

# STAFFORD LOAN

ENTRANCE INTERVIEW

# MASTER PROMISSORY NOTE

- RECEIVE MULTIPLE LOANS UNDER ONE MPN UP TO 10 YEARS
- YOU MAY CANCEL OR REDUCE LOANS AT ANY TIME IN WRITING
- MAY SIGN ELECTRONICALLY OR PAPER

# SUBSEQUENT YEARS

- YOU HAVE 20 DAYS TO ACCEPT OR REJECT YOUR AID. IF YOU DO NOT RETURN THE AWARD LETTER WITH CHANGES WE WILL ASSUME THAT YOU HAVE ACCEPTED THEM AND THE LOANS WILL AUTOMATICALLY BE PROCESSED AND APPLIED TO YOUR ACCOUNT.

# STAFFORD LOANS

SUBJECT TO A 3% LOAN  
ORIGINATION FEE

$$\$1313 = \$1273.12$$

# **LOANS ARE IN YOUR NAME**

- **ONLY YOU ARE RESPONSIBLE FOR THEIR REPAYMENT**

# Stafford Loans can be:

- **SUBSIDIZED** – Government pays the interest while you are in school or in deferment.
- **UNSUBSIDIZED** – you are responsible for the interest while you are in school and in deferment

# INTEREST RATE IS 2.82%

- **LOWEST INTEREST RATE IN HISTORY**
- **FORMULA SET BY CONGRESS**
- **CHANGES EVERY JULY 1**
- **CAPPED AT 8.25%**

## ONCE LOANS ARE APPROVED

- YOU WILL RECEIVE A DISCLOSURE STATEMENT FROM NEW YORK STATE HIGHER EDUCATION SERVICES CORPORATION (HESC) AND YOUR LENDER KEEP THEM IN YOUR FOLDER

# MOST STUDENTS BORROW \$17,125 OVER FOUR YEARS

- \$2625 – FRESHMAN 0 – 23 CR. HRS.
- \$3500 – SOPHOMORE 24 – 47 CR. HRS.
- \$5500 – JUNIOR 48 – 82 CREDIT HOURS
- \$5500 – SENIOR 83 + CREDIT HOURS

ESTIMATED PAYMENTS AT 8.25% FOR  
10 YEARS IS \$208.50

**Some graduate schools look at  
your level of debt when  
considering applications for  
graduate school.**

# For STAFFORD LOANS

Everyone has a six month grace period after they graduate or leave school.

Lowest payment is \$50 per month

# PERKINS LOANS

- EVERYONE HAS A 9 MONTH GRACE PERIOD AFTER LEAVING SCHOOL OR GRADUATING
- LOWEST PAYMENT IS \$30
- INTEREST RATE ON PERKINS IS 5%

**STAYS THE SAME EVERY YEAR  
ENTRANCE INTERVIEW ALSO  
REQUIRED**

# Once repayment begins you may qualify for a **DEFERMENT OR FORBEARANCE**

- **DEFERMENT** – A BREAK FROM PRINCIPAL AND INTEREST PAYMENTS
- **FORBEARANCE** – A BREAK FROM PRINCIPAL PAYMENTS, BUT INTEREST CONTINUES TO BUILD UP

**MAKE WISE CREDIT  
DECISIONS**

**DO NOT BORROW MORE  
THAN YOU NEED**

# YOU CANNOT DISCHARGE A Stafford Loan in bankruptcy

Once you borrow a student  
loan they must be repaid

# PROTECT YOUR INFORMATION

- INCIDENTS OF IDENTITY THEFT HAVE EXPLODED IN THE LAST YEAR
- BE AWARE WHEN YOU PROVIDE YOUR NAME, PHONE NUMBER AND OTHER PERSONAL INFORMATION
- TELL YOUR FINANCIAL COMPANIES THAT YOUR INFORMATION CANNOT BE SOLD OR SHARED WITH OTHER COMPANIES

- DO NOT LEAVE ATM RECEIPTS
- GUARD YOUR PASSWORD
- DEBIT CARDS CAN BE USED AS CREDIT CARDS **WITHOUT ID** IF YOURS IS STOLEN IT ONLY TAKES MINUTES TO WIPE OUT YOUR ACCOUNT.
- COMPLETELY DESTROY ANYTHING WITH SSN OR ACCOUNT NUMBERS BEFORE YOU THROW IT AWAY.

# WATCH CREDIT CARDS

They are not bad on their own, and there are many reasons for getting a credit card, but they can be a fast track to financial ruin.

**AVOID CREDIT TRAPS**

**DO NOT GET IN OVER YOUR HEAD**

**NEED VS. WANT**

# PRINCIPALS TO HELP STAY ON TOP OF YOUR CREDITCARDS

- HOW WILL YOU PAY THE BILL WHEN IT COMES?
- WHAT BILLS DO YOU HAVE TO PAY, CAR PAYMENT, INSURANCE, PHONE BILL
- HOW MUCH DO YOU HAVE COMING IN PER WEEK OR MONTH?
- HOW MUCH DO YOU HAVE LEFT?

- PAY YOUR BALANCE EVERY MONTH
- DON'T BUY THINGS YOU CANNOT AFFORD.
- ONLY ONE CARD WITH A LOW LIMIT.
- *PAY ON TIME*
- **SOME INTEREST RATES GO UP IF YOU PAY LATE**
- **CONSIDER A DEBIT CARD INSTEAD OF A CREDIT CARD**

**\$2000 BALANCE ON A CREDIT CARD  
WITH AN INTEREST RATE OF 18.9%**

**\$32. Monthly will take 19 years to  
pay it off.**

**\$35 Monthly will take 11 years to pay  
it off**

# USEFUL WEBSITES

- [WWW.BANKRATE.COM](http://WWW.BANKRATE.COM)
  - CALCULATORS
  - HOW LONG TO PAY OFF THIS DEBT
  - HOW TO IMPROVE CREDIT
  - ADDRESSES OF CREDIT BUREAUS

- [WWW.PRIVACYRIGHTS.ORG](http://WWW.PRIVACYRIGHTS.ORG)
  - PRIVACY SURVIVAL GUIDE
  - HELP FOR VICTIMS OF IDENTITY THEFT.
- [WWW.NSLDS.ED.GOV](http://WWW.NSLDS.ED.GOV)
  - NATIONAL STUDENT LOAN DATA SYSTEM.

# If you get into trouble.

- Talk to your family – they may be willing to help
- Talk to your financial aid counselor
- Prepare to face your creditors

## Cut expenses

The deeper in debt you are the more you will have to cut expenses.

- If you owe on credit cards when you graduate you may not have enough money to make all of your payments.
- Plan wisely now make a reasonable budget and stick to it.

# TOP 10 CONSEQUENCES OF DEFAULT

- BECOME INELIGIBLE FOR ANY ADDITIONAL FINANCIAL AID
- INELIGIBLE FOR OTHER STUDENT LOAN BENEFITS, SUCH AS AUTHORIZED DEFERMENTS (IN-SCHOOL, UNEMPLOYMENT, OR ECONOMIC HARDSHIP)

- SEVERLY DAMAGE YOUR CREDIT RATING AND CAN IMPACT:
  - CAR LOANS
  - MORTGAGES
  - APARTMENT LEASE
  - CREDIT CARD
  - FUTURE SPOUSES CREDIT
- DAMAGE YOUR ABILITY TO OBTAIN CERTAIN TYPES OF EMPLOYMENT

- YOUR STATE AND FEDERAL TAX REFUNDS WILL BE WITHHELD
- YOUR SAVINGS AND CHECKING CAN BE SEIZED TO PAY YOUR STUDENT LOAN
- CAN RESULT IN THE ASSIGNMENT OF YOUR DEBT TO THE US DEPARTMENT OF EDUCATION FOR COLLECTION
- TACK ON ADDITIONAL FEES AND COURT COSTS

- YOUR EMPLOYER MAY BE REQUIRED TO WITHHOLD PART OF YOUR WAGES TO SATISFY THE DEBT.
- THERE IS **NO STATUTE OF LIMITATIONS**, WHICH MEANS YOUR OBLIGATION TO REPAY THIS LOAN WILL NOT GO AWAY.

THERE IS HELP, TALK TO YOUR LENDER OR SERVICER IF YOU HAVE TROUBLE PAYING.