

# Borrower Rights and Responsibilities

## Responsibilities

When you borrow student loans, you have certain responsibilities. Here are a few of them:

- When you sign a Master Promissory Note (MPN), you're agreeing to repay the loan according to the terms of the note. The note is a binding legal document and states that, except in cases of discharge, you must repay the loan - even if you don't complete your education, aren't able to get a job after you complete the program, or are dissatisfied with, or don't receive the education you paid for. If you don't repay your loan on time or according to the terms in your promissory note, you may go into default, which has very serious consequences.
- You must make payments on your loan even if you don't receive a bill or repayment notice. Billing statements (or coupon books) are sent to you as a convenience, but you're obligated to make payments even if you don't receive any notice.
- If you apply for a deferment or forbearance, you must continue to make payments until you are notified that the request has been granted. If you don't, you may end up in default. You should keep a copy of any request form you submit, and you should document all contacts with the organization that holds your loan.
- You must notify the appropriate representative (school, agency, or lender) that manages your loan of changes to your name, address, or Social Security Number. If you borrow a Direct Stafford Loan, it will be managed by a servicing agent assigned by the US Department of Education.
- For Direct Stafford loans you must complete online entrance counseling before you are given your first loan disbursement, and you must complete online exit counseling before you leave school. These counseling sessions are completed at [studentloans.gov](https://studentloans.gov) and will provide you with important information about your loan. Your lender will provide you with additional information about your loan.
- You must use any loan funds that you may receive back in the form of a refund towards educational related expenses. These expenses do allow the funds to be used for books, supplies, rent, food and transportation (except for the purchase of a vehicle).
- Should you withdraw or stop attending classes during a semester, or drop below half-time status, the six month grace period on your loan will begin. If you go back to half-time status before the grace period elapses your grace period will start over.

# Rights

You have certain rights as a borrower. Listed below are some of them:

**Before your school makes your first loan disbursement, you'll receive the information about your loan from your school or lender. As a borrower you have the right to know the following information:**

- Full amount of the loan;
- Interest rate;
- When you must start repaying the loan;
- The effect borrowing will have on your eligibility for other types of financial aid;
- Complete list of any charges you must pay (loan fees) and information on how those charges are collected;
- Yearly and total amounts you can borrow;
- Maximum repayment periods and the minimum repayment amount;
- Explanation of default and its consequences;
- Explanation of available options for consolidating or refinancing your loan; and
- Statement that you can prepay your loan at any time without penalty.

**Before you leave school, you'll receive the following information about your loan from your school or lender:**

- Amount of your total debt (principal and estimated interest), what your interest rate is, and the total interest charges on your loan;
- If you have a Direct Stafford loan, the name of the loan servicer that holds your loan, where to send your payments, and where to write or call if you have questions;
- Fees you should expect during the repayment period, such as late charges and collection or litigation costs if you're delinquent or in default;
- Explanation of available options for consolidating or refinancing your loan;
- Statement that you can prepay your loan without penalty at any time;
- Current description of your loans, including the average monthly anticipated payments of students from your school;
- Description of applicable deferment, forbearance, and discharge provisions, and repayment options;
- Advice about debt management that will help you in making your payments;
- Notification that you must provide your expected permanent address, the name and address of your expected employer, the address of your next-of-kin, and any corrections to your school's records concerning your name,

Social Security number, references, and driver's license number (if you have one);

- Your right to a grace period before your repayment begins. (Your parents may not receive a grace period for a Direct PLUS Loan.) Your grace period begins when you leave school or drop below half-time status. The exact length of your grace period is shown on your promissory note;
- Loan repayment schedule from your school, lender, and/or the Direct Loan Servicing Center (as appropriate) that states when your first payment is due, the number and frequency of payments, and the amount of each payment;
- Summary of deferment, forbearance, and discharge (cancellation) provisions, including the conditions under which the U.S. Department of Defense may repay your loan.