

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 through 06/30/2006 - variable rate changes on July 1, capped at 8.25% unless loans are included in a consolidation prior to July 1, 2006.
- All loan disbursed after July 1, 2006 through have a fixed interest rate of 6.8%.
- 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.

DEFERMENT PROVISIONS}

FORBEARANCE} See Chapter IV

CANCELLATION}