

# Understanding your Rights and Responsibilities as a Student Loan Borrower

Presented by Jackie Outlaw

**Wesleyan University**  
**Class of 2012**



# Loans at Wesleyan

- **Federal:**
  - **Stafford/Direct:** in partnership with federal government;
  - **Perkins:** Wesleyan as lender in partnership with federal government
- **Institutional:** Wesleyan Loan (Wesleyan as lender)
- **Private Outside:** Signature, Signature Select, SMART, Key Alternative, Misc. (NJ Class, CTFELP, CitiAssist, MEFA, etc.). Agreement between you, lender and possibly co-borrower.

# What's in Your Packet

- Summary of loans borrowed at Wesleyan  
Stafford/Direct, Perkins, Wesleyan Loan
- Links to pages you will go to in order to complete the online  
Exit Counseling
- Other counseling materials
- Calculator Link

# Federal Direct Stafford Loan or FFEL Loan (Federal Family Education Loan)

- 6-month grace period (unless fully used while on leave)
- Repayment typically begins in November
- Loans may serviced by multiple servicers
- No penalty for early repayment
- Online Counseling for Subsidized and Unsubsidized Loans at [www.studentloans.gov](http://www.studentloans.gov)

# Department of Education Loan Servicers

- AES/PHEAA
- Great Lakes
- NelNet Inc.
- Sallie Mae

# Perkins Loans

- 9-month grace period (unless fully used while on leave; then you will have a six-month grace)
- Repayment typically begins in March
- No penalty for early repayment
- Campus Partners is University's loan servicer and all correspondence will come from them; everything available online at [www.mycampusloan.com](http://www.mycampusloan.com)

# Perkins continued....

- If payment becomes a problem, handle it immediately; much easier to prevent problem than to fix one
- Can always call Wesleyan Student Loan Office for advice
- If loan goes into default (miss three payment or more), it goes immediately to collections, which can add up to an additional 30% collection fees to the amount owed. Negative credit information goes to all 3 credit bureaus on defaulted loans.

# Perkins continued...

- Think carefully about consolidation:  
Advantage is that you will be paying back all loans to ONE lender, but:
- Will lose Perkins cancellation provisions. Perkins have loan cancellation provisions for certain career fields. More info on Campus Partners' website.



# Perkins continued...

- Exit interview process, as per the orange instruction sheet
  - Use Internet Explorer (no other browsers)
  - Laptops do not always work properly
  - There are THREE parts to the Exit – must do all 3
- Account management info, including E-Payments, address update, etc. and Misc Forms (deferment, hardship, cancellation) ALL available on Campus Partners website.

# Wesleyan Loans

- 6-month grace period (same as Staffords/Directs)
- Repayment begins in November
- Same on-line exit interview process. If you have a Perkins AND a Wes loan, you must do a separate exit for each.
- Campus Partners is University's loan servicer and all correspondence will come from them; everything available online at [www.mycampusloan.com](http://www.mycampusloan.com)
- In-school and hardship deferments available at Campus Partners web site
- Not eligible for consolidation (no private loans are; consolidation is for federal loans only)
- No penalty for early repayment
- **International Students not able to complete Exit Interview online. Paper copy will be sent.**

# Have more than one loan type?

- Different programs have different rules and there is NO cross-over communication among them
- If deferment or forbearances are requested (in-school, hardship), forms MUST be submitted to and processed for EACH LOAN TYPE

## **Default – Avoid it!!!**

- Call your lender if you have experience financial difficulties. You may qualify for a forbearance or deferment. Servicers will work with just about any situation.
- If you do nothing, a defaulted loan will cause...
  - (1) collection action
  - (2) bad credit
  - (3) Loss of eligibility for further financial aid
  - (4) Garnished Wages
  - (5) Litigation

## **Repayment Options and Calculators**

- Depending on debt levels you may be eligible for various repayment options- including options that extend repayment to 30 years and payments are dependent on your income level.

# Forbearance versus Deferment:

- **Forbearance** - A student loan forbearance is an agreement between a borrower and the lender/servicer to temporarily postpone payments, extend the timeframe for making monthly payments, or reduce the amount of monthly payments on a short-term basis. ***Interest continues to accrue during a forbearance.***
- **Deferment** - student loan deferment is a period of time during which payments are postponed. **Deferments require documentation.** There are different types of deferments for which borrowers can apply, such as in-school deferments or unemployment deferments. ***Interest accrual is suspended during a deferment.***

# Some Types of Forbearance and Deferments

## Forbearance

- Americorps (CNCS) Forbearance
- General Forbearance
- Internship/Residency Forbearance
- Loan Debt Burden Forbearance
- Teacher Loan Forgiveness Forbearance

## Deferment

- Armed Forces Deferment
- Economic Hardship Deferment
- Graduate Fellowship Program Deferment
- In School At Least Half Time Deferment (GRAD SCHOOL in September??)
- Internship/Residency Program Deferment
- Parental Leave Deferment
- Peace Corps Deferment Teacher Shortage Area Deferment
- Temporary Total Disability Deferment
- Unemployment Deferment
- Working Mother Deferment

# Bookmark this website

- National Student Loan Database ([www.nsldsfa.gov](http://www.nsldsfa.gov)): collection/tracking of all federal debt
  - In the current economy loans have been sold to various services and you may have loans with 2, 3 or even 4 servicers. This database will allow you to log-in at anytime and click on your loans from any year and receive contact information on the current servicer for that loan.
  - The Dept. of Education is attempting to streamline student loans into a common servicer based on social security number.

# IT MAY BE POSSIBLE...

## Loan Forgiveness

- Loan forgiveness options may exist for certain career field, i.e. military, law enforcement, nursing, etc. but you should check with your future employer and professional websites for more details.
- Sign up at the beginning because many will not retroactively include repayment amounts.



# Traditional Direct Consolidation Loans

- Option to put all federal student loan (FFEL, Direct, Perkins) debt in to a single loan.
  - Streamlined option will allow for single payment.
  - Current fixed interest rates will not change the amount that you owe but still may be a favorable option.
  - Opens up opportunity for Income Based Repayment- plan by which your monthly payment amount is based on your income level. Allows debt to be forgiven after 120 on time payments are made if working in certain public sectors.
    - Monthly payment amount will increase as your income increases.

# Special Direct Consolidation Loans

- Must have at least one loan owned by Department of Education (Direct Loan) and at least one eligible commercially-held FFEL Loan (Sallie, Nellie, Citizens, etc).
- You must have both a Direct Loan and FFEL to be eligible, however ONLY your FFEL Loans are eligible for consolidation under this initiative.
- The Special Direct Consolidation Loan is beneficial if you have different lenders/services for your commercially-held FFEL Loan. Loans would be serviced by one servicer, resulting in one bill and one payment.
- Opportunity to consolidate under this initiative ends on June 30, 2012.
- Department of Education would have contacted you already if you are eligible for this loan program.

# Important to Remember

## ADDRESS CHANGE

- Keep all lenders advised of any address changes. Changing your address with the university does not update it with lenders!
- Not receiving a bill is not a valid reason to not pay. e.g., if your billing statements are going to an old address and you never see them, you are still responsible for paying your loan on time. One way to resolve the invalid address problem is to sign up for electronic (email) billing.

# Important to Remember

- Do not forget about the **Perkins** Loan. While most of your other loans (Stafford, Direct, Wes Loan) go into repayment in SIX months (i.e., first payment will be due in December), the Perkins has a NINE month grace and goes into repayment in March.

# Recap...

- If you are in a financial situation where you cannot pay your loans for a period of time, **DO NOT IGNORE THE BILLS!** You can apply for deferments or forbearances that will temporarily suspend the payments. If you ignore it, you end up in a defaulted status with damage to your credit.
- **No penalty** for early repayment
- **Must complete Exit Counseling by May 11<sup>th</sup>, 2012**

# VERY IMPORTANT!!

1. Complete Required Exit Interviews by May 11, 2012
2. Settle your Student Account bill

Hold will be placed on Diploma and Transcript if  
1 & 2 are not done

**Questions ?????**

Thank you for your attention &  
**CONGRATULATIONS!!!!**

Please contact Jackie Outlaw, x3320, Margaret Neale, x2862 or Nancy McLees, x2823 for one-on-one counseling.

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# Important Links:

- [www.nsldsfa.gov](http://www.nsldsfa.gov)
- [www.studentloans.gov](http://www.studentloans.gov)
- [www.mycampusloan.com](http://www.mycampusloan.com)
- <https://loanconsolidation.ed.gov/AppEntry/apply-online/appindex.jsp#skipnav>
- [www.studentaid.ed.gov/specialconsolidation](http://www.studentaid.ed.gov/specialconsolidation)