

Addendum to the Federal Stafford Loan Master Promissory Note Federal Family Education Loan Program

The Higher Education Reconciliation Act of 2005, the College Cost Reduction and Access Act of 2007, the Ensuring Continued Access to Student Loans Act of 2008, the Higher Education Opportunity Act of 2008, and regulations issued by the U.S. Department of Education (the Department) on November 1, 2007 and October 23, 2008 changed some of the terms of Federal Stafford Loans made under the Federal Family Education Loan Program (FFELP). As a result, certain terms of the loan(s) you receive under the accompanying Federal Stafford Loan Master Promissory Note (MPN) differ from the terms in the MPN and Borrower's Rights and Responsibilities Statement.

This Addendum describes the changes made to the loan terms by the laws and regulations listed above. Your loan is subject to these changes. The changes set forth in this Addendum are incorporated into and made a part of the accompanying MPN that you sign and the Borrower's Rights and Responsibilities Statement.

- **MPN: Borrower Certifications and Authorizations.** By signing your MPN, you are certifying, under penalty of perjury, that if you have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, you have completed the repayment of such funds to the Department, or to the loan holder in the case of a Title IV federal student loan.
- **MPN: Borrower Certifications and Authorizations, Item 14E.** The first part of this item is revised to read as follows: "I request and authorize my lender to: (i) during the in-school and grace periods of any loans made under this Master Promissory Note, defer and align the repayment of principal on all of my FFELP loans, except for Federal PLUS Loans and Federal Consolidation Loans, that are in repayment status; and (ii)..."
- **MPN: Governing Law and Notices.** This item is revised to include the following statement: "Information about my loan(s) will be submitted to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by the Department."
- **Borrower's Rights and Responsibilities Statement: Item 4, Maximum Program Loan Amounts.** *Effective for loans first disbursed on or after July 1, 2008*, the annual and aggregate loan limits are as follows:

| | Subsidized | Subsidized and Unsubsidized |
|--|------------------|-----------------------------|
| Dependent Undergraduates ¹ | Annual | Total Annual |
| First Year | \$3,500 | \$5,500 |
| Second Year | \$4,500 | \$6,500 |
| Third Year and Beyond | \$5,500 | \$7,500 |
| Independent Undergraduates ² | | |
| First Year | \$3,500 | \$9,500 |
| Second Year | \$4,500 | \$10,500 |
| Third Year and Beyond | \$5,500 | \$12,500 |
| Graduate and Professional Students | \$8,500 | \$20,500 |
| | Aggregate | Total Aggregate |
| Dependent Undergraduates ¹ | \$23,000 | \$31,000 |
| Independent Undergraduates ² | \$23,000 | \$57,500 |
| Graduate and Professional Students | \$65,500 | \$138,500 |

¹ *except* students whose parents are unable to borrow under the PLUS program

² and dependents whose parents are unable to borrow under the PLUS program

- **Borrower's Rights and Responsibilities Statement: Item 7, Loan Fees.** This item is revised to read as follows: "I may be charged an origination fee and/or a federal default fee for each loan made under this MPN. Neither fee may exceed the rate as specified in the Act. If I am charged these fees, they will be deducted proportionately from each disbursement." **NOTE:** Any reference to a guarantee fee in the MPN is deemed to be a reference to the federal default fee.
- **Borrower's Rights and Responsibilities Statement: Item 8, Disbursement of Loan Money.** Loan money for students enrolled in foreign schools generally must be sent to the school and disbursed in multiple installments.
- **Borrower's Rights and Responsibilities Statement: Item 12, Repayment.** *Effective July 1, 2009*, an Income-Based Repayment Plan is available to eligible borrowers. Under this plan, the required monthly payment amount will be based on a borrower's income during any period when the borrower has a partial financial hardship. The maximum repayment period under this plan may exceed 10 years. Eligible borrowers who meet certain requirements over a 25-year period may qualify for cancellation of any outstanding balance on their loans.
- **Borrower's Rights and Responsibilities Statement: Item 13, Interest Rates.** *Effective for loans first disbursed on or after July 1, 2006*, a Federal Stafford Loan has

a fixed interest rate. However, different fixed interest rates may apply to separate loans made under the MPN depending on whether the loan is subsidized or unsubsidized, when the loan is first disbursed, and whether you are an undergraduate or graduate student. In addition, the following sentences are added: "If I qualify under the Servicemembers Civil Relief Act, the interest rate on my loans obtained prior to military service may be limited to 6% during my military service. To receive this benefit, I must contact my loan holder for information about the documentation I must provide to show that I qualify."

- **Borrower's Rights and Responsibilities Statement: Item 14, Payment of Interest.** The first sentence in this item is revised to read as follows: "My lender will, during the in-school, grace, and deferment periods and during any period in which I am on active-duty military service, postpone and align principal payments on my outstanding FFELP loans, except for Federal PLUS Loans and Federal Consolidation Loans."
- **Borrower's Rights and Responsibilities Statement: Item 15, Loan Cancellation.** The first bullet in the second paragraph is revised to read as follows: "If my school receives the money by EFT or master check and has obtained my written confirmation of the types and amounts of federal student loans that I want to receive before crediting the loan funds to my account, I may cancel all or a part of that loan by informing the school within 14 days after the date the school notifies me of my right to cancel the loan, or by the first day of the school's payment period, whichever is later. (My school can tell me the first day of the payment period.) If my school has not obtained my written confirmation of the loans I want to receive, I may cancel all or a part of the loan by informing the school within 30 days of the date the school notifies me of my right to cancel the loan. If I cancel all or a portion of a loan as described in this paragraph, my school will return the cancelled amount to my lender, and the loan fees will be eliminated or reduced in proportion to the amount returned."
- **Borrower's Rights and Responsibilities Statement: Item 16, Sale or Transfer of Loans.** The second sentence is revised to read as follows: "If ownership of a loan is transferred and the entity to which I must make payments changes, I will be notified of that entity's name, address and telephone number, the effective date of the sale or transfer, and the date when I must begin sending payments to that entity."
- **Borrower's Rights and Responsibilities Statement: Item 17, Loan Discharge.** A loan is eligible for discharge if it is determined that the borrower's eligibility for the loan was falsely certified as a result of a crime of identity theft. In addition, the second, third, and fourth sentences of the first paragraph are replaced by the following text: "My loan(s) may also be discharged if I become totally and permanently disabled as defined by the Act and meet certain other requirements."
- **Borrower's Rights and Responsibilities Statement: Item 20, Special Repayment Arrangements.** A married couple may no longer borrow a Federal Consolidation Loan as joint borrowers. A borrower may consolidate his or her FFELP loans into the William D. Ford Federal Direct Loan (Direct Loan) Program to take advantage of the public service loan forgiveness program. This program provides for the cancellation of the remaining balance due on eligible Direct Loan Program loans after the borrower has made 120 payments (after October 1, 2007) on those Direct Loans under certain repayment plans while the borrower is employed in certain public service jobs.

A borrower may also consolidate his or her FFELP loans first disbursed on or after October 1, 2008 (including Federal Consolidation Loans that repaid FFELP or Direct Loan Program loans first disbursed on or after October 1, 2008) into the Direct Loan Program to take advantage of the no accrual of interest benefit for active duty service members. No interest will be charged on the portion of a Direct Consolidation Loan that repaid FFELP or Direct Loan Program loans first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months).

The Act may provide for certain loan forgiveness or repayment benefits on a borrower's FFELP loans in addition to the benefits described in this MPN. If other forgiveness or repayment options become available, a borrower's loan holder will provide information about these benefits.
- **Borrower's Rights and Responsibilities Statement: Item 21, Deferments.** A deferment is available for a period during which a borrower is serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency, and if a borrower is serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for the qualifying service. A borrower who is a member of the National Guard or other reserve component of the U. S. Armed Forces (current or retired) and who is called or ordered to active duty while enrolled at least half time at an eligible school, or within 6 months after having been enrolled at least half time, is eligible for a deferment during the 13 months following the conclusion of the active duty service, or until the date the borrower returns to enrolled student status on at least a half-time basis, whichever is earlier.

Federal Stafford Loan Plain Language Disclosure

This Disclosure summarizes information concerning your loan. Please refer to your Federal Stafford Loan Master Promissory Note (MPN), Borrower's Rights and Responsibilities Statement, and loan-specific disclosure for the complete terms and conditions of your loan. Except as specifically stated in this Disclosure, those documents govern the terms and conditions of your loan.

Please read this Disclosure carefully, print the document if it has been delivered in an electronic form, and maintain a hard copy in a safe place. If you have questions about your loan, contact your lender.

1. General - You are receiving a Federal Stafford Loan to help cover the costs of your education. You must repay this loan. You are responsible for repaying this loan even if you are dissatisfied with your education, do not complete it, or cannot find work in your area of study. Borrow only the amount you need.

By accepting your loan proceeds, you are certifying, under penalty of perjury, that if you have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended (the Act), you have completed the repayment of such funds to the U.S. Department of Education (the Department) or to the loan holder in the case of a Title IV federal student loan.

Information about your loan(s) will be submitted to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by the Department.

2. Loan Cancellation - Before your lender sends your loan money to your school, you may cancel or reduce the amount of your loan by writing to your school or lender. After your loan money is sent to your school, you may cancel all or part of your loan by notifying your school within certain time frames. If your school has obtained your written confirmation of the types and amounts of loans you want to receive before crediting the loan funds to your account, you may cancel all or a part of that loan by informing the school within 14 days after the date the school notifies you of your right to cancel the loan, or by the first day of the school's payment period, whichever is later. If your school has not obtained your written confirmation of the loans you want to receive, you may cancel all or part of the loan by informing the school within 30 days of the date the school notifies you of your right to cancel the loan. If you cancel all or a portion of a loan as described in this paragraph, your school will return the cancelled amount to your lender, and the loan fees will be eliminated or reduced in proportion to the amount returned. You may also pay back all or a part of your loan within 120 days of the date your lender sends your loan money to your school, and your loan fees will be eliminated or reduced.

3. Federal Stafford Loan MPN - If you continue to attend a participating school located in the United States, you may receive multiple loans under the same MPN for up to 10 years. You may write to your lender to stop loans from being made under your MPN. You will need to sign a new MPN if you want to change your lender or if you transfer between a Federal Family Education Loan Program (FFELP) school and a William D. Ford Federal Direct Loan (Direct Loan) Program school.

4. Loan Amount - There are annual and total limits on the amounts you may borrow, as explained in the Borrower's Rights and Responsibilities Statement you previously received. The total amount you borrow cannot be more than these limits. Your school determines the amount you are eligible to borrow using federal guidelines. Effective for Federal Stafford Loans first disbursed on or after July 1, 2008, the annual and aggregate loan limits are as follows:

| | Subsidized | Subsidized and Unsubsidized |
|--|------------------|-----------------------------|
| Dependent Undergraduates ¹ | Annual | Total Annual |
| First Year | \$3,500 | \$5,500 |
| Second Year | \$4,500 | \$6,500 |
| Third Year and Beyond | \$5,500 | \$7,500 |
| Independent Undergraduates ² | | |
| First Year | \$3,500 | \$9,500 |
| Second Year | \$4,500 | \$10,500 |
| Third Year and Beyond | \$5,500 | \$12,500 |
| Graduate & Professional Students | \$8,500 | \$20,500 |
| | Aggregate | Total Aggregate |
| Dependent Undergraduates ¹ | \$23,000 | \$31,000 |
| Independent Undergraduates ² | \$23,000 | \$57,500 |
| Graduate and Professional Students | \$65,500 | \$138,500 |

¹ *except* students whose parents are unable to borrow under the PLUS program

² and dependents whose parents are unable to borrow under the PLUS program

5. Use of Loan Money - You may only use your loan money to pay educational expenses (e.g., tuition, room, board, books) at the school that certified your loan eligibility. If you accept this loan, your eligibility for other student assistance may be affected.

6. Origination Fee and Federal Default Fee - Federal law requires an origination fee and a federal default fee for each loan made under this MPN. (Before July 1, 2006, the federal default fee was called a guarantee fee or insurance premium.) The law specifies the maximum amount of each fee and authorizes both fees to be deducted from your loan amount.

7. Change of Status or Address - You must tell your school and/or lender if you stop attending school, no longer attend school on at least a half-time basis, or transfer to another school. You must also tell your lender any time you change your address, telephone number, e-mail address, name (e.g., maiden name to married name) or employer, or if the address or telephone number of your employer changes.

8. Repayment - You must repay the full loan amount, and all interest on your loan, generally within 10 years. You will receive a 6-month grace period that starts the day after you leave school or drop below half-time enrollment status at your school. You do not have to make payments during your grace period. You must make payments after your grace period ends according to the schedule provided by your lender. Your lender will give you the choice of a Standard Repayment Plan, a Graduated Repayment Plan, an Income-Sensitive Repayment Plan or, if you are eligible, an Extended Repayment Plan. Effective July 1, 2009, if you are eligible, you may also choose an Income-Based Repayment Plan under which your monthly payment will be based on your income during any period when you are experiencing a partial financial hardship. You may request to change your repayment plan at any time, but your lender may limit you to one such change each year. These plans are designed to give you flexibility in meeting your repayment obligation. You may make loan payments before they are required, or in amounts greater than required, at any time without penalty. When you pay back your loan in full, the current loan holder may send you a notice telling you that you have paid off your loan instead of returning the original MPN. You should keep this notice in a safe place.

9. Interest - Loans with a first disbursement on or after July 1, 2006, have a fixed interest rate that is specified in the Higher Education Act. However, different fixed interest rates may apply to loans made under the MPN depending on whether the loan is subsidized or unsubsidized, when the loan is first disbursed, and whether you are an undergraduate or graduate student. Loans made prior to July 1, 2006 have a variable interest rate that may change each year on July 1 and that will never be more

than 8.25%. Some variable interest rate loans have an interest rate that is lower during in-school, grace, and deferment periods, and higher during repayment and forbearance periods. Interest is charged on the unpaid principal amount. Interest charges begin on the date the loan is disbursed and end when the loan is paid in full. For subsidized loans, the federal government pays your interest charges while you attend school at least half time, for 6 months after the day you leave school or drop below half-time enrollment status at your school, and while you have a deferment on your loan. You must pay all other interest charges on your subsidized loan. For unsubsidized loans, you must pay all interest charges. You agree that the lender may add interest charges to your loan amount, as provided by law, if you do not make payments of interest. Since the federal government does not make any interest payments for you on unsubsidized loans, you will repay more interest on unsubsidized loans than on subsidized loans. If you qualify under the Servicemembers Civil Relief Act, the interest rate on your loans obtained prior to military service may be limited to 6% during your military service. To receive this benefit, you must contact your loan holder for information about the documentation you must provide to show that you qualify.

10. Late Charges and Collection Costs - Your lender may collect a late charge from you if you do not make any part of a payment within 15 days after it is due. Your lender may only collect one late charge for each payment, no matter how many days the payment is late. Your lender may also collect from you certain limited charges and fees involved in collecting your loan in accordance with the Department's regulations.

11. Loan Consolidation - If you are no longer enrolled in school as at least a half-time student and you are in the grace period or in the repayment period on your loan, you may be eligible to consolidate all of your eligible federal education loans into one loan. Consolidating your loans may give you up to 30 years to pay them back and may lower your monthly payments; however, you may be repaying your loans for a longer period and pay more interest. Contact your lender for more information about consolidating your loans.

12. Deferments - You do not have to make payments in certain circumstances. For example, you will not have to make payments while you are attending school at least half time or for up to 3 years while you are unemployed. A deferment is also available while you are serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency and if you are serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service. If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at least half time at an eligible school, or within 6 months of having been enrolled at least half time, you are eligible for a deferment during the 13 months following the conclusion of your active duty service, or until the date you return to enrolled student status on at least a half-time basis, whichever is earlier. This is not a complete list of available deferments. For a complete list of deferments, and all documentation and eligibility requirements, please refer to your Borrower's Rights and Responsibilities Statement and any supplemental information you may receive. The federal government pays the interest on subsidized loans during periods of deferment. You must pay the interest on unsubsidized loans during deferment periods, or it will be added to the principal amount of the loan. If interest is added to the principal amount, you will then pay interest on the larger amount. Having interest added to the principal amount of your loan may also cause your monthly payment amount to increase.

13. Forbearance - If you cannot make scheduled payments and do not qualify for a deferment, your lender may allow you to temporarily make smaller payments or temporarily stop making payments. This is called a forbearance. Interest will be charged on your loan during forbearance. The lender must grant you a forbearance in certain cases, as described in your Borrower's Rights and Responsibilities Statement.

14. Loan Discharge - Your loan will be discharged (forgiven) when (i) acceptable documentation of your death is given to your lender, (ii) you cannot complete a course of study because your school closes, (iii) your school falsely certifies your loan eligibility, (iv) a loan in your name was falsely certified as a result of a crime of identity theft, or (v) you become totally and permanently disabled and meet certain other requirements. Your loan may also be discharged up to the amount of any refund that your school should have made, but did not send to your lender. Your loan will not automatically be discharged in bankruptcy.

15. Consumer Reporting Agency Notification - Information about your loan will be reported to national consumer reporting agencies. Information will include the disbursement date, amount, and repayment status of your loan (for example, whether you are current or behind schedule in making payments).

16. Default and Acceleration - If you default on your loan, that fact will be reported to all national consumer reporting agencies. All unpaid amounts and collection fees on your loan will become immediately due and payable. You may be sued, your wages may be garnished, you may lose federal payments, and/or your tax refund may be withheld. You agree to pay reasonable collection fees and costs, plus court costs and attorney fees. You may face other serious consequences.

17. Sale or Transfer of Your Loan - Your lender may sell or assign your loan without your consent and without selling or assigning any of your other loans. The sale or transfer of your loan does not affect your rights and responsibilities with respect to the loan. If ownership of a loan is transferred and the entity to which you must make payments changes, you will be notified of that entity's name, address and telephone number, the effective date of the sale or transfer, and the date when you must begin sending payments to that entity.

18. Department of Defense Repayment Program - Under certain circumstances, military personnel may have their loan(s) repaid by the Secretary of Defense. You should address any questions you have to the local service recruiter. This is a recruiting program and generally does not pertain to prior service individuals or those not eligible for enlistment in the Armed Forces.

19. Loan Forgiveness for Public Service Employees Program - You may consolidate your FFELP loans into the Direct Loan Program to take advantage of the public service loan forgiveness program. This program provides for the cancellation of the remaining balance due on eligible Direct Loan Program loans after you have made 120 payments (after October 1, 2007) on those Direct Loans under certain repayment plans while you are employed in certain public service jobs.

20. No Accrual of Interest for Active Duty Service Members - You may consolidate your FFELP loans first disbursed on or after October 1, 2008 (including Federal Consolidation Loans that repaid FFELP or Direct Loan Program loans first disbursed on or after October 1, 2008) into the Direct Loan Program to take advantage of the no accrual of interest benefit for active duty service members. No interest will be charged on the portion of a Direct Consolidation Loan that repaid FFELP or Direct Loan Program loans first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months).

21. Other Loan Forgiveness and Repayment Benefits - The Act may provide for certain loan forgiveness or repayment benefits on your loans in addition to the benefits described in your MPN. If other forgiveness or repayment options become available, your loan holder will provide information about these benefits.