

Repayment Information

Repayment Options

You may choose one of the repayment options described below for your Federal Consolidation Loan and will have a repayment period of 10 to 30 years depending on your student loan debt:

- Standard Payments** - This option provides standard, equal monthly payments. The final payment may be slightly larger or smaller. The length of time is based on the consolidation loan amount and other outstanding education loans that are not included in the consolidation loan. (These other outstanding education loans must have been obtained from an institution that makes loans such as banks, schools or state agencies under a private or public loan program exclusively to finance your postsecondary education. Personal loans from family or friends may not be included).

Note: You can request a repayment period that is shorter than the maximum allowed. Selecting a shorter repayment period will decrease your interest costs.
- Graduated Payments** - A graduated repayment schedule allows for payments to be smaller at the beginning of repayment, with the payments gradually increasing in stages over the course of the repayment period on the loan. Based on federal regulations, no installment may be more than three times the amount of any other installment. Selecting a graduated repayment period may increase your costs.
- Income-Sensitive Payments** - This option establishes payments annually based on your expected total monthly gross income from employment and all other sources. If you and your spouse jointly consolidate your loans, payments will be based on your total household income from all sources. If you are a FFELP borrower and have not borrowed under the Federal Direct Loan Program and you are unable to secure a consolidation loan from an eligible lender or cannot secure a consolidation loan with income-sensitive terms, you may obtain a consolidation loan from the U.S. Department of Education. Selecting an income-sensitive repayment period may increase your costs. If you select this option, you may initially be set up under a standard or graduated repayment plan as explained in Section E of the application.
- Extended Payments** - This option allows borrowers with debt in excess of \$30,000 to repay over a 25-year period. Under the other repayment options, you must have at least \$40,000 in debt to qualify for a 25-year repayment period. If you have debt in excess of \$60,000 and wish to repay over 30 years you should select one of the other repayment options.

If you do not notify your lender of your choice of payment plans or do not provide your lender with the documentation required for an income-sensitive schedule, your lender will establish a standard payment schedule.

Prior to selection of your repayment option, it is important for you to first identify the estimated total amount of your consolidation loan and secondly to calculate the interest rate based on the weighted average of the loans being consolidated. With this information, you or your lender will be able to project an estimated monthly payment amount based on the three repayment options available.

Step 1: Determine Your Consolidation Loan Amount	(1) Loans	(2) Estimated Current Balance	(3) Interest Rate	(4) Interest Factor
Column 1. Enter the loan type of each loan you want to consolidate (e.g., Subsidized Stafford, SLS, etc.).		\$		\$
Column 2. Enter the estimated current balance for each loan and total.				
Column 3. Enter the interest rate for each loan.				
Column 4. See Step 2 for instructions.				
	Total	\$		\$

Step 2: Determine Your Consolidation Loan Interest Rate	Instructions for Calculating the Weighted Average Interest Rate
<p>Except for the portion of your loan attributable to HEAL, the interest rate for your Federal Consolidation Loan will be the weighted average of the interest rate of the loans being consolidated rounded up to the nearest 1/8th percent, not to exceed 8.25 percent. Use the instructions to the right for calculating the weighted average interest rate.</p> <p>For any portion of the loan attributable to HEAL, the interest rate is variable and adjusts each July 1. The interest rate is the average of the bond equivalent rates of the 91-day Treasury Bills auctioned for the quarter ending June 30, plus 3.0%. If you have a HEAL loan included in your</p>	<p>consolidation loan, you may have up to two interest rates on the loan — fixed and variable.</p> <ol style="list-style-type: none"> Multiply each Estimated Current Balance in Column 2 by the Interest Rate in Column 3. Enter those figures in Column 4 and total. Divide the total of Column 4 by the total Estimated Current Balance (Column 2). $\frac{\\$ \text{ (Total Column 4)}}{\\$ \text{ (Total Column 2)}} = \text{ \%}$ Round this figure upward to the nearest 1/8th percent _____% (not to exceed 8.25 percent). This is the Weighted Average Interest Rate.

Standard Payments - Monthly Payment Amount			
The following table shows the maximum repayment period available based on the total of your estimated consolidation loan and other outstanding education loans.*			
Less than \$7,500	= 10 years	\$20,000 to 39,999.99	= 20 years
\$7,500 to \$9,999.99	= 12 years	\$40,000 to 59,999.99	= 25 years
\$10,000 to \$19,999.99	= 15 years	\$60,000 and above	= 30 years
<small>*You may qualify for a longer repayment period (which would reduce your monthly payment) if you have other outstanding eligible education loans not being consolidated or other education loans that are not eligible for consolidation but meet the following description: Loans must have been obtained from an institution that makes loans such as banks, schools, or state agencies under a public or private loan program exclusively to finance your postsecondary education. (Personal loans from family or friends may not be included.) If you have other outstanding education loans that are not being included in this consolidation loan, and you would like the balance(s) of the loan(s) to be used to determine the repayment period on your consolidation loan, be certain to list such loan(s) on the consolidation loan application.</small>			

Repayment Information *(continued)*

Standard Payments - Monthly Payment Amount *(continued)*

Using the estimated consolidation loan amount that you identified in Step 1 and the estimated interest rate that you calculated in Step 2, you can use the following table to determine your estimated monthly payment based on your consolidation loan amount. The repayment table provides for estimated level monthly payments for the maximum number of years identified. If you are consolidating HEAL loans, contact the consolidation lender for information on estimating your payment amount.

Principal Amount of Loan	Maximum Term (Years)	7%		8%	
		Monthly Payment	Total Interest	Monthly Payment	Total Interest
\$5,000	10	\$59	\$1,967	\$61	\$2,280
\$7,500	12	\$78	\$3,598	\$82	\$4,180
\$10,000	15	\$91	\$6,167	\$96	\$7,187
\$12,500	15	\$113	\$7,709	\$120	\$8,984
\$15,000	15	\$136	\$9,251	\$144	\$10,781
\$20,000	20	\$156	\$17,190	\$168	\$20,118
\$25,000	20	\$195	\$21,487	\$210	\$25,147
\$30,000	20	\$233	\$25,785	\$252	\$30,177
\$35,000	20	\$272	\$30,082	\$294	\$35,206
\$45,000	25	\$319	\$50,358	\$348	\$59,120
\$60,000	30	\$400	\$83,636	\$441	\$98,386

The total interest listed assumes payments received on time as scheduled.

Graduated Payments - Monthly Payment Amount

Lenders can offer a variety of graduated payment schedules provided they comply with federal regulations. Payment examples to be added to this section by the lender/guarantor.

Income-Sensitive Payments - Monthly Payment Amount

Based on the income documentation that is provided, your lender will make a reasonable determination of what your monthly payment should be. Payment examples to be added to this section by the lender/guarantor.

Extended Repayments - Monthly Payment Amount

Extended repayment in which borrowers with a debt in excess of \$30,000 may repay over a 25-year period. Under the other repayment options, you must have at least \$40,000 in debt to qualify for a 25-year repayment period. If you have debt in excess of \$60,000 and wish to repay over 30 years, you should select one of the other repayment options.

Capitalization Information

What is Capitalization?

Capitalization is a process whereby a lender adds unpaid interest to the principal balance of a loan. You are responsible for paying the interest due on your Federal Consolidation Loan from the date the lender disburses the loan proceeds to the holders of the loans consolidated, until the loan is paid in full. Depending on the loan types included in your consolidation loan, you may qualify to have the federal government pay the interest on your loan during an authorized deferment period. Any unpaid interest on your loan may be capitalized. Capitalization may occur no more frequently than quarterly.

If you are granted a deferment (and you are responsible for interest that accrues during such periods) or forbearance and you choose to defer payment and capitalize interest charges, the principal balance of your loan will increase each time your lender capitalizes unpaid interest. As a result, you will pay more interest charges over the life of the loan. When you resume repayment, your monthly payment amount will be higher or you will make more payments.

Contact your lender if you have any questions or need more information.

Capitalization Chart for Consolidation Loans at 8% interest Rate*

Loan Amount	Option 1: Interest Payment Made		Option 2: Interest Payment Deferred	
	Monthly Interest	Monthly Payment	Interest Capitalized	Monthly Payment
\$5,000	\$34.00	\$61 (120 months)	\$413	\$66 (120 months)
\$7,500	\$50.00	\$82 (144 months)	\$619	\$88 (144 months)
\$10,000	\$67.00	\$96 (180 months)	\$826	\$104 (180 months)
\$15,000	\$100.00	\$144 (180 months)	\$1,237	\$156 (180 months)
\$20,000	\$134.00	\$168 (240 months)	\$1,651	\$182 (240 months)

* This chart compares the monthly payments on loans where interest is paid while the borrower is in a deferment or forbearance status (Option 1) and loans where the interest is capitalized (Option 2). The estimate of interest capitalized in these examples is based on quarterly capitalization over a 12-month period.