

# **CHAPTER TWO**

## **FEDERAL STAFFORD LOAN (UNSUBSIDIZED)**

### **GRACE PERIOD**

- 6 months following last date of attendance on repayment of principal only.

### **SETTING UP REPAYMENT**

- Borrower's responsibility to contact lender/servicer during 2nd month of grace period. First payment is due in the 7th month after leaving school.

**Be sure your lender/servicer is granting your grace period in addition to any deferment, economic hardship deferment or forbearance time.**

### **RATES AND REPAYMENT**

- All loans disbursed on or after 07/01/94 – variable rate, changes on 07/01, capped at 8.25%.
- Once in repayment, the previous in-school, grace or deferment rate may increase slightly.
- The repayment period for the principal of an unsubsidized Stafford begins the day after the expiration of the 6 months grace period.

### **BORROWER'S FAILURE TO SET REPAYMENT**

Any borrower who fails to set up a repayment schedule before the expiration of the grace period is responsible for accrued interest from that point until conversion to installment is complete.

### **REPAYMENT PERIOD**

Generally a lender/servicer must allow at least 5 years, but no more than 10 years, provided payment does not go below minimum payment (excludes any period of deferment or forbearance).

In addition, a new borrower on or after October 7, 1998 may select an extended repayment schedule that allows for a repayment period of up to 25 years.

<b>DEFERMENT PROVISIONS</b>	}	
<b>FORBEARANCE</b>	}	<b>See Chapter III</b>
<b>CANCELLATION</b>	}	