied with your education, or are unable to find employment.
- Make your loan payments on time.
- Begin making payments no later than 60 days after the end of your grace period whether you have received a repayment schedule or not. If your first payment is nearing and you have not received a payment schedule, you must immediately contact your loan holder or servicer.
- Make your monthly payments even if you do not receive a bill in the mail.
- Contact your loan holder or servicer if you are unable to make a scheduled payment. They may be able to assist you with a deferment or forbearance.
- Provide your college or university with your expected permanent address, the name and address of your expected employer, the address of your closest relative not living with you, as well as two additional personal references. This information will be required when you graduate, withdraw, or drop to less than half-time enrollment, and will be forwarded to your guarantor, loan holder, or servicer.

*For a complete list of your rights and responsibilities that pertain to your loan, refer to the copy of your original promissory note.

student loans even if you do not finish school, are unable to find a job, or are not satisfied with your education.

IMPORTANT!

Your Responsibilities

Keep in Mind~

Your student loan is your responsibility! Many new graduates forget to provide their loan holders with their new address if they move. Missing a payment because your loan holder doesn't have your correct address to send your repayment schedule or statement does not relieve you of your repayment obligation. Worse yet, you could lose eligibility for repayment incentives and your loan holder may report the past-due payment to the three national credit bureaus which can affect your ability to obtain future credit.

Wow, there is a lot to know about my student loans. One thing is for sure, I will always keep my loan holder in the loop.

All I hear is blah, blah, blah. I don't need to know this now. I will worry about repaying my loans later.

Preparing for Repayment

Graduation is an exciting time! You get to start out on your own, begin your career, and conquer the "real world." It is also an opportunity for you to establish a solid credit history. Your student loans helped you finance your education; now you can use them to build good credit. During your grace period, you should decide which repayment plan best fits your budget.

Grace Period

Your Stafford Loan will have a six-month grace period before you enter repayment. This means that your first payment will not be due until approximately six months after you stop attending school at least half time, withdraw, or graduate. This provides you time to get settled before you have to start making payments.

You have one grace period per each loan you receive while you are enrolled in school. Not enrolling for summer terms will not affect your six-month grace period as long as you return to school at least half time before the six months is up. If you take a break from school that is longer than six months, you will use the grace period on your loans, and your loans will go into repayment. If you later re-enroll in school, you should request an in-school deferment if you are enrolled at least half time. However, you won't receive another six-month grace period on your prior loans when you leave school.

Standard Repayment Plan

FFEL & Direct -Under the standard repayment plan, you repay your student loan in equal monthly payments over a period of 10 years (excluding deferment and forbearance time). The minimum payment amount is $50 per month but may be more depending on the amount you owe. Your loan holder will set you up for this plan if you do not request a different repayment plan. A standard repayment plan is most favorable because you pay less in interest over the life of the loan.

Standard Repayment Example[1]

Loan Amount $15,000
Years of Repayment.......................10
Monthly Payment Amount....$166.53
Interest Paid $4,983.69
Total Amount Paid...........$19,983.69

Choose this plan to pay the least amount over the life of the loan.

Graduated Repayment Plan

FFEL & Direct - Your monthly payment will begin low and increase gradually over the 10-year repayment period. There is no minimum monthly payment, but your payment must be high enough to cover the interest accruing each month.

While you may find your initial payments more affordable with a graduated repayment plan, you may pay more interest on your loans because lower initial principal payments result in higher interest costs.

Graduated Repayment Example[1]

Loan Amount $15,000
Years of Repayment.......................10
Monthly Payment Amount
for first 24 months................$83.27
Monthly Payment Amount
for last 24 months...............$218.71
Interest Paid $9,599.15
Total Amount Paid...........$24,599.15

You will pay $4,615.46 more over the life of the loan versus the standard plan.

Extended Repayment Plan

FFEL & Direct - This plan is available to borrowers who borrowed on or after October 7, 1998, and owe more than $30,000 in principal and accrued interest. With this plan, your payments can be level or graduated over a period up to 25 years.

Extended Repayment Example[1]

Loan Amount $30,000
Years of Repayment.......................25
Monthly Payment Amount....$193.29
Interest Paid $27,987.29
Total Amount Paid...........$57,987.29

You will pay almost double the amount your originally borrowed.

Income Sensitive Repayment Plan

FFEL only - Your monthly payments begin low and increase as your income rises. In most cases, your payment amount will be a percentage of your gross monthly income. Income sensitive repayment can be used for up to five years. You must provide proof of your income each year to determine your new payment amount.

Income Sensitive Example

Loan Amount $15,000
Estimated Annual Salary.......$23,320
Years of Repayment......................10
Monthly Income Sensitive
Payment for first 5 years......$77.73
Monthly Payment Amount
for last 5 years....................$286.31
Interest Paid $6,842.38
Total Amount Paid...........$21,842.38

You will pay $1,858.65 more over the life of the loan versus the standard plan.

Income Contingent Repayment Plan

Direct Loan only - Your monthly payment amount will be adjusted each year based on your adjusted gross income (AGI) as reported on your U.S. income tax return, your family size and the total amount of your Direct Loan debt. You must authorize the IRS to provide the U.S. Department of Education with your income amount.

Income-Based Repayment Plan

FFEL & Direct Loan - The income-based repayment plan will become available on July 1, 2009. Federal Parent PLUS Loans and consolidation loans that paid off a Federal Parent PLUS Loan do not qualify for this repayment plan. You may qualify if the annual amount due on your eligible loans exceeds 15% of your discretionary income as determined by the difference between your adjusted gross income (AGI) and 150% of the federal poverty line that corresponds to your family size and the state in which you reside. Your payment amount will be adjusted annually and will not exceed 15% of your monthly discretionary income.

Choose a Repayment Plan That is Right for You

All repayment plans have their advantages and disadvantages. Use the table below to help you select a plan that best fits within your budget. You may request a different repayment plan from your loan holder once a year. Don't be tempted to select the plan with the lowest monthly payment if you can afford to pay more. Over time, the longer you take to pay the loan, the more the loan will cost you.

	Advantages	Disadvantages
Standard Repayment	• Predictable payment schedule. • Ensures quickest payoff. • Minimizes total interest costs.	• Payments may be too high to fit within your budget if you have several high-balance loans.
Graduated Repayment	• Initial payments are more affordable. • Payments gradually increase over time.	• Pay more over the life of the loan because lower initial principal payments result in higher interest costs. • Monthly payments increase even if your income does not.
Extended Repayment	• Predictable payment schedule. • Lowers monthly payments over a longer period of time.	• Pay more over the life of the loan because lower principal payments and a longer time to pay result in higher interest costs.
Income-Sensitive Repayment (FFEL)	• Payments are structured and revised to reflect changes in income.	• Can only be used for up to five years. • Pay more over the life of the loan because lower principal payments and a longer time to pay result in higher interest costs.
Income-Contingent Repayment (Direct Loan) & Income-Based Repayment (FFEL & Direct Loan, effective July 1, 2009)	• Payments are structured and revised to reflect changes in income, family size, and loan balance. • After 25 years of payments, the remaining debt may be discharged (forgiven).	• Pay more over the life of the loan because lower principal payments and a longer time to pay result in higher interest costs. • If, after 25 years, your debt is discharged, it is considered taxable income. • If married and filing taxes jointly, both spouses' incomes are considered in the payment calculation. • If payments do not cover the interest that accrues, it may be capitalized.

[1]Examples assume loan balances are subsidized Stafford loans with a 6.0% fixed interest rate. Monthly payment amounts are estimates only. Final payment may be higher or lower than the estimated monthly payment amount. Graduated payments are calculated with the first 24 months as interest-only payments. Other graduated plans may be available through your loan holder. Income Sensitive payments are based on an annual income of $23,320 and a payment amount that equals 4% of

Repayment Chart: Standard Repayment

Repayment Chart

Use the chart below to estimate your approximate monthly payment. A standard 10-year repayment term is used for this example. Use the loan amount that is the closest to your total Stafford Loan, Perkins Loan, or Grad PLUS Loan debt. See page 34 for more information about how to obtain your outstanding loan amounts from the National Student Loan Data System (NSLDS).

To calculate a monthly payment amount for other loan balances, you can access an online payment calculator from the student section of Iowa College Aid's website at www.IowaCollegeAid.gov.

Loan Balance	# of Payments	3.40%	4.50%	5.00%	5.60%	6.00%	6.80%	7.90%	8.50%
$1,000	21 - 22	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00
$2,000	43 - 48	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00
$2,625	57 - 66	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00
$3,500	79 - 98	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00
$4,500	105 - 120	$50.00	$50.00	$50.00	$50.00	$50.00	$51.79	$54.36	$55.79
$5,000	118 - 120	$50.00	$51.82	$53.03	$54.51	$55.51	$57.54	$60.40	$61.99
$5,500	120	$54.13	$57.00	$68.34	$59.96	$61.06	$63.29	$66.44	$68.19
$6,125	120	$60.28	$63.48	$64.97	$66.78	$68.00	$70.49	$73.99	$75.94
$7,000	120	$68.89	$72.55	$74.25	$76.32	$77.71	$80.56	$84.56	$86.79
$8,000	120	$78.73	$82.91	$84.85	$87.22	$88.82	$92.06	$96.64	$99.19
$10,000	120	$98.42	$103.64	$106.07	$109.02	$111.02	$115.08	$120.80	$123.99
$11,625	120	$114.41	$120.48	$123.30	$126.74	$129.06	$133.78	$140.43	$144.13
$14,125	120	$139.02	$146.39	$149.82	$153.99	$156.82	$162.55	$170.63	$175.13
$15,000	120	$147.63	$155.46	$159.10	$163.53	$166.53	$172.62	$181.20	$185.98
$16,000	120	$157.47	$165.82	$169.70	$174.44	$177.63	$184.13	$193.28	$198.38
$17,125	120	$168.54	$177.48	$181.64	$186.70	$190.12	$197.08	$206.87	$212.33
$19,000	120	$186.99	$196.91	$201.52	$207.14	$210.94	$218.65	$229.52	$235.57
$20,000	120	$196.84	$207.28	$212.13	$218.04	$222.04	$230.16	$241.60	$247.97
$23,000	120	$226.36	$238.37	$243.95	$250.75	$255.35	$264.68	$277.84	$285.17
$24,500	120	$241.12	$253.91	$259.86	$267.11	$272.00	$281.95	$295.96	$303.76
$30,000	120	$295.25	$310.92	$318.20	$327.07	$333.06	$345.24	$362.40	$371.96
$35,125	120	$345.69	$364.03	$372.56	$382.94	$389.96	$404.22	$424.31	$435.50
$40,000	120	$393.67	$414.55	$424.26	$436.09	$444.08	$460.32	$483.20	$495.94
$46,000	120	$452.72	$476.74	$487.90	$501.50	$510.69	$529.37	$555.68	$570.33
$50,000	120	$492.09	$518.19	$530.33	$545.11	$555.10	$575.40	$604.00	$619.93
$65,500	120	$644.64	$678.83	$694.73	$714.10	$727.18	$753.78	$791.24	$812.11
$80,000	120	$787.34	$829.11	$848.52	$872.18	$888.16	$920.64	$966.40	$991.89
$100,000	120	$984.18	$1036.38	$1060.66	$1090.22	$1110.21	$1150.80	$1208.00	$1239.86
$138,500	120	$1363.09	$1435.39	$1469.01	$1509.96	$1537.63	$1593.86	$1673.08	$1717.20

What is Consolidation?

Consolidation allows you to combine existing federal student loans into a single loan with one monthly payment.

Is Consolidation Necessary?

No. There are many ways to manage your student loan repayment successfully without the need to consolidate your student loans. In fact, if all of your federal student loans are already with the same loan holder, you may find the repayment options described on pages 18 and 19 provide better options for repaying your loans while staying within your budget.

What Loans Can be Included?

Eligible loans for consolidation include:

- Federal Stafford Loans (subsidized & unsubsidized)
- Federal PLUS Loans
- Federal Perkins Loans
- Federal Direct Loans
- Federal Insured Student Loans (FISL)
- Federal Supplemental Loans (SLS)
- Health Professions Student Loans (HPSL)
- Health Education Assistance Loans (HEAL)
- Nursing Student Loans (NSL)

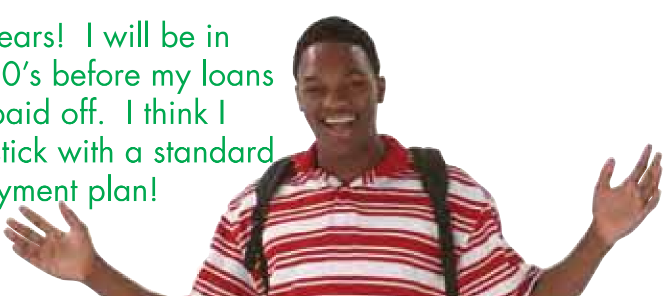
There are also certain types of education loans that cannot be consolidated - alternative or private student loans, hardship, and supplemental loans funded by your college or university, and other non-federally insured loans.

Federal Perkins Loan borrowers should carefully weigh the advantages and disadvantages of consolidating a Federal Perkins Loan (see page 26).

What is the Interest Rate?

Consolidation loan interest rates are fixed rates calculated by taking the weighted average interest rate of the loans being included in the consolidation and rounding up to the next one-eighth percent. The interest rate cannot exceed 8.25%.

30 Years! I will be in my 50's before my loans are paid off. I think I will stick with a standard repayment plan!



Consolidation Repayment

The repayment period varies based on the dollar amount of the loans being consolidated. Other education-related loan debt not included in the consolidation also may affect the maximum repayment period allowed.

Total Education Debt	Maximum Repayment Period
$5,000 - $7,499.99	10 Years
$7,500 - $9,999.99	12 Years
$10,000 - $19,999.99	15 Years
$20,000 - $39,999.99	20 Years
$40,000 - $59,999.99	25 Years
$60,000 and above	30 Years

Things to consider

Before consolidating, keep in mind the following:

- Many loan providers have stopped making consolidation loans.
- You will pay more in interest over the life of the loan if you extend your repayment period.
- You will forfeit your six-month grace period if you consolidate during your grace period.
- If you consolidate only 6.8% fixed interest rate Stafford loans, your consolidation interest rate will increase to 6.875%.
- Subsidized Stafford loans with reduced fixed interest rates will lose the lower rate if included in a consolidation with higher interest rate loans.
- You may lose repayment benefits currently offered by your Stafford Loan holder. You also may lose some deferment, loan forgiveness, or interest benefits depending on the type of loans you consolidate.

What Are My Alternatives?

Check out the options you have available on your current loans before you decide to consolidate. If your monthly payment is too high for your current income, check the other repayment options available through your current loan holder. Graduated, income sensitive (FFEL), income contingent (Direct Loan), and extended repayment plans may offer you solutions without the need to consolidate.

Other Education Loan Options

If your financial aid package, including your Stafford Loans, does not cover all of your education costs, there are additional financing opportunities to explore. While exhausting all options that don't require repayment is best, sometimes that just isn't enough. In those cases, there are other federal loan options available, including the Parent PLUS Loan (for parents of dependent students), the Grad PLUS Loan (for graduate/professional students), as well as institutional loans, and private education loans.

Federal Perkins Loans

In addition to your Stafford Loans, your financial aid package may include a Federal Perkins Loan. Participating colleges and universities act as the lender for Perkins Loans using government funds. Refer to page 26 for more information on Federal Perkins Loans.

Parent PLUS Loans

Many parents of dependent students turn to Federal Parent PLUS Loans to pay for costs not already covered by the student's financial aid package, up to the full cost of attendance. Eligibility for the Parent PLUS Loan is determined through a credit check. If a parent is denied a Parent PLUS Loan, the student becomes eligible for additional unsubsidized Stafford Loan funds. Only one parent needs to apply for and be denied a Parent PLUS Loan. However, if more than one parent applies for a Parent PLUS Loan, both must be denied before the student is eligible for the increased unsubsidized Stafford Loan amount.

FFEL Parent PLUS Loans first disbursed on or after July 1, 2006 have a fixed interest rate of 8.5%. PLUS Loans have a 3% origination fee and a 1% federal default fee, deducted from each disbursement. All or part of the federal default fee may be paid as a benefit to you depending on the loan program and loan provider you select. Check with your loan provider to see what benefits are available to you.

Repayment begins within 60 days of the loan being fully disbursed. Parent PLUS borrowers whose PLUS Loan is first disbursed on or after July 1, 2008 may request postponement of repayment while the student for whom the loan was borrowed is enrolled at least half time. The postponement includes a six-month grace period after the student ceases to be enrolled at least half time. In-school deferment is available to postpone payments for PLUS borrowers who are enrolled at least half time. Borrowers are responsible for the interest, which continues to accrue, while payments are postponed. Borrowers have up to 10 years to repay the loan, with a $50 minimum monthly payment.

Parent PLUS Loans are the financial responsibility of the parents, not the student. Many parents decide to borrow Parent PLUS Loans in order to reduce the debt burden that their son or daughter will have upon graduation.

Grad PLUS Loans

Graduate and professional students may be eligible for a Federal Grad PLUS Loan. The Grad PLUS Loan is similar to the Federal Parent PLUS Loan, except that in this case, the graduate or professional student is the borrower. Federal Grad PLUS Loans provide graduate and professional students with a low-cost alternative to private education loans. Refer to page 25 for more information on Grad PLUS Loans.

Institutional Loans

Many colleges and universities have their own institutional loans available for their students to borrow. Institutional loan terms vary by college or university. Often, donors contribute monies to these various loans, and when the borrower repays the loan, the money is directed back to the fund from which it was disbursed. The monies are then redistributed to current students as new institutional loans.

Private Education Loans

Private education loans, also known as alternative education loans, can be a useful source to help bridge the gap between the actual cost of your education and your financial aid package. Keep in mind that private loans are not federal loans. Rather, they are offered by private lenders and are a form of consumer debt. Unlike federally-insured Stafford Loans, you will have limited options for deferments and forbearances which can make your repayment difficult.

While there are many reputable private loan lenders in the marketplace, there are things you need to keep in mind.

- Don't be fooled by no-fee loans.
  You have probably heard that there is no such thing as a free lunch. There also isn't such a thing as a free loan. Zero fee loans are usually off-set with higher interest rates.
- Good credit is a must.
  In many cases, the interest rate and origination fee you will be charged is based on your credit history. You may not even know what your interest rate is going to be, or what fees you will be charged, until after you have completed the application.
- Sometimes good credit isn't enough.
  Most private loan programs require that you meet certain debt-to-income ratios. Usually, dependent undergraduate students do not meet this requirement and, therefore, must get a cosigner on the loan. While a cosigner can help you qualify for better loan terms, a cosigner is equally liable for the debt and may be responsible for the repayment of the loan obligation even in the event of the borrower's death.
- Read the small print.
  Know what you are signing. A lot of information is hidden in the small print, such as the interest rate cap, which may exceed 20%!

Oh yeah, I borrowed one of those private loans. I don't know much about it because I don't have to make payments until I graduate. No worries - like I said before - I am going to be making the big bucks when I graduate!

This is good to know, but I don't think I will need these resources. I intend to work through college and live like a college student.

Quiz: Are You Student Loan Savvy?

How Well Do You Know Your Student Loans? Take this Quiz to Find Out!

1. After the end of my grace period, I am not required to make monthly payments if:
   A. I don't receive a bill in the mail.
   B. I don't have a job.
   C. After paying for other expenses, I don't have enough to make my student loan payment.
   D. I am granted a deferment or forbearance.

2. If I am ever having problems making my student loan payments, I should:
   A. Use caller ID to avoid my loan holder. They can't make me pay if they can't find me.
   B. Call my best friend.
   C. Contact my loan holder and explain my situation.
   D. None of the above.

3. The Stafford Loan Master Promissory Note (MPN) is:
   A. A legally binding agreement.
   B. Used as both a single-year and multi-year note.
   C. Good for a 10-year period from the date I sign the MPN.
   D. All of the above.

4. I am entitled to:
   A. Cancel or reduce my loan at any time before I receive the loan funds.
   B. A deferment, if I qualify.
   C. Prepay my loan without penalty.
   D. All of the above.

5. My loan may be canceled if:
   A. I die or become totally and permanently disabled.
   B. I am not satisfied with the education I received.
   C. I don't find a job right after I graduate.
   D. I don't finish my education.

6. I should notify my lender when:
   A. I get good grades.
   B. My address changes.
   C. I declare my major.
   D. All of the above.

7. If I have a subsidized Stafford Loan, the federal government will:
   A. Make my loan interest free for the life of the loan.
   B. Pay the interest while I am enrolled at least half time, during my grace period, and during authorized periods of deferment.
   C. Pay off my loan balance if I graduate with honors.
   D. All of the above.

8. If I can't afford my monthly payment amount I should:
   A. Wait for a collection agency to contact me.
   B. Just pay whatever I can afford.
   C. Call my loan holder and explain my situation.
   D. Stop making payments.

9. I am not required to pay back my student loan if:
   A. I signed my MPN electronically. Only my actual signature is legally binding.
   B. I file bankruptcy.
   C. I accept a low-paying job.
   D. None of the above.

10. I am entitled to copies of:
    A. A notice of loan guarantee and disclosure statement.
    B. A repayment schedule.
    C. Written notification if my loan is transferred or sold and the location to which I should send payment changes.
    D. All of the above.

Answers:

1. D 2. C 3. D 4. D 5. A 6. B 7. B 8. C 9. D 10. D

How did you score?
9-10 correct: You are student loan savvy! Repayment won't be a problem for you.
7-8 correct: You are on the right track. Stay on top of your loan information, and you'll be savvy in no time.
5-6 correct: You could use a refresher course.
4 or less: You need serious student loan help!

Federal Grad PLUS Loans

Grad PLUS loans are federally-insured loans for graduate and professional students. Like the Stafford Loan, if you borrowed through the FFEL program, you will make your payments to the loan holder or servicer that holds your loan. If your loan is through the Federal Direct Loan program, payments will be made directly to the U.S. Department of Education.

Interest Rates

The interest rate on Grad PLUS loans first disbursed on or after July 1, 2006, is fixed at 8.5 percent for loans through the FFEL program and 7.9 percent for loans through the Direct Loan program. You may find current interest rates for the federal loan programs by selecting the Student Loan Quick Link on our website at www.IowaCollegeAid.gov.

Interest will begin accruing on your loan at the time of disbursement.

In-School Period

Grad PLUS loans do not have grace periods. Your first payment is due within 60 days after the loan is fully disbursed. You must pay while you are in school unless you request an In-School Deferment to postpone payments while you are enrolled at least half time. You should contact your loan holder or the Direct Loan Servicing Center to request an In-School Deferment. Although you are not required to pay the interest while you are in school, any interest you do not pay will be capitalized (added to the principal balance of your loan) once the deferment expires. Therefore, your overall debt will be lower if you are able to pay the interest as it accrues.

Repayment

The minimum monthly payment on a Federal Grad PLUS loan is $50, but may be more depending on the amount you owe. The standard repayment plan will extend your payments over a ten-year period. Other available repayment plans include graduated, income-sensitive (FFEL), and extended. Grad PLUS Loans through the Federal Direct Loan program become eligible for income-contingent repayment on July 1, 2009. Federal Direct Consolidation Loans made on or after July 1, 2006 are eligible for income-contingent repayment even if they include Grad PLUS Loans. More information about these repayment plans is available on pages 18-19 of this guide.

Deferment and Forbearance

If you need to postpone payments, contact your loan holder for deferment or forbearance options. Keep in mind that interest begins to accrue on your loan when it is disbursed and will continue to accrue during periods of deferment or forbearance. You are responsible for the interest that accrues even during periods of deferment or forbearance. If you do not pay the interest as it accrues, it will be capitalized (added to the principal balance of your loan) once the deferment expires. Information on deferment and forbearance options is available on pages 28 and 29 of this guide.

Loan Cancellation

You are generally required to repay your Grad PLUS loan with few exceptions. The instances in which your loan may be canceled include:

- Death.
- Total and permanent disability (requires certification from a physician and is subject to a conditional period of three years).
- Failure of your school to pay a refund if you withdraw.
- Inability to complete your program of study due to school closure.
- False certification by your school or a fraudulently completed loan application in your name without your approval.

Delinquency and Default

It is very important that you make your loan payments on time. If you are late on a payment, your student loan is considered delinquent. If you fail to make student loan payments for 270 days, your loan will go into default. Page 31 discusses the serious consequences of delinquency and default.

If you are having trouble making your loan payments, contact your loan holder or servicer immediately to discuss your options.

For a complete list of your rights and responsibilities that pertain to your Federal Grad PLUS Loan, refer to the copy of your original promissory note.

Federal Perkins Loan

In addition to a Stafford Loan, you may have received a Federal Perkins Loan during college. The college or university acts as the lender for Perkins Loans using government funds. Therefore, you will be making your payments to your school or its billing service.

Interest Rates

Federal Perkins Loans have fixed interest rates of 5%, which means they will never change.

Fees

There will not be any fees deducted from your loan disbursement. Late charges may apply if you are late with a scheduled payment.

Grace Period

Your Federal Perkins Loan will have a nine-month grace period before entering repayment. The grace period begins the day after you drop below half-time enrollment, withdraw, or graduate. This provides you time to get settled before you are required to start making payments.

You have one grace period for each Federal Perkins Loan you received. As long as you did not take a break from school that was longer than nine months, all of your Federal Perkins Loans should have a 9-month grace period when you leave school. If you return to school at least half-time after your initial 9-month grace period has ended and you receive an in-school deferment on your Perkins Loan, you will be eligible for a 6-month grace period after your deferment ends.

If you are a member of the Armed Forces Reserve and are called to active duty for more than 30 days, you are eligible for military extensions of the grace period for up to three years. This includes the time necessary for you to restart enrollment at the next available enrollment period.

Repayment

Federal Perkins Loans do not have repayment plan choices like Federal Stafford Loans. Your first payment will be due one month after the grace period ends. The minimum monthly payment on a Federal Perkins Loan is $40, but may be more depending on the amount you owe. Your school may be on a quarterly payment cycle which would make your minimum quarterly payment $120 every three months. The maximum repayment period is ten years and may be extended during periods of deferment or forbearance. You may pay extra on your loan during your grace period or before repayment begins without penalty. Making payments before your grace period has ended will reduce your loan amount and save you money.

Deferment and Forbearance

If you need to temporarily postpone payments on your Federal Perkins Loan, you may apply for a deferment or forbearance from your school. If you are granted a deferment, you will not be required to make payments and interest does not accrue. If your loans are put into forbearance, you may postpone or reduce your payments; however you will be responsible for the interest which will continue to accrue. Although you are not required to pay the interest as it accrues, you may request to pay it during your forbearance period.

If your Perkins Loans were made on or after July 1, 1993, you may be eligible for the following deferments:

- At least half-time enrollment in an eligible school
- Graduate fellowship deferment
- Rehabilitation training program
- Military Service
- Unemployment
- Economic hardship
- Service eligible for partial loan cancellation (outlined in the following Loan Cancellation section)

Loan Cancellation

You may be able to have all or part of your Perkins Loan canceled if you perform qualifying service in specific areas such as teaching, public service or military service. You must perform the service after the enrollment period covered by the loan. The following chart on the right has examples of conditions that may qualify for loan cancellation.

Delinquency and Default

As with Federal Stafford Loans, there are serious consequences for making your loan payments late or missing payments. Even if you skip just one Perkins Loan payment, you may be considered in default. Page 31 discusses the serious consequences of delinquency and default.

Speak with your school or its billing service at the first sign of financial trouble. You may find there are several options available to help you avoid default.

For a complete list of your rights and responsibilities pertaining to your Federal Perkins Loan, refer to the copy of your original promissory note.

Perkins Loan Discharge and Cancellation Summary Chart

Cancellation Conditions[a]	Amount Forgiven
Bankruptcy (in rare cases—cancellation is possible only if the bankruptcy court rules that repayment would cause undue hardship)	**100 percent**
Closed school (before student could complete program of study)—applies to loans received on or after Jan. 1, 1986	**100 percent**
Borrower's total and permanent disability or death[b]	**100 percent**
Full-time teacher in a designated elementary or secondary school serving students from low-income families[c]	**Up to 100 percent**
Full-time special education teacher (includes teaching children with disabilities in a public or other nonprofit elementary or secondary school)[c]	**Up to 100 percent**
Full-time qualified professional provider of early intervention services for the disabled	**Up to 100 percent**
Full-time teacher of math, science, foreign languages, bilingual education, or other fields designated as teacher shortage areas	**Up to 100 percent**
Full-time employee of a public or nonprofit child- or family-services agency providing services to high-risk children and their families from low-income communities	**Up to 100 percent**
Full-time nurse or medical technician	**Up to 100 percent**
Full-time law enforcement or corrections officer	**Up to 100 percent**
Full-time staff member in the education component of a Head Start Program	**Up to 100 percent**
Vista or Peace Corps volunteer	**Up to 70 percent**
Service in the U.S. Armed Forces	**Up to 50 percent in areas of hostilities or imminent danger**

[a] *As of Oct. 7, 1998, all Perkins Loan borrowers are eligible for all cancellation benefits regardless of when the loan was made or the terms of the borrower's promissory note. However, this benefit is not retroactive to services performed before Oct. 7, 1998.*

[b] *Total and permanent disability is defined as the inability to work and earn money because of an illness or injury that is expected to continue indefinitely or to result in death. If you are determined to be totally and permanently disabled based on a physician's certification, your loan will be conditionally discharged for up to three years. This conditional discharge period begins on the date you became totally and permanently disabled, as certified by your physician. During this conditional discharge period, you do not have to make payments on your loan(s). To qualify for a final discharge due to total and permanent disability, you must meet the following requirements during the conditional discharge period: (1) your earnings from employment must not exceed the poverty line amount for a family of two; and (2) you must not receive any additional loans under the FFEL, Direct Loan or Perkins Loan programs. If you do not continue to meet these requirements at any time during or at the end of the conditional discharge period, your loan(s) will be taken out of conditional discharge status and you must resume making payments on your loans. You cannot qualify for loan discharge based on a condition that existed before the loan was made, unless a doctor certifies that your condition substantially deteriorated after you obtained the loan. For more information on qualifying for this discharge, review your promissory note and Borrower's Rights and Responsibilities Statement or contact your loan holder.*

[c] *Detailed information on teaching service cancellation/deferment options can be found at www.FederalStudentAid.ed.gov. At the site, click on the "Students, Parents and Counselors" tab.*

Data Source : Funding Education Beyond High School, The Guide to Federal Student Aid 2008-09. U.S. Department of Education.

Deferment and Forbearance

Even with a detailed budget, once in repayment, there may be times when you are unable to make your monthly student loan payment. Deferments and forbearances allow you to temporarily postpone payments for certain situations such as if you return to school, become unemployed, or face an economic hardship.

Deferment

The federal government pays the interest on subsidized Stafford Loans during periods of authorized deferment, including the portions of a federal consolidation loan that are subsidized. For most other student loans, accruing interest is your responsibility. You can pay the interest along the way or allow it to be capitalized (added to the principal balance) at the end of the deferment.

Various deferments exist to accommodate situations that may occur over the course of your student loan repayment. The length of your deferment depends on the type of deferment for which you qualify. The chart below summarizes the various deferment options.

Form	Deferment Type	Time Limit	Stafford & SLS Loans			PLUS Loans				Consolidation Loans	
			Pre 7/1/87 Borrower	New[1] 7/1/87-6/30/93 Borrower	New[2] 7/1/93 Borrower	Loans Before 8/15/83	Pre 7/1/87 Borrower	New[1] Borrower 7/1/87-6/30/93	New[2] Borrower 7/1/93	Pre 7/1/93 Borrower[8]	New Borrower 7/1/93[9]
SCH	In-School: Full Time	None	●	●	●	●	●	●	●	●	●
	In-School: Half Time[7]	None		●	●			●	●	●	●
EDU	Graduate Fellowship	None	●	●	●	●	●	●	●	●	●
	Rehabilitation Training	None	●	●	●	●	●	●	●	●	●
	Teacher Shortage	3 Years		●							
	Internship/Residency Training	2 Years	●	●		●					
TDIS	Temporary Total Disability[3]	3 Years	●	●		●	●	●		●	
PUB	Armed Forces or Public Health Services[4]	3 Years	●	●		●					
	National Oceanic and Atmospheric Administration Corps[4]	3 Years		●							
	Peace Corps, ACTION Program and Tax-Exempt Organization Volunteer	3 Years	●	●		●					
UNEM	Unemployment	2 Years	●	●		●	●	●		●	
	Unemployment	3 Years			●				●		●
PLWM	Parental Leave[5]	6 Months	●	●							
	Mother Entering/Re-entering Work Force	1 Year		●							
HRD	Economic Hardship	3 Years			●				●		●
PLUS[6]	In-School: Full Time	None						●			
	In-School: Half Time	None						●			
	Rehabilitation Training	None				●	●	●			
MIL	Military Service[10]	None	●	●	●	●	●	●	●	●	●
	Military Active Duty Student[11]	None	●	●	●	●	●	●	●	●	●

1. "New Borrower" 7/1/87 to 6/30/93: A borrower whose first FFEL loan was made on or after July 1, 1987, and before July 1, 1993, or who had an outstanding balance on a loan obtained on or after July 1, 1987, and before July 1, 1993, when he or she obtained a loan on or after July 1, 1993, or who had no outstanding balance on a Federal Consolidation loan made before July 1, 1993, that repaid a loan first disbursed before July 1, 1987.
2. "New Borrower" 7/1/93: A borrower whose outstanding FFEL loans were all made on or after July 1, 1993, and when his or her first FFEL loan was made on or after July 1, 1993, had no outstanding FFEL loans that were made before July 1, 1993.
3. A deferment may be granted during periods when the borrower is temporarily totally disabled or during which the borrower is unable to secure employment because the borrower is caring for a dependent (including the borrower's spouse) who is temporarily totally disabled.
4. Borrowers are eligible for a combined maximum of 3 years of deferment for service in NOAA, PHS, and Armed Forces.
6. Deferment for parent borrower during which the dependent student for whom the parent obtained a PLUS loan meets the deferment eligibility requirements.
7. A borrower who received a Federal Consolidation loan before July 1, 1993, that repaid a loan made before July 1, 1987, or who had an outstanding balance on a FFEL loan obtained prior to July 1, 1987, when the Federal Consolidation loan was obtained, is eligible for in-school deferment only if the borrower attends school full-time.
8. A borrower with a Federal Consolidation loan made before July 1, 1993, or a borrower who receives a Consolidation loan on or after July 1, 1993, who has any outstanding FFEL loan(s) at the time of consolidation that was first disbursed before July 1, 1993.
9. A borrower who receives a Federal Consolidation loan made on or after July 1, 1993, who has no outstanding FFEL loans at the time of consolidation that were made on or before July 1, 1993.
10. A deferment may be granted to a borrower who is serving on active duty during a war or other military operation or national emergency (including qualifying National Guard duty).

Keep track of when you request a deferment or forbearance and follow up with your loan holder to confirm it has been received and approved.

STAY ORGANIZED!

FORBEARANCE

If you experience financial difficulties and do not qualify for a deferment, you may want to pursue forbearance options with your loan holder. Forbearance allows you to temporarily postpone your monthly payments, pay a lesser amount, or extend the time for making payments. During forbearance, you are not required to make monthly payments. However, interest will continue to accrue on both subsidized and unsubsidized Stafford Loans.

In most cases, you are not automatically entitled to forbearance; rather it is granted at the discretion of your loan holder or servicer. You may be entitled to a mandatory forbearance if you meet one of the following conditions:

- You are in an internship/residency program.
- The combined monthly payment on your federal student loans equals or exceeds 20% of your gross monthly income based on a standard 10-year repayment schedule.
- You are serving in a national service position for which you will receive a National Service Educational Award from Americorps.
- You are serving full-time at a designated low-income school to qualify for loan forgiveness under the Federal Teacher Loan Forgiveness Program.
- You are performing a service that qualifies you for partial repayment of your loans according to one of the student loan repayment programs administered by the U.S. Department of Defense.
- You are subject to a military mobilization, affected by a local or national emergency, or live in a federally designated disaster area as determined by the U.S. Department of Education.

WHAT IS THE DIFFERENCE?

Deferments and forbearances differ in the following ways:

- You are entitled to a deferment, provided you qualify and are not in default. Except for the conditions that qualify for mandatory forbearance, it is up to your loan holder to decide whether or not a forbearance will be granted.
- During a deferment, the federal government pays the interest that accrues on subsidized Stafford Loans. During forbearance, you are responsible for the interest that accrues on both subsidized and unsubsidized Stafford Loans.

Keep in Touch!

Don't avoid your loan holder if you can't make a payment. Your loan holder will work with you and your situation. A deferment or forbearance will help you avoid delinquency and keep your credit in good standing. Allowing your loan to go past due jeopardizes your credit standing because your loan holder can report the delinquent status to the three national credit bureaus.

Cancellation of Student Loans

Stafford Loan discharge and cancellation benefits are available for specific circumstances. The following chart describes conditions when Stafford Loans may be discharged or canceled. More information about eligibility for loan forgiveness and cancellation programs available through federal and state programs can be accessed from the Quick Links section of Iowa College Aid's website at www.IowaCollegeAid.gov.

		Amount Forgiven	Notes
Federal Programs	Total and permanent disability or death *(including the death of a student for whom a PLUS Loan was made)*	100%	Total and permanent disability requires a physician to certify that you are unable to work and earn money because of a condition that is expected to continue indefinitely or result in death. Death discharge requires submission of a death certificate photocopy to the loan holder.
	Full-time teacher for 5 consecutive years in a designated school serving low-income families.	Up to $5,000 of the aggregate loan amount that is outstanding after completion of the fifth year of teaching.[1 & 2] Up to $17,500 of the aggregate loan amount that is outstanding after the fifth year of teaching as a highly qualified teacher in Special Education or secondary Science or Math.[2]	Only available for loans received after 10/1/98 by a borrower with no outstanding FFEL or Direct Loan balance as of that date.
	Public Service	Remaining non-defaulted Federal Direct Loan balance that is outstanding if, after October 1, 2007, a borrower makes 120 payments on an eligible Direct Loan while employed full time in a public service job.	Qualifying employment must occur and all 120 payments must be made on or after October 1, 2007. Effective July 1, 2008, borrowers with FFEL loans can consolidate or reconsolidate loans into the Federal Direct Loan program in order to qualify.
	Bankruptcy (in rare cases)	100%	Cancellation is rare and only if the bankruptcy court rules that repayment would cause undue hardship.
	Closed school (before student could complete program of study) or false loan certification by a school, or identity theft.	100%	For loans received on or after January 1, 1986.
	School does not make required return of loan funds to the lender for a student who withdraws.	Up to the amount that the school was required to return.	For loans received on or after January 1, 1986.
	Spouses and parents of September 11, 2001 victims.	Loan amounts owed on September 11, 2001 that are still outstanding when discharge is requested.	Available to the spouse or parent of a person who died or became totally and permanently disabled (as certified by a physician) because of injuries suffered in the September 11, 2001 terrorist attacks.
State Programs	Fully licensed, full-time teacher serving in a designated teacher shortage area in Iowa.	Up to an annual maximum award of 20% of the outstanding Federal Stafford Loan balance, including principal and interest, not to exceed the average resident tuition rate established for students attending universities governed by the Iowa Board of Regents for the first year following the recipient's graduation.	Loan forgiveness is available for no more than five consecutive years for fully licensed teachers who began their first classroom teaching job in Iowa no earlier than July 1, 2007. Teachers must be employed full-time for one full year in a teacher shortage area as designated by the Iowa Department of Education.
	Registered nurses employed in Iowa and nurse educators teaching at eligible Iowa colleges and universities.	Up to an annual maximum award of 20% of the outstanding Federal Stafford Loan balance, including principal and interest, not to exceed the average resident tuition rate established for students attending universities governed by the Iowa Board of Regents for the first year following the recipient's graduation.	Loan forgiveness is available for no more than five consecutive years for recipients first employed as registered nurses and nurse educators in Iowa no earlier than July 1, 2007. Nurse educator applicants will be given priority.

[1] If your teaching service begins on or after October 30, 2004, you must also meet the definition of "highly qualified" teacher.
[2] In Iowa, "highly qualified" means to hold an endorsement in the subject area that you teach.

What is Default?

Default occurs when you become 270 days past due on a scheduled student loan payment. It is a violation of your loan obligation, and it is a **BIG DEAL**! At the point of default, your loan holder assumes that you do not intend to repay your loan and files a claim with the loan guarantor.

It Doesn't Just Happen

Default doesn't sneak up on you - it takes a while to get 9 months behind on your payments. Don't let delinquency and default ruin your credit. The most important thing you can do is keep in contact with your loan holder - they are there to help!

Consequences of Default

Defaulting on your student loans is a serious financial mistake. Like any other debt, these loans are important financial and legal obligations. Consequences of default are frightening and can include:

- A report to all national credit bureaus that your loan(s) has defaulted, which will damage your credit rating. Student loan default scores one of the worst credit ratings and ranks right up there with foreclosures, repossessions, and charge-offs.
- Loss of eligibility for further state and federal student aid if you decide to go back to school.
- Loss of eligibility for deferments, forbearances, and repayment plan options.
- A demand for immediate payment of the entire balance of your loan, plus any unpaid interest.
- Your defaulted loan account may be turned over to a collection agency.
- Assessment of collection costs of up to 25 percent of your loan's outstanding principal and interest balance.
- The possibility of being sued by your guarantor or the U.S. Department of Education.
- Withholding of federal and state income tax refunds, lottery winnings and federal Treasury payments such as Social Security payments.
- Garnishment of up to 15 percent of your disposable income.
- Loss of a professional, occupational, business, industry, recreational, and/or motor vehicle license.
- Official academic transcripts may be withheld.

Avoiding Default

With all of the assistance and repayment choices available, there is no reason to default. The key to avoiding default is to borrow responsibly, set up a budget before you go into repayment so you are prepared for your loan payment, and keep an open line of communication with your loan holder. Contact your loan holder at the first sign of trouble.

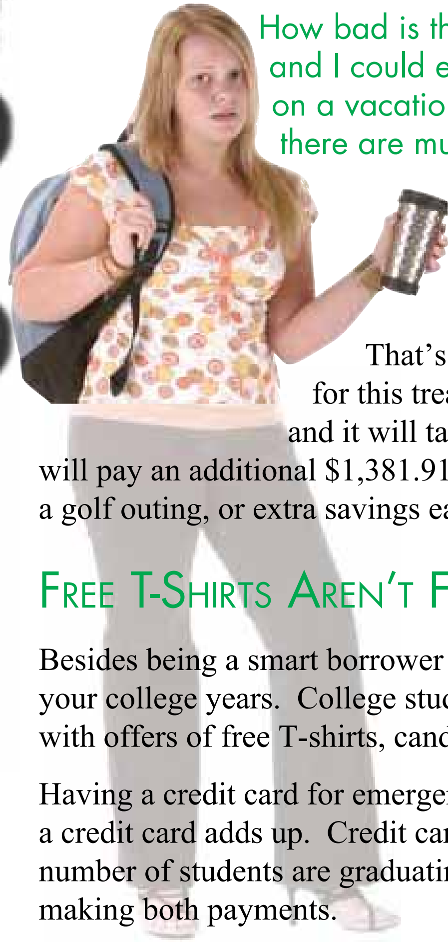
I will not let student loan and credit card debt get out of hand. That is why I am watching what I spend now!

I don't want that either, but some things, like my morning mocha and weekly eyebrow wax, are non-negotiable!

Sarah's Mocha Fix

Sarah says that having a weekly eyebrow wax and a morning mocha are non-negotiable. Let's take a look at how much her five day a week morning mocha fix really costs. Every morning on her way to class, Sarah stops for a grande cafe mocha, nonfat milk with whipped cream that costs $4.00. Not only is she short changing a healthy breakfast, but her monthly budget as well.

Daily	$4
Weekly	$20
Monthly	$87
Annually	$1,040
Cost Over Four Years of College	$4,160



How bad is that really? It's my little treat, and I could easily spend that much on a vacation after I graduate. Besides, there are much worse things I could be buying.

That's true, but think of it this way. If you are using student loan funds to pay for this treat, you just added an additional $46 to your monthly student loan payment, and it will take you 10 years to pay it off. On top of that, at a 6.0% interest rate, you will pay an additional $1,381.91 in interest alone! That extra $46 per month could be a new pair of shoes, a golf outing, or extra savings each month. Was that mocha really worth it?

Free T-Shirts Aren't Free

Besides being a smart borrower with your student loans, you also need to be a savvy consumer during your college years. College students are a huge market for credit card companies who attempt to lure you with offers of free T-shirts, candy, pizza or other gifts just for completing an application.

Having a credit card for emergencies is fine. Unfortunately, a lunch here, a pair of shoes there, charged to a credit card adds up. Credit card companies are banking on your buy now, pay later behavior. A growing number of students are graduating with high credit card debt in addition to their student loans and struggle making both payments.

Credit Reports and Credit Scores

Your credit report includes information about financial accounts you have now or have had in the past. Bankruptcies and overdue child support that are public record will also be included. Financial institutions use credit reports to decide whether or not to grant you credit.

A credit score is a numerical calculation based on all the information contained in your credit report and ranges from 300 - 900. The median score is 725. You often will hear this referred to as a FICO Score which was developed by the Fair, Isaac, and Company. This score will be used by companies to determine if you are a safe financial risk. The higher your FICO Score, the more likely you will be approved for credit, such as a car loan, at favorable interest rates.

Bankruptcy is Not an Easy Out

Student loans cannot be discharged in any chapter of bankruptcy unless you can prove that repaying the loan creates an undue hardship on you or your family. Proving hardship is very rare and usually requires showing that you can't provide a minimum standard of living for yourself and your dependents. Besides that, your credit report may include the bankruptcy information for up to 10 years, which may affect your ability to obtain future loans.

Free Credit Reports

You can request your credit report for free once a year from each of the three national credit bureaus, at www.annualcreditreport.com or by calling 877-322-8228. The three national credit bureaus are listed below.

Equifax
P.O. Box 674402
Houston, TX 77267-4402
800-759-5979
www.equifax.com

Experian
P.O. Box 1017
Allen, TX 75013
888-397-3742 or
800-682-7654
www.experian.com

Trans Union
P.O. Box 390
Springfield, PA 19064
800-888-4213
www.transunion.com

Why Does My Credit Matter?

Your credit score impacts almost every part of your life, including your ability to get a home or car loan, renting an apartment, or even employment opportunities. Some consequences of high credit card debt and a poor credit history include:

- Loss of job opportunities. Some employers will check your credit before hiring. High debt levels or a poor payment history could keep you from being offered your dream job.
- Higher interest rates. A low credit score shows that you are a high financial risk, and you will be offered higher interest rates on everything from credit cards to car loans.
- Unmanageable monthly payments. Some students get in over their heads, and in order to keep up with their credit card payments they have to work more hours, cut back on classes, or even drop out of school.

Finish Entrance Counseling

To finish Stafford Loan entrance counseling, complete and submit a copy of the attached Entrance Counseling Form to your financial aid office. Your financial aid office may have additional requirements. Check with them to determine the specific requirements at your college or university.

You Have Our Undivided Attention

Iowa College Aid is your financial aid connection. We administer state and federal scholarships and grants and guarantee federal student loans. We offer free information and services to students and families who are exploring their education financing options.

Call our Information Service Center at 877-272-4456 for help with your educational financing questions. You also will find the tools you need on our web site at www.IowaCollegeAid.gov. We want to help you make wise borrowing and credit decisions.

Tracking Your Student Loans

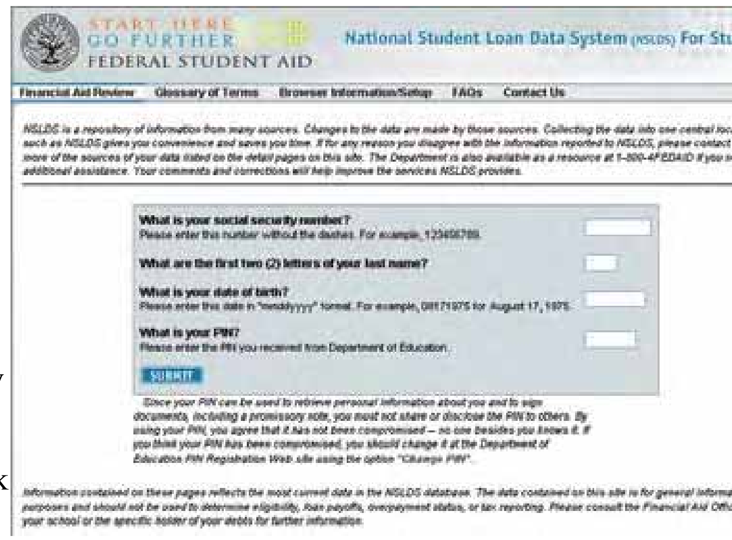
It's important for you to know your loan holder and/or loan servicers. You are responsible for tracking your student loans.

Why? Among other reasons, you will need to contact your loan holders or loan servicers to update your address when you move or to apply for deferment or forbearance. Plus, tracking your student loans will help you monitor how much you borrowed. This becomes especially important when you enter repayment, select a payment plan that is affordable for you, or decide to consolidate your student loans. The web-based system listed below makes it easy for you to track your student loans.

National Student Loan Data System (NSLDS)

The National Student Loan Data System (NSLDS) is a website supported by the U.S. Department of Education. It provides you with a summary of your federal student loans, details about your current balance and loan holder/servicer contact information.

1. Access the NSLDS web site located at http://www.nslds.ed.gov.
2. Select "Financial Aid Review".
3. Review the Privacy Act information.
4. Confirm your identity -- Login.
   Note: Your U.S. Dept. of Education issued PIN is required to access the information. If you do not have a PIN, you may request one by following the instructions on the NSLDS site.
5. Financial Aid Review -- review the summary of your federal student loans.
6. Review specific details for your loans -- click on the bullets by each loan listed.
7. Logoff when you are finished.



Iowa College Aid Online Resources

Iowa College Aid's website is a great resource to help guide you through successful repayment. In particular, several online calculators are available to help you manage your loan debt. Some of the calculators available from the student section of Iowa College Aid's website at **www.IowaCollegeAid.gov** include:

- Borrower Benefits Calculator:
  Allows you to find out how much you may be able to save if you take advantage of repayment incentives offered by your loan holder.
- Loan Debt-to-Income Calculator:
  Allows you to compare your expected income to projected monthly loan payments.
- Loan Prepayment Calculator:
  Helps you to understand how paying extra on your loan can save you money and enable you to pay off your debt obligation sooner.

Mapping Your Future

Iowa College Aid is a sponsor of Mapping Your Future, a national, collaborative, public-service project of the financial aid industry. Entrance counseling can be completed online at http://MappingYourFuture.org (no www.) The online process takes an average of 40 minutes to complete. To complete online entrance counseling collect the information listed in the box on the right and follow these steps:

1. Visit http://MappingYourFuture.org.
2. Click on the "complete Online Student Loan Counseling" link on the left side of the page.
3. Click on the "Stafford Entrance" link.
4. Follow the steps to select your school, review the content, answer questions and complete the student information form.
5. Print the confirmation page or note your confirmation number for your records.

Online Entrance Counseling:

Complete exit counseling online at http://MappingYourFuture.org (no www.)

You will need:

- Your Social Security Number.
- Your driver's license number.
- Name, address, telephone number, and employer of your next of kin, parent, and spouse (if applicable).
- Names, addresses, telephone numbers, and employers for two references residing at different addresses.
- Name, address, and telephone number for your expected employer, if known.

Federal Student Aid Ombudsman (FSA Ombudsman)

The FSA Ombudsman's office is a free resource provided by the U.S. Department of Education. They work with student loan borrowers to informally resolve disputes or problems. After you have made a reasonable attempt to resolve your problem through normal channels, the FSA Ombudsman will conduct an informal and impartial review of your complaint to determine if you have been treated fairly and to help you work with the office, agency, or company involved in the problem.

If you have problems or concerns pertaining to your student loans, your first step is to work with your loan holder, Direct Loan Servicing Center and/or guarantor. If you are unable to resolve your concerns with your loan holder, Direct Loan Servicing Center or guarantor, then you may contact the FSA Ombudsman's office; their contact information is listed below.

Ombudsman Contact Information:

U.S. Department of Education
FSA Ombudsman
830 First Street, NE
Fourth Floor
Washington, DC 20202-5144

http://ombudsman.ed.gov
Phone: 1-877-557-2575
Fax: 1-202-275-0549

Resources: ItsPaybackTime.org

Fight the Urge to Splurge!

Being in college is a fun and exciting learning experience. Whether you have recently graduated from high school or have started your college education after having life experiences under your belt, the choices you make now will impact your financial future.

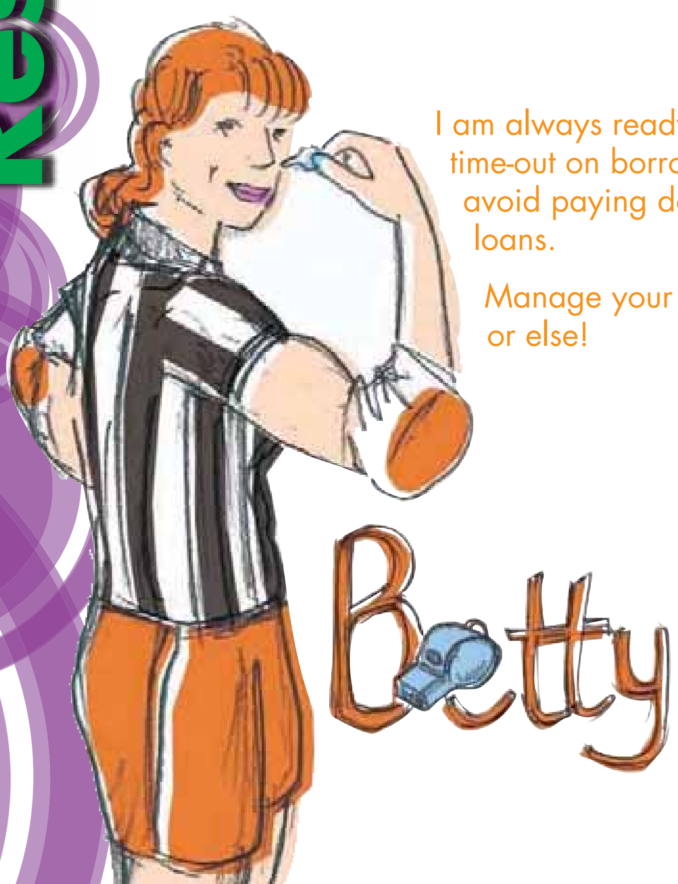
Even students who follow their budgets diligently can find themselves tempted to splurge now and then. If you find yourself tempted to make bad decisions with your money, have no fear, the Super Loan Team is here!

ItsPaybackTime.org

The members of the Super Loan Team have secret weapons to help you borrow responsibly and to understand the long-term affects of carefree spending. When tempted to take out that extra loan to use toward a new car, they can help you see if you may be doomed to a life in your parents' basement after you graduate, surviving on a diet of Doritos and stale crackers, because your loan payments are too high!

Visit www.itspaybacktime.org to learn more about borrowing wisely, money management and to meet the Super Loan Team. With their help, you will be prepared when it's payback time!

Quiz Show at
www.itspaybacktime.org



I am always ready to call a time-out on borrowers who avoid paying down their loans.

Manage your debt - or else!

Who, me??

Terms to Know

Accrued Interest: Interest calculated daily on the unpaid principal balance of your loan.

Alternative Loans: (see Private Student Loans)

Borrower: The person who signed the Promissory Note and is legally responsible for repaying the loan.

Cancellation: (also called Loan Forgiveness or Discharge) Borrowers who meet certain requirements are released from their obligation to repay all or a portion of their student loans.

Capitalized Interest: Unpaid interest that is added to the principal balance of the loan, thereby increasing the total loan balance. After capitalization, interest accrues on a higher principal balance.

Consolidation: Combining existing federal student loans into a new single loan with one monthly payment.

Cosigner: (also called an endorser) A person who signs for a loan with a borrower and assumes liability if the borrower doesn't pay.

Cost of Attendance (COA): The amount it costs to attend your college or university each year. COA includes tuition, room and board, fees, books and supplies, transportation, and personal expenses.

Credit Bureau: An agency that compiles and distributes credit and personal information to creditors. This information may include payment habits, number of credit accounts, balance of accounts, and length and place of employment.

Default: Failure to make installment payments for 270 days or meet the terms of the Promissory Note.

Default Fee: A one percent fee that is charged on student loans to help cover default costs.

Deferment: A temporary postponement of payments for borrowers who meet certain criteria. Deferments are an entitlement for qualified borrowers.

Delinquency: Failure to make installment payments by the scheduled due date.

Direct Loans: Loans made by the U.S. Department of Education under the William D. Ford Federal Direct Student Loan program.

Direct Loan Servicing Center: The Department of Education's servicer that collects Direct Loans and processes payments, deferments, forbearances, and repayment options.

Disbursement: The release of funds by the loan holder to the college or university.

Discharge: (see Cancellation)

FFEL Loans: Stafford, PLUS, and Grad PLUS Loans made by lenders participating in the Federal Family Education Loan program.

Forbearance: A temporary postponement or reduction of payments. Forbearances are granted at the loan holder's discretion. However, forbearance is an entitlement for certain qualified borrowers (i.e., medical and dental interns and residents).

FSA Ombudsman: An office of the U.S. Department of Education that works with student loan borrowers to informally resolve disputes or problems.

Grad PLUS Loans: Federal loans for graduate/professional students.

Grace Period: Six-month period of time for Federal Stafford Loans, or nine-month period of time for Federal Perkins Loans, that begins when you are no longer enrolled at least half time.

Guarantor: A state or non-profit private agency that administers the Federal Family Education Loan program in each state. The Iowa College Student Aid Commission is the state-designated guarantor for the State of Iowa.

Iowa College Student Aid Commission: The state agency that advocates for Iowa students and administers scholarship, grant, loan, and related programs to help students finance college and university education expenses. Iowa College Aid is the State of Iowa's designated guaranty agency.

Institutional Loans: Non-federally insured loans offered by a college or university.

Interest: The expense charged to the borrower for borrowing money. It is a percentage of the principal balance.

Lender: The organization that originated the loan. The lender can be your school, a bank, a credit union, other lending institution, or the U.S. Department of Education.

Loan Forgiveness: (see Cancellation)

Loan Holder: The organization that holds your student loan Promissory Note(s).

Master Promissory Note (MPN): A signed, legally binding agreement to pay your student loan(s). An MPN can be used both as a single-year or a multi-year note, which allows borrowers to receive multiple loans from the same lender for up to 10 years.

Notice of Loan Guarantee and Disclosure Statement (NOG): A document that provides proof that your loan has been guaranteed. It contains information about the interest rate, guaranteed loan amount, disbursement dates, as well as name, address, and phone number of your loan holder.

NSLDS: The National Student Loan Data System that tracks your federal student loans.

Origination Fee: A fee deducted from the loan disbursement to help offset the cost of the loan program. Some or all of the fee may be paid as a benefit to you depending on the loan program and loan provider. Check with your loan holder to see what benefits are available to you.

PLUS Loans: Loans available to parents of undergraduate students or to graduate students through the FFEL and Direct Loan programs.

Prepayment: Amount that is paid on the loan when payments are not required or any amount paid above the scheduled installment amount. There is never a penalty for prepayment of federal student loans.

Principal Balance: The total amount owed. The principal balance includes the original amount borrowed plus capitalized interest.

Private Student Loans: (also called Alternative Loans) Non-federally insured loans offered by private lenders.

Repayment Schedule: A statement provided by the loan holder prior to repayment that includes the total loan amount you have borrowed, the current interest rate, the payment amount and repayment term, the monthly payment due date, and the total amount of principal and interest you will pay if you follow the repayment schedule.

Satisfactory Academic Progress (SAP): The level of academic progress required of a student to maintain federal aid eligibility.

Secondary Market: An organization that purchases loans from lenders. Iowa Student Loan is the designated secondary market for the State of Iowa.

Servicer: A company designated to track and collect a loan on behalf of the loan provider.

Stafford Loans: Loans available to undergraduate and graduate students through the FFEL and Direct Loan programs.

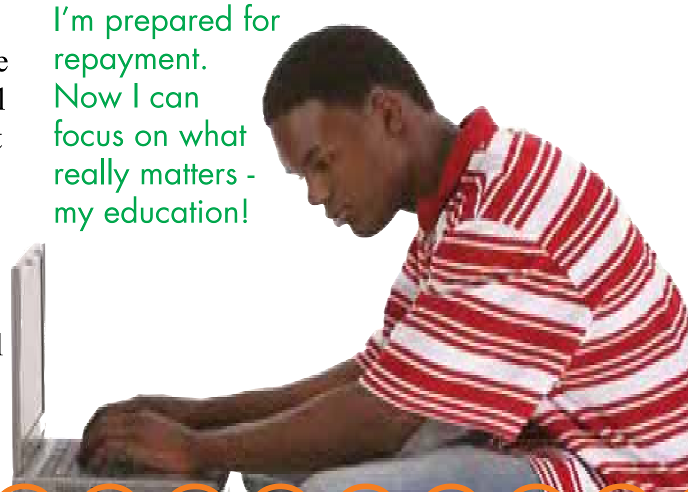
Subsidized Loans: Loans that the federal government pays the interest on your behalf while you are enrolled in school at least half time, during the grace period, and during authorized deferments.

Unsubsidized Loans: Loans that accrue interest from the date of disbursement. The borrower is responsible for repaying both the principal balance and accrued interest.

U.S. Department of Education (USDE): Oversees the Federal Family Education Loan (FFEL) program and administers the William D. Ford Federal Direct Student Loan program. The USDE sets the loan program regulations, requirements, and defines eligibility criteria for both programs.

Wage Garnishment: The withholding of up to 15% of an employee's wages to go toward a defaulted student loan.

I'm prepared for repayment. Now I can focus on what really matters - my education!



Who is Iowa College Aid?

Iowa College Aid is your financial aid connection. We help connect you with the essential resources and services you need to go to college and repay your loans. We are here for you every step of the way. When it comes to your questions, you have our undivided attention.

For more financial aid information:
Visit our website: www.IowaCollegeAid.gov
Contact us by email: info@IowaCollegeAid.gov
Contact us by phone: 877-272-4456 or 515-725-3400

IowaCollegeAid.gov
Your Financial Aid Connection

Student Loan Contact Information

School Financial Aid Office: ____________________
Address: ____________________
City, State, ZIP Code: ____________________
Phone Number: ____________________

Lender 1: ____________________
OE Code (Lender Number): ____________________
Address: ____________________
City, State, ZIP Code: ____________________
Phone Number: ____________________

Lender 2: ____________________
OE Code (Lender Number): ____________________
Address: ____________________
City, State, ZIP Code: ____________________
Phone Number: ____________________

Lender 3: ____________________
OE Code (Lender Number): ____________________
Address: ____________________
City, State, ZIP Code: ____________________
Phone Number: ____________________

Lender 4: ____________________
OE Code (Lender Number): ____________________
Address: ____________________
City, State, ZIP Code: ____________________
Phone Number: ____________________

Guarantor:
Iowa College Student Aid Commission
200 10TH ST FL 4TH
Des Moines, IA 50309-3609
877-272-4456 or 515-725-3400
Fax: 515-725-3403
www.IowaCollegeAid.gov

OR

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Direct Loan Servicing Center:
Borrower Services Department
P.O. Box 5609
Greenville, TX 75403-5609
800-848-0979
www.dlssonline.com

U.S. Department of Education
Federal Student Aid Ombudsman
830 First Street, NE
Fourth Floor
Washington, DC 20202-5144
877-557-2575
www.ombudsman.ed.gov

Notes: ____________________

Student Loan Record Chart

STUDENT LOAN RECORD CHART

	Type of Loan	Amount Borrowed*	Interest Rate	Loan Holder	Guarantor	Date Borrowed	Repaymen Start Date
1.							
2.							
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26.							

	Total Amount Borrowed

* Unsubsidized Federal Stafford Loan amounts are the amounts originally borrowed.