



PAYING YOUR STUDENT LOAN IS SERIOUS BUSINESS

PAYING LOANS AFFECTS THE REST OF YOUR LIFE.

When Josh was beginning law school, his student loan application was denied. Although he had made payments faithfully on his Stafford Loan, he'd missed several payments on a recent car loan. Josh's family scraped the money together, but for a few scary days, his future as a lawyer seemed to be in jeopardy.

Bill and Sandy had been living with Bill's parents, saving every penny for the perfect house. They were making plans to move, but their bank turned them down for a mortgage because Bill had defaulted on a college loan and he was considered an unacceptable risk.

WHY EXIT COUNSELING MATTERS TO YOU.

Before you graduate, or if you drop below half-time attendance, regulations require you complete an exit counseling session. This session prepares you for your future by providing information about how to manage your student loans after college. Your school may direct you to complete an online exit interview.

You must pay back your loans — even if you don't complete college or find a job in your chosen field.

You're responsible for paying the amount you borrowed, the interest and fees. It's up to you to set up payments with your lender. Our goal is to give you a better understanding of your student loans and general information on

managing your personal finances. We'll also help you learn about your rights and obligations as a borrower, repayment options and the consequences of defaulting.

Your **Master Promissory Note (MPN)** is designed to make your borrowing easier. It may be used for multiple loans for 10 years or your school may ask you to sign a new MPN each year. If you change lenders, you will be required to sign a new MPN.

Create and stick to a budget

Developing a budget will help you live within your income and manage your payments. Use this worksheet or visit Smart Borrowing at HESC.org in the “Paying For College” section.

Monthly Income After Taxes	\$ _____
Monthly Expenses	
Housing	\$ _____
Telephone/Utilities	\$ _____
Student Loan Payment	\$ _____
(See Repayment Schedule)	
Food/Household Supplies	\$ _____
Transportation Costs	\$ _____
Automobile Costs	\$ _____
Gas	\$ _____
Insurance	\$ _____
Medical/Dental Insurance	\$ _____
Clothing	\$ _____
Emergency Fund Savings	\$ _____
Entertainment	\$ _____
Misc. Required Expenses	\$ _____
Total Expenses	\$ _____
Remaining Funds	\$ _____

Choose a repayment plan

After you graduate, leave school or drop below half-time enrollment, you usually have six months before you begin repaying your loan. This is called the grace period. During this grace period — but no later than 90 days before you start repayment — contact your lender to choose a repayment plan and ask any questions. You have options:

- **Standard Repayment** — You will make equal monthly payments of at least \$50 with a maximum of 10 years to repay. Although your payments may be higher than the other repayment options, you will pay less interest over the life of the loan.

- You can choose a **graduated schedule**, which starts with a low monthly payment that increases.
- You can choose an **income-sensitive schedule**, which bases your monthly payments on your income.
- You may also apply for an income-based repayment plan if you have a partial financial hardship as determined by your lender.

Once you’ve chosen an option, the lender will set up your schedule and tell you when your first payment is due.

Start repayment

- Pay your loan according to the repayment schedule.
- You can prepay part or all of your loan principal at any time without penalty, saving you money on interest. Ask your lender to apply these prepayments to your principal.
- Most lenders and servicers offer online payments or regular deductions from your checking account.

Keep in touch

- Always notify your lender in writing if you change your name, address or phone number.
- Keep copies of all correspondence in your financial aid file, which should include all paperwork relating to your loan.
- Most important, contact your lender if you’re having trouble repaying your loan.

Know where your loan is

Since you took out your student loan, your original lender may have contracted with a

servicer or sold your loan to a secondary market company. Either way, you’ll still have the same rights and responsibilities. If you have any questions, start with the institution servicing your loan or call HESC at 1-888-NYSHESC.

- Use your HescPIN to easily check your loan account status online at HESC.org.
- You can view your loan history online at the National Student Loan Data System, www.nslds.ed.gov (PIN required for access).
- If you don’t have Internet access, you can identify your loan holder by calling 1-800-4-FED-AID.

WHAT IF YOU CAN'T PAY?

If you fail to repay on time, you are *delinquent*. If you stay delinquent, and enter default, the entire loan balance becomes due. Default means trouble.

- The default will be reported to a national credit bureau and will negatively affect your credit rating for years.
- The entire unpaid amount of your loan, including interest, will become immediately due and payable.
- You may be ineligible for further student aid or other credit.
- Collection charges can be added to every payment you make.
- Your tax refunds can be seized.
- Part of your wages can be taken to pay your loan.

But none of this has to happen. If you're having problems making payments, you may be eligible for a deferment, or you and your lender may agree to a forbearance.

A **deferment** delays payment if you meet certain criteria including unemployment, rehabilitation training, economic hardship or enrollment in various academic programs.

Forbearance is an option that temporarily suspends or reduces your payments.

Another option is **loan consolidation**. If you have one or more loans — including any in default — you can combine them into one new loan with one monthly payment.

There are pros and cons to all of these actions. Visit “Manage My Loan or Grant” on HESC.org to determine what is right for you.

REPAYMENT SCHEDULE

Use this sample repayment schedule to estimate your monthly loan payment and total amount repaid. Payments are calculated using the fixed interest rate of 6.8 percent for student borrowers for loans made on or after July 1, 2006. Or calculate your repayment at HESC.org.

Sample Repayment Schedule — 6.8 percent			
Loan Amount	# of Monthly Payments	Monthly Payment	Total Finance Charge
\$1,000.00	21	\$50.65	\$63.59
2,625.00	62	50.34	394.09
3,500.00	90	49.77	978.44
6,125.00	120	70.51	2,335.35
10,000.00	120	115.12	3,812.78
20,000.00	120	230.23	7,625.98
50,000.00	120	575.56	19,065.96

Contact HESC

The HESC Advocate Unit will work with you to avoid default. They can refer you to your lender or the nearest not-for-profit New York state-licensed credit and debt counseling agency. These agencies can organize your debts, help you with a spending plan, and help you design a repayment plan you can afford.

WHAT IF YOU DEFAULT?

Even if you default on your loan, there's help:

- **HESC's Reasonable and Affordable Repayment Plan** temporarily lowers your payments.
- **Renewed Eligibility for Title IV Aid** may enable you to regain eligibility for a new student loan or other aid.
- **The Rehabilitation Loan Program** (when available) removes your loans from default and repairs your damaged credit.

Make loan payments online

You can make electronic payments on a defaulted loan quickly and easily online by visiting HESC.org.

Rights and Responsibilities Checklist

I understand that I have a right to the following:

- Written information on my loan obligations and information on my rights and responsibilities as a borrower
- A copy of my MPN either before or at the time my loan is disbursed
- A grace period and an explanation of what this means
- A disclosure statement, received before I begin to repay my loan, that includes information about interest rates, fees, the balance I owe, and the number of payments
- Deferment of repayment or forbearance for certain defined periods; if I qualify and if I request deferment or forbearance
- Prepayment of my loan in whole or in part any time without an early-repayment penalty
- Documentation that my loan is paid in full

I understand I am responsible for:

- Completing my exit counseling before I leave school or drop below half-time enrollment
- Repaying my loan even if I do not complete my academic program, I am dissatisfied with the education I received, or I am unable to find employment after I graduate
- Making monthly payments on my loan after my grace period ends, unless I have a deferment or a forbearance
- Notifying my Lender/Servicer of anything that might alter my eligibility for an existing deferment or forbearance
- Notifying my Lender/Servicer if I:
 - Move/change my address
 - Change my telephone number
 - Change my name, or
 - Change employers or my employer's address or telephone number changes



FOR MORE INFORMATION

Visit our Web site at **HESC.org**

HESC Customer Communications Center

1-888-NYSHESC • 1-888-697-4372

If you are having trouble with repayment

1-888-215-0196 • advocate@HESC.org

If you are in default

1-866-991-4372

Federal Student Aid Information

1-800-4-FED-AID • 1-800-433-3243

Ombudsman

First contact your lender or servicer to resolve repayment problems. If you feel your problem has not been resolved, you may contact:

Office of Ombudsman
Student Financial Assistance
U.S. Dept. of Education
830 1st Street, NE, 4th Floor
Washington, DC 20202-5144

1-877-557-2575

www.ombudsman.ed.gov



Your Student Aid Agency
New York State Higher Education Services Corporation
99 Washington Avenue, Albany, NY 12255
HESC.org