



The Student Loan Crisis

Perceptions of the American Public

FEBRUARY 20, 2019

Methodology

- National survey of 1,000 registered voters.
- Conducted January 3-13, 2019.
- Participants are representative of U.S. population based on gender, race, age, education and income.

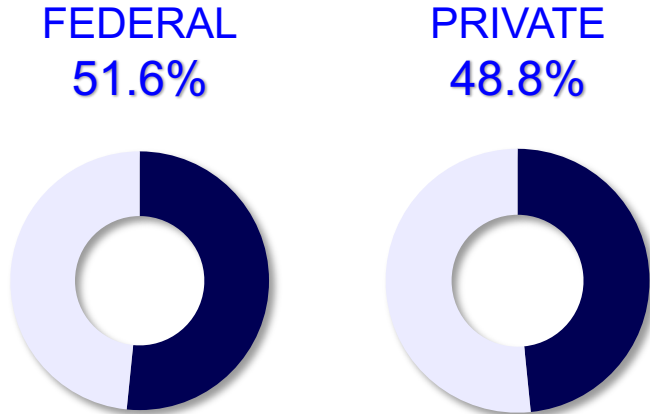


Student debt is a concern for the majority of Americans, yet it is misunderstood.

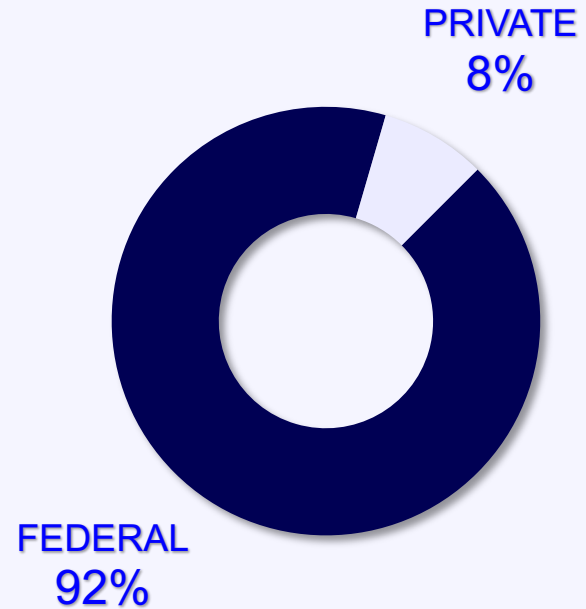
Student debt is a concern for the majority of Americans, yet it is misunderstood:

- Nearly 70% of survey participants have or know someone with student debt; more than half report worrying about it “all” or “most” of the time.
- Just 48% of those polled reported the federal government “definitely” offers student loans.

- Respondents believe student loans are largely split between federal and private loans.

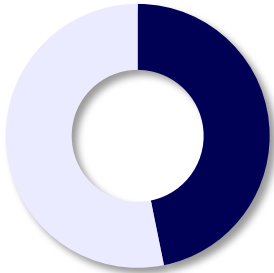


Actual Numbers:

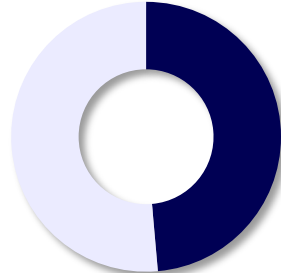


- Americans believe less than half of both private and federal student loans are being repaid successfully.

FEDERAL
45.4%

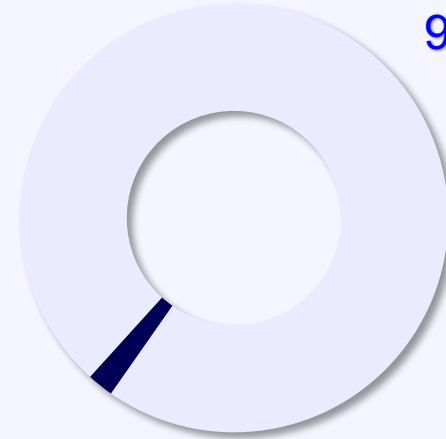


PRIVATE
48.8%



Actual repayment numbers:

PRIVATE LOAN
REPAYMENT
98%



Federal loans have a double-digit default or delinquency rate.



Here is where there is agreement...

Americans found these facts very concerning:

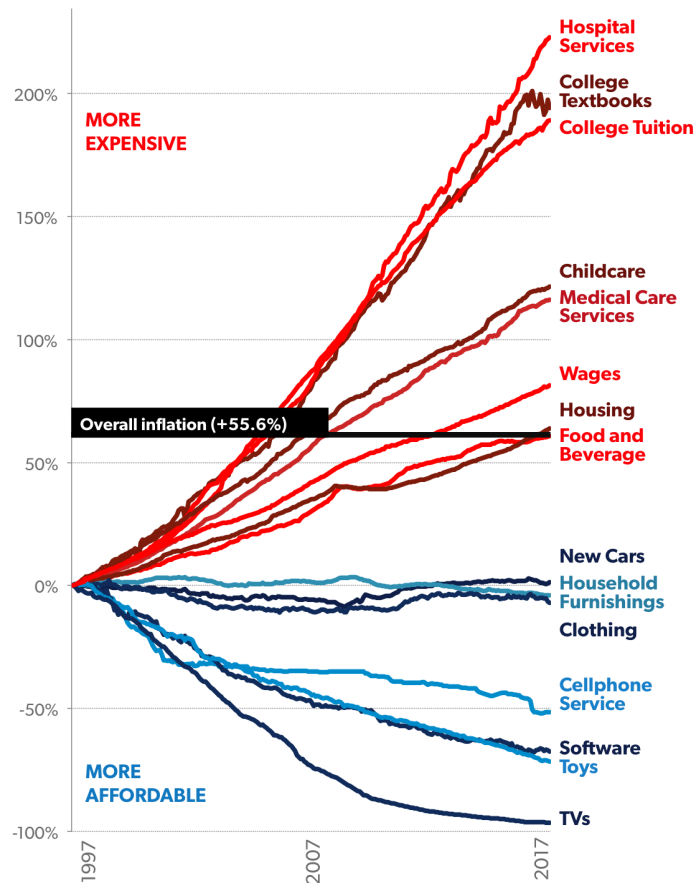
- 92% of all student loans are held by the federal government, essentially making the Department of Education the nation's fifth largest bank.
- Student loan debt is approximately \$1.5 Trillion.
- Because of virtually unlimited federal borrowing through the PLUS program, some Americans owe more than \$1 Million in student loans.

- Tuition – fueled by federal over lending – is outpacing inflation.
- Tuition rates increase up to 63 cents for every dollar in federal student aid offered.

Chart: www.aei.org ([link](#))
Source: BLS

Price changes (Jan. 1997–Dec. 2017)

Selected US Consumer Goods and Services, and Wages



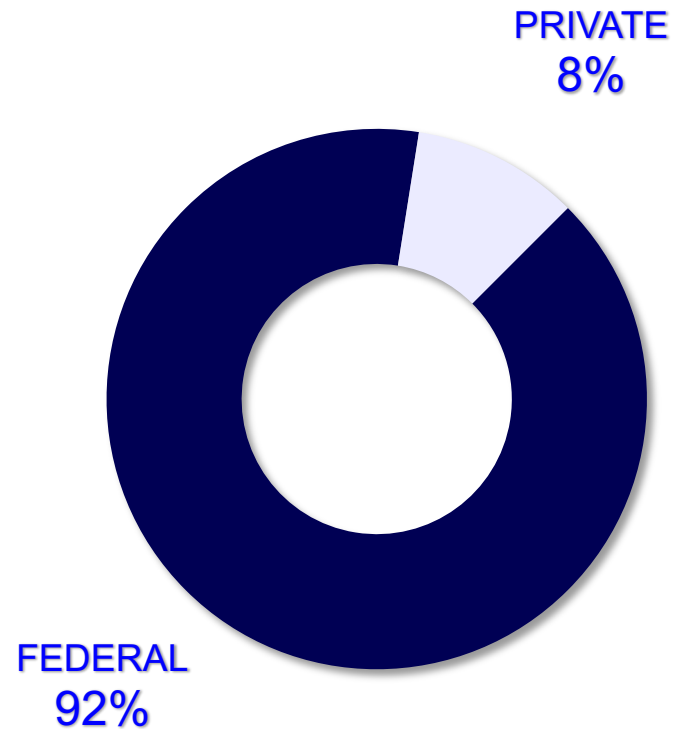
- Federal student loans to parents have more than tripled during the last 25 years and parents are allowed to take out loans without considering if they can repay the loan.
- 1 in 5 student loan borrowers in repayment is seriously delinquent or has defaulted.





Federal v. Private Student Loans

The overwhelming majority of student loans are federal loans.



Americans support common-sense reforms to improve student lending.

Borrowers Deserve Options When Financing Higher Education Goals

	FEDERAL STUDENT LOANS	PRIVATE STUDENT LOANS
Origination Fees	✓	✗
Personalized, Plain-Language Disclosures	✗	✓
Responsible Underwriting to Help Prevent Overborrowing	✗	✓
Refinancing Options to Lower Interest Rates	✗	✓
Fixed Rate Loan	✓	✓
Variable Rate Loan	✗	✓
Customizable Term Lengths at Origination	✗	✓

Americans support common-sense reforms to improve student lending.

- About 85% of those surveyed believe federal student loans should be capped at a reasonable amount that would provide access to education while preventing over-borrowing.
- 90% believe disclosures detailing important costs and terms should always be provided before a borrower takes out an education and those disclosures should always provide specific monthly payments.
- More than 60% agree the federal government should provide loans to families with the most need and allow the private market to serve families with means.



CBA Recommendations

CBA recommends:

- Increasing the availability of Pell Grants.
- Ending unlimited PLUS loan borrowing to help reduce tuition increases.

Federal student loans should be capped at a reasonable amount that would provide access to education while preventing over-borrowing.

47%

37%

strongly agree *somewhat agree*

CBA recommends:

- Implementing “Know Before You Owe” disclosures to clearly explain the terms of federal loans.

Disclosures detailing important costs and terms should always be provided before a borrower takes out an education loan.

71%

19%

strongly agree *somewhat agree*

CBA recommends:

- Implementing “Know Before You Owe” disclosures to clearly explain the terms of federal loans.

Private student loans provide clear, upfront disclosures.

II-23 Private Education Loan Final Sample

Page 1 of 2

BORROWER: Christopher Smith et al. 1430 Columbus Way Plymouth, MA 01960	CREDITOR: First ABC Bank 12345 1st St Anytown, CA 90101 (800) 555-5555	RIGHT TO CANCEL You have a right to cancel this transaction, without penalty, by midnight on August 4, 2015. No fees will be disclosed to you or to your school until after this time. You may cancel by calling us at 800-555-5555.
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Loan Rates & Estimated Total Costs

Total Loan Amount	Interest Rate	Finance Charge	Total of Payments
\$10,600.00	7.375%	\$18,541.24	\$28,541.24
<small>The total amount you are borrowing.</small>	<small>Your current interest rate.</small>	<small>The estimated dollar amount the credit will cost you.</small>	<small>The estimated amount you will have paid when you have made all payments.</small>

ITEMIZATION OF AMOUNT FINANCED	ABOUT YOUR INTEREST RATE																
<table border="1"> <tr><td>Amount paid to you</td><td>\$0.00</td></tr> <tr><td>Amount paid to others on your behalf:</td><td>+ \$10,000</td></tr> <tr><td>• ABC State University</td><td></td></tr> <tr><td>Amount Financed (Total amount provided)</td><td>= \$10,000</td></tr> <tr><td>Initial finance charges (bank):</td><td>+ \$600</td></tr> <tr><td>• Origination Fee (8000)</td><td></td></tr> <tr><td>• Loan Guarantee Fee (8000)</td><td></td></tr> <tr><td>Total Loan Amount</td><td>= \$10,600</td></tr> </table>	Amount paid to you	\$0.00	Amount paid to others on your behalf:	+ \$10,000	• ABC State University		Amount Financed (Total amount provided)	= \$10,000	Initial finance charges (bank):	+ \$600	• Origination Fee (8000)		• Loan Guarantee Fee (8000)		Total Loan Amount	= \$10,600	<p>Your rate is variable. This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the LIBOR Rate (as published in the Wall Street Journal). For more information on this rate, see referenced notes.</p> <ul style="list-style-type: none"> There is no limit on the amount the interest rate can increase. Your Annual Percentage Rate (APR) is 8.23%. The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see referenced notes. <p>FEES</p> <ul style="list-style-type: none"> Late Charge: 5% of the amount of the past due payment, or \$25, whichever is greater. Returned check charge: up to \$25. Fee when you begin repaying the loan: 3.5% of loan balance.
Amount paid to you	\$0.00																
Amount paid to others on your behalf:	+ \$10,000																
• ABC State University																	
Amount Financed (Total amount provided)	= \$10,000																
Initial finance charges (bank):	+ \$600																
• Origination Fee (8000)																	
• Loan Guarantee Fee (8000)																	
Total Loan Amount	= \$10,600																

Estimated Repayment Schedule & Terms

20 YEAR LOAN TERM	MONTHLY PAYMENTS		<p>Though your loan does not have a maximum interest rate, an example rate of 25% has been used for comparative purposes.</p> <p>The estimated Total of Payments if your rate rises to 25% would be \$154,000. Your total of Payments will be higher if rate increase above 25%.</p>
	at 7.375% the current interest rate of your loan	No Maximum Rate example at 25%	
Sept. 1, 2000 - Oct. 31, 2013 disbursement period	No payment required \$2,759.67 in interest will accrue during this time.	No payment required Interest will accrue during this time.	
Nov. 1, 2013 - Sept. 30, 2033 240 monthly payments	\$118.93	\$645.41 <small>(Your payments will be higher if the rate increases above 25%)</small>	
Oct. 1, 2033 1 monthly payment	\$116.97	\$674.63 <small>(Your payments will be higher if the rate increases above 25%)</small>	

REFERENCE NOTES

Variable Interest Rate: <ul style="list-style-type: none"> Your loan has a variable interest rate that is based on a publicly available index, the London Interbank Offered Rate (LIBOR), which currently is 3.75%. Your rate is calculated each month by adding a margin of 5% to the LIBOR. The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate and whether you defer (postpone) payments until it is due. The rate will not increase more than once a month, but there is no limit on the amount that the rate could increase at one time. Your rate will never exceed 25%. If the Interest Rate increases your monthly payments will be higher. 	Payment Options: <ul style="list-style-type: none"> Although you elected to postpone payments, you can still make payments while you are in school. You can also choose to change your deferral choice to: Pay Interest Only, or Make Full Payments. More information about repayment deferral or forbearance options is available in your loan agreement.
Bankruptcy Limitations <ul style="list-style-type: none"> If you file for bankruptcy you may still be required to pay back this loan. 	Repayments: <ul style="list-style-type: none"> If you pay the loan off early, you will not have to pay a penalty. You will not be entitled to a refund of part of this finance charge. <p>See your loan agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment, refunds and penalties.</p>

Direct Loans

Federal Direct Stafford/Ford Loan Federal Direct Unsubsidized Stafford/Ford Loan Master Promissory Note William D. Ford Federal Direct Loan Program

OMB No. 1845-0047
Form Approved
EOL 4/99 02/28/2016

Warning: Any person who knowingly makes a false statement or misrepresentation on this form or any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

SECTION A: BORROWER INFORMATION – READ THE INSTRUCTIONS IN SECTION G BEFORE COMPLETING THIS SECTION

1. Driver's License State and No. _____ 2. Social Security No. _____

3. E-mail Address (optional) _____ 5. Date of Birth (mm-dd-yyyy) _____

4. Name and Permanent Address (see instructions) _____

6. Area Code/Telephone No. _____

7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

Name	1.	2.
Permanent Street Address		
City, State, Zip Code		
E-Mail Address (optional)		
Area Code/Telephone No.		
Relationship to Borrower		

SECTION B: SCHOOL INFORMATION – TO BE COMPLETED BY THE SCHOOL

8. School Name and Address _____

_____ 9. School Code/Branch _____ 10. Identification No. _____

SECTION C: BORROWER REQUEST, CERTIFICATIONS, AUTHORIZATIONS, AND UNDERSTANDINGS – READ CAREFULLY BEFORE SIGNING BELOW

11. This is a Master Promissory Note (MPN) for one or more Federal Direct Stafford (Direct Subsidized) Loans and/or Federal Direct Unsubsidized Stafford (Direct Unsubsidized) Loans. I request a total amount of Direct Subsidized Loans and/or Direct Unsubsidized Loans under this MPN not to exceed the allowable maximums under the Act ("the Act" is defined in Section E under Governing Law). My school will notify me of the loan type and loan amount that I am eligible to borrow. Within certain timeframes, I may cancel a loan or request a lower amount by contacting my school, or by refusing to accept or returning all or a portion of a loan disbursement that is made to me. The Borrower's Rights and Responsibilities Statement that accompanies this MPN and the disclosure statements that will be provided to me contain additional information about my right to cancel a loan or request a lower amount.
12. Under penalty of perjury, I certify that:
- A. The information I have provided on this MPN and as updated by me from time to time is true, complete, and correct to the best of my knowledge and belief and is made in good faith.
 - B. I will use the proceeds of loans made under this MPN for authorized educational expenses that I incur, and I will immediately repay any loan proceeds that cannot be attributed to educational expenses for attendance on at least a half-time basis at the school that certified my loan eligibility.
 - C. If I owe an overpayment on a Federal Perkins Loan, Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent (SMART) Grant, or Leveraging Educational Assistance Partnership Grant, I have made satisfactory arrangements to repay the amount owed.
 - D. If I am in default on any loan I received under the Federal Perkins Loan Program (including National Direct Student Loans), the William D. Ford Federal Direct Loan Program, or the Federal Family Education Loan (FFEL) Program, I have made satisfactory repayment arrangements with the loan holder to repay the amount owed.
 - E. If I have been convicted of, or if I have pled *nolo contendere* (no contest) or guilty to, a crime involving fraud in obtaining funds under Title IV of the Higher Education Act of 1965, as amended, (HEA), I have fully repaid the funds to the U.S. Department of Education (ED) or to the loan holder in the case of a Title IV federal student loan.
13. For each Direct Subsidized Loan and Direct Unsubsidized Loan I receive under this MPN:
- A. I authorize my school to certify my eligibility for the loan.
 - B. I authorize my school to credit my loan proceeds to my student account at the school, and to pay to ED any refund that may be due up to the full loan amount.
 - C. I authorize ED to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
 - D. I authorize ED to defer repayment of principal on my loan while I am enrolled at least half-time at an eligible school, unless I notify ED differently.
 - E. I authorize my schools, ED, and their agents and contractors to release information about my loan to the references on the loan and to my immediate family members unless I submit written directions otherwise.
 - F. I authorize my schools, ED, and their agents and contractors to share information about my loan with each other.
 - G. I authorize my schools, ED, and their agents and contractors to contact me regarding my loan requests or my loans, including repayment of my loan, at the number that I provide on this MPN or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.
14. I understand that:
- A. ED will give me the opportunity to pay the interest that accrues on each loan made under this MPN during grace, in-school, deferment (including in-school deferment), forbearance, and other periods as provided under the Act. If I do not pay the interest that accrues during these periods, ED may add unpaid interest that accrues on each loan made under this MPN to the principal balance of that loan (this is called "capitalization") at the end of the grace, deferment, forbearance, or other period. Capitalization will increase the principal balance on my loan and the total amount of interest I must pay.
 - B. ED has the authority to verify information reported on this MPN with other federal agencies.

SECTION D: PROMISE TO PAY

15. I promise to pay to ED all loan amounts disbursed under the terms of this MPN, plus interest and other charges and fees that may become due as provided in this MPN. I understand that more than one loan may be made to me under this MPN. I understand that by accepting any disbursement issued at any time under this MPN, I agree to repay the loan associated with that disbursement.
16. I do not make a payment on a loan made under this MPN when it is due, I will also pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.
17. I will not sign this MPN before reading the entire MPN, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this MPN and the Borrower's Rights and Responsibilities Statement.
18. My signature certifies that I have read, understand, and agree to the terms and conditions of this MPN, including the Borrower Request, Certifications, Authorizations, and Understandings in Section C, the MPN Terms and Conditions described in Section C, the Notice About Subsequent Loans Made Under this MPN in Section C, and the Borrower's Rights and Responsibilities Statement.
- I UNDERSTAND THAT I MAY RECEIVE ONE OR MORE LOANS UNDER THIS MPN, AND THAT I MUST REPLY ALL LOANS THAT I RECEIVE UNDER THIS MPN.
19. Borrower's Signature _____ 20. Today's Date (mm-dd-yyyy) _____

SECTION E: GOVERNING LAW
SECTION F: DISBURSEMENT
SECTION G: CANCELLATION AND REPAYMENT

SECTION H: BORROWER'S RIGHTS AND RESPONSIBILITIES STATEMENT
SECTION I: NOTICE ABOUT SUBSEQUENT LOANS MADE UNDER THIS MPN

SECTION J: DISBURSEMENT
SECTION K: CANCELLATION AND REPAYMENT

Federal student disclosures are opaque.

SECTION L: DISBURSEMENT
SECTION M: CANCELLATION AND REPAYMENT

SECTION N: DISBURSEMENT
SECTION O: CANCELLATION AND REPAYMENT

Main Language Disclosure for Direct Subsidized Loans and Direct Unsubsidized Loans
William D. Ford Federal Direct Loan Program

1. General information. You are receiving a Direct Subsidized Loan and/or Direct Unsubsidized Loan to help cover the costs of your education. This Main Language Disclosure provides information about your loan. Please read this Disclosure carefully and keep a copy in a safe place. In this Disclosure, the words "we," "us," and "our" refer to the U.S. Department of Education (the Department).

We may use a servicer to handle billing and other communications related to your loan. If you have questions about your loan, contact your servicer. Your servicer's telephone number and address are shown on correspondence you will receive related to your loan.

You must repay this loan, even if you are unhappy with your education, do not complete your program of study, or cannot find work in your area of study. Borrow only the amount you can afford to repay, even if you are eligible to borrow more.

By signing the Master Promissory Note, you certified under penalty of perjury that if you have been convicted of, or if you have pled no contest to or confessed to, a crime involving fraud in obtaining federal student aid funds under Title IV of the Higher Education Act of 1965, as amended, you have fully repaid those funds or, to the loan holder in the case of a Title IV Federal student loan.

Information about your loans will be reported to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific authorized purposes.

2. Master Promissory Note (MPN). You are receiving a loan under an MPN that you signed previously. You may receive additional loans under that MPN for up to 10 years of the school that you attend is authorized to use the multi-year feature of the MPN and chooses to do so. If your school is not authorized to use the multi-year feature of the MPN or chooses not to do so, or if you do not want to receive more than one loan under the same MPN, you must sign a new MPN for each loan. If you do not want to receive more than one loan under the same MPN, you must notify your school or your servicer in writing.

3. Loan terms and conditions. This Disclosure summarizes information about your loan. Please refer to your MPN and the Borrower's Rights and Responsibilities Statement that you received previously for the complete terms and conditions of your loan. If you need another copy of the Borrower's Rights and Responsibilities Statement, contact your servicer. Unless we tell you otherwise in this Disclosure, your MPN and the Borrower's Rights and Responsibilities Statement control the terms and conditions of your loan. Loans made under your MPN are subject to the Higher Education Act of 1965, as amended (the HEA), and federal regulations (we refer to the HEA and these regulations as the "Act"). Any change to the Act that affects the terms of the MPN that you signed will be applied to your loans in accordance with the effective date of the change.

4. Direct Subsidized Loans and Direct Unsubsidized Loans. Direct Subsidized Loans are available only to undergraduate students. (Graduate and professional students were eligible to receive Direct Subsidized Loans for periods of enrollment that began before July 1, 2012.) Direct Unsubsidized Loans are available to both undergraduates students and graduate or professional students.

To receive a Direct Subsidized Loan, you must have financial need. Except as explained in item 10 of this Disclosure, you are not required to pay the interest that accrues on Direct Subsidized Loans while you are in school, during the grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Plan.

Direct Unsubsidized Loans are not based on financial need. You must pay the interest that accrues on Direct Unsubsidized Loans during all periods. For more information on interest charges, see item 10.

5. Time limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013. If you are a first-time borrower (see the Borrower's Rights and Responsibilities Statement that you received previously) on or after July 1, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans.

In general, if you are a first-time borrower on or after July 1, 2013 you may not receive Direct Subsidized Loans for more than 150% of the published

length of your program of study. This is called your "maximum eligibility period." For example, if you are enrolled in a 4-year bachelor's degree program, the maximum period for which you can receive Direct Subsidized Loans is 6 years (150% of 4 years = 6 years).

Your maximum eligibility period is based on the published length of the program in which you are currently enrolled. This means that your maximum eligibility period can change if you change programs. If you receive Direct Subsidized Loans for one program and then change to a different program, the period of time for which you received Direct Subsidized Loans for the earlier program will generally count against your new maximum eligibility period.

After you have received Direct Subsidized Loans for your maximum eligibility period, you are no longer eligible to receive additional Direct Subsidized Loans, and if you are enrolled in school you may become responsible for paying interest on your Direct Subsidized Loans. You may continue to receive Direct Unsubsidized Loans. We will notify you if you are no longer eligible to receive additional Direct Subsidized Loans.

In addition, if you continue to be enrolled in any undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period, or if you enroll in another undergraduate program that is the same length as or shorter than your previous program, in most cases (there are certain exceptions as provided under the Act) you will become responsible for paying the interest that accrues on your Direct Subsidized Loans during all periods, beginning on the date of the enrollment that causes you to become responsible for paying the interest. We will notify you if you become responsible for paying all of the interest that accrues on your Direct Subsidized Loans.

You may obtain additional information about the limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013 from your school's financial aid office or at StudentAid.gov.

6. Use of loan money. You may use your loan money only to pay for educational expenses (for example, tuition, room, board, books) at the school that determined you were eligible to receive the loan. If you accept this loan, your eligibility for other student assistance may be affected.

7. Information you must report. While you are still in school, you must notify your school if you (i) change your address or telephone number; (ii) change your name (for example, maiden name to married name); (iii) do not enroll at least half-time for the loan period certified by the school, or do not enroll at the school that certified your enrollment for the loan; (iv) stop attending school or drop below half-time enrollment; or (v) graduate or transfer to another school.

You must also notify your servicer of any of the above changes at any time after you receive your loan. In addition, you must notify your servicer if (i) change employers or if your employer's address or phone number changes; or (ii) have any other change in status that affects your loan (for example, if you received a deferment but no longer meet the eligibility requirements for that deferment).

8. Amount you may borrow. There are limits on the amount you may borrow each academic year (annual loan limits) and the amount you may borrow in total for undergraduates and graduate study (aggregate loan limits), as explained in more detail in the Borrower's Rights and Responsibilities Statement. You cannot borrow more than these limits. The annual and aggregate loan limits are as follows:

Annual Loan Limits	
Dependent undergraduate students whose parents cannot borrow (Direct PLUS Loans)	
First Year (freshman)	\$5,500 (maximum \$3,500 subsidized)
Second Year (sophomore)	\$6,500 (maximum \$4,500 subsidized)
Third Year (junior) & Beyond	\$7,500 (maximum \$5,500 subsidized)
Independent undergraduates	
Low dependent undergraduate students whose parents cannot borrow (Direct PLUS Loans)	
First Year (freshman)	\$9,500 (maximum \$3,500 subsidized)
Second Year (sophomore)	\$10,500 (maximum \$4,500 subsidized)
Third Year (junior) & Beyond	\$12,500 (maximum \$5,500 subsidized)

The maximum amount you may borrow for Direct Unsubsidized Loans is the lesser of the amount you are eligible to borrow under the annual and aggregate loan limits. The maximum amount you may borrow for Direct Subsidized Loans is the lesser of the amount you are eligible to borrow under the annual and aggregate loan limits and the amount of the unmet financial need. For more information on borrowing limits, see the Borrower's Rights and Responsibilities Statement.

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We may use a servicer to handle billing and other communications related to your loan. If you have questions about your loan, contact your servicer. Your servicer's telephone number and address are shown on correspondence you will receive related to your loan.

You must repay this loan, even if you are unhappy with your education, do not complete your program of study, or cannot find work in your area of study. Borrow only the amount you can afford to repay, even if you are eligible to borrow more.

By signing the Master Promissory Note, you certified under penalty of perjury that if you have been convicted of, or if you have pled no contest to or confessed to, a crime involving fraud in obtaining federal student aid funds under Title IV of the Higher Education Act of 1965, as amended, you have fully repaid those funds or, to the loan holder in the case of a Title IV Federal student loan.

Information about your loans will be reported to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific authorized purposes.

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3. Loan terms and conditions. This Disclosure summarizes information about your loan. Please refer to your MPN and the Borrower's Rights and Responsibilities Statement that you received previously for the complete terms and conditions of your loan. If you need another copy of the Borrower's Rights and Responsibilities Statement, contact your servicer. Unless we tell you otherwise in this Disclosure, your MPN and the Borrower's Rights and Responsibilities Statement control the terms and conditions of your loan. Loans made under your MPN are subject to the Higher Education Act of 1965, as amended (the HEA), and federal regulations (we refer to the HEA and these regulations as the "Act"). Any change to the Act that affects the terms of the MPN that you signed will be applied to your loans in accordance with the effective date of the change.

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To receive a Direct Subsidized Loan, you must have financial need. Except as explained in item 10 of this Disclosure, you are not required to pay the interest that accrues on Direct Subsidized Loans while you are in school, during the grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Plan.

Direct Unsubsidized Loans are not based on financial need. You must pay the interest that accrues on Direct Unsubsidized Loans during all periods. For more information on interest charges, see item 10.

5. Time limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013. If you are a first-time borrower (see the Borrower's Rights and Responsibilities Statement that you received previously) on or after July 1, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans.

In general, if you are a first-time borrower on or after July 1, 2013 you may not receive Direct Subsidized Loans for more than 150% of the published

Main Language Disclosure for Direct Subsidized Loans and Direct Unsubsidized Loans
 William D. Ford Federal Direct Loan Program

You are receiving a Direct Subsidized Loan and/or Direct Unsubsidized Loan to help cover the costs of your education. This Main Language Disclosure provides information about your loan. Please read this Disclosure carefully and keep a copy in a safe place. In this Disclosure, the words "we," "us," and "our" refer to the U.S. Department of Education (the Department).

We may use a servicer to handle billing and other communications related to your loan. If you have questions about your loan, contact your servicer. Your servicer's telephone number and address are shown on correspondence you will receive related to your loan.

You must repay this loan, even if you are unhappy with your education, do not complete your program of study, or cannot find work in your area of study. Borrow only the amount you can afford to repay, even if you are eligible to borrow more.

By signing the Master Promissory Note, you certified under penalty of perjury that if you have been convicted of, or if you have pled no contest to or confessed to, a crime involving fraud in obtaining federal student aid funds under Title IV of the Higher Education Act of 1965, as amended, you have fully repaid those funds or, to the loan holder in the case of a Title IV Federal student loan.

Information about your loans will be reported to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific authorized purposes.

2. Master Promissory Note (MPN). You are receiving a loan under an MPN that you signed previously. You may receive additional loans under that MPN for up to 10 years of the school that you attend is authorized to use the multi-year feature of the MPN and chooses to do so. If your school is not authorized to use the multi-year feature of the MPN or chooses not to do so, or if you do not want to receive more than one loan under the same MPN, you must sign a new MPN for each loan. If you do not want to receive more than one loan under the same MPN, you must notify your school or your servicer in writing.

3. Loan terms and conditions. This Disclosure summarizes information about your loan. Please refer to your MPN and the Borrower's Rights and Responsibilities Statement that you received previously for the complete terms and conditions of your loan. If you need another copy of the Borrower's Rights and Responsibilities Statement, contact your servicer. Unless we tell you otherwise in this Disclosure, your MPN and the Borrower's Rights and Responsibilities Statement control the terms and conditions of your loan. Loans made under your MPN are subject to the Higher Education Act of 1965, as amended (the HEA), and federal regulations (we refer to the HEA and these regulations as the "Act"). Any change to the Act that affects the terms of the MPN that you signed will be applied to your loans in accordance with the effective date of the change.

4. Direct Subsidized Loans and Direct Unsubsidized Loans. Direct Subsidized Loans are available only to undergraduate students. (Graduate and professional students were eligible to receive Direct Subsidized Loans for periods of enrollment that began before July 1, 2012.) Direct Unsubsidized Loans are available to both undergraduates students and graduate or professional students.

To receive a Direct Subsidized Loan, you must have financial need. Except as explained in item 10 of this Disclosure, you are not required to pay the interest that accrues on Direct Subsidized Loans while you are in school, during the grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Plan.

Direct Unsubsidized Loans are not based on financial need. You must pay the interest that accrues on Direct Unsubsidized Loans during all periods. For more information on interest charges, see item 10.

5. Time limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013. If you are a first-time borrower (see the Borrower's Rights and Responsibilities Statement that you received previously) on or after July 1, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans.

In general, if you are a first-time borrower on or after July 1, 2013 you may not receive Direct Subsidized Loans for more than 150% of the published



U.S. Department of Education
P.O. Box 9003
Niagara Falls, NY 14302-9003

William D. Ford Federal Direct Loan Program

Disclosure Statement
William D. Ford Federal Direct Loan Program

Direct Subsidized Loan
Direct Unsubsidized Loan

Borrower Information

1. Name and Address

00001
Last Name, First Name Middle Initial
Street Address
City, St ZIP

2. Date of Disclosure Statement

mm/dd/yyyy

3. Area Code/Telephone Number

School Information

4. School Name and Address

University Of Kansas
University Of Kansas
Arlington, VA 12345

5. School Code/Branch

GXXXX

Loan Information

6. Loan Identification Number(s)

XXXXX98989898XXXXX001
XXXXX98989898XXXXX001

7. Loan Period(s)

mm/dd/yyyy - mm/dd/yyyy
mm/dd/yyyy - mm/dd/yyyy

8. Loan Fee %

0.000%
0.000%

9. Subsidized Eligibility Type

UNSUB-LOAN-USAGE-TYPE

10. Subsidized Usage

UNSUB-LOAN-SU-BSD-USAGE

11. Total Subsidized Usage

UNSUB-LOAN-TOT-USAGE

12. Remaining Subsidized Eligibility

UNSUB-LOAN-REMAIN-ELIG

The information provided on this label is for informational purposes only. It is not intended to be used as a guarantee or to determine eligibility for a loan.

13. Information about the loan(s) that your school plans to disburse (pay out) follows. This information is explained in detail on the back. The actual disbursement dates and amounts may be different than the dates and amounts shown below. The school and your servicer will notify you of the actual disbursement dates and amounts.

Direct Subsidized Loan	Gross Loan Amount \$0.00	- Loan Fee Amount \$0.00	+ Interest Rebate Amount \$0.00	= Net Loan Amount \$0.00
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Your school plans to disburse the Net Loan Amount as follows:

Date	Net Disbursement Amount	Date	Net Disbursement Amount
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Direct Unsubsidized Loan	Gross Loan Amount \$0.00	- Loan Fee Amount \$0.00	+ Interest Rebate Amount \$0.00	= Net Loan Amount \$0.00
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Your school plans to disburse the Net Loan Amount as follows:

Date	Net Disbursement Amount	Date	Net Disbursement Amount
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If there are further disbursements to be made on the loan(s) your school will inform you.

Disclosure Statement (continued)

This Disclosure Statement provides information about the Direct Subsidized Loan and/or Direct Unsubsidized Loan that your school plans to disburse (pay out) by crediting your account at the school, paying you directly, or both. It replaces any Disclosure Statements that you may have received previously for the same loan(s). Keep this Disclosure statement for your records.

Your school will tell you what loans, if any, you are eligible to receive. If you have questions regarding your loan eligibility, the next steps in the processing of your loan, when the loan will be disbursed (paid out), or no longer wish to receive the loan, contact your school's financial aid office. Before any money is disbursed, you must have a signed Direct Subsidized Loan/Direct Unsubsidized Loan Master Promissory Note (MPN) on file. The MPN, the Borrower's Rights and Responsibilities statement, and the Plain Language Disclosure explain the terms of your loan(s). If you have any questions about your MPN or this Disclosure Statement, contact your school.

If you receive your first federal student loan after June 30, 2013, there are limits on how long you can receive Direct Subsidized Loans. In general, you may not receive Direct Subsidized Loans for more than 150% of the published length of your program (measured in academic years). This is called your "maximum eligibility period." Items 9-12 on the front of this Disclosure Statement provide:

- **Item 9:** The Subsidized Eligibility Type, tracked as either Undergraduate Program or Non-Credential Teacher Certification Program.
- **Item 10:** The Subsidized Usage Period associated with the Direct Subsidized Loan, if any, you are receiving.
- **Item 11:** The Total Subsidized Usage to this point in time, including the Subsidized Usage Period from Item 10.
- **Item 12:** The Remaining Subsidized Eligibility for the program associated with the Direct Subsidized Loan, if any, you are receiving.

Item 13 on the front of this Disclosure Statement provides the following information about the amount of each loan that your school plans to disburse to you:

- **Gross Loan Amount** - This is the total amount of the loan that you are borrowing. You will be responsible for repaying this amount.
- **Loan Fee Amount** - This is the amount of the fee that is charged on your loan. It is based on a percentage of your Gross Loan Amount. The percentage is shown in item 8. The Loan Fee Amount will be subtracted from your Gross Loan Amount.
- **Interest Rebate Amount** - This is the amount of an up-front interest rebate that you may receive to encourage the timely repayment of your Direct Loans. If you receive a rebate, the Interest Rebate Amount will be added back after the Loan Fee Amount is subtracted. To keep an up-front interest rebate that you receive on your loan, you must make all of your first 12 required monthly payments on time (each of your payments must be received, no later than 6 days after the due date) when your loan enters repayment. You will lose the rebate if you do not make all of your first 12 required monthly payments on time. This will increase the amount that you must repay.
- **Net Loan Amount** - This is the amount of your loan that remains after the Loan Fee Amount is subtracted and the Interest Rebate Amount is added. The school will disburse the Net Loan Amount to you by crediting your account at the school, paying you directly, or both. Item 13 shows your school's plan for disbursing your Net Loan Amount to you. The actual disbursement dates and amounts may be different than the dates and amounts that are shown. Your school and your servicer will notify you of the actual disbursement dates and amounts.

Before your loan money is disbursed, you may cancel all or part of your loan(s) at any time by notifying your school.

After your loan money is disbursed, there are two ways to cancel all or part of your loan(s):

- If your school obtains your written confirmation of the types and amounts of Title IV loans that you want to receive for an award year before crediting loan money to your account at the school, you may tell the school that you want to cancel all or part of the loan within 14 days after the date the school notifies you of your right to cancel all or part of the loan, or by the first day of the school's payment period, whichever is later (the school can tell you the first day of the payment period). If your school does not obtain your written confirmation of the types and amounts of loans you want to receive before crediting the loan money to your account, you may cancel all or part of the loan by informing the school within 30 days of the date the school notifies you of your right to cancel all or part of the loan. In either case, the school will return the cancelled loan amount to the U.S. Department of Education.
If you ask your school to cancel all or part of your loan(s) outside the timeframes described above, your school may process your cancellation request, but it is not required to do so.
- Within 120 days of the date your school disburses your loan money (by crediting the loan money to your account at the school, by paying it directly to you, or both), you may return all or part of your loan(s) to the U.S. Department of Education. Contact your servicer for guidance on how and where to return your loan money.

You do not have to pay interest or the loan fee on the part of your loan that is cancelled or returned within the timeframes described above, and if you received an up-front interest rebate, the rebate does not apply. Your loan will be adjusted to eliminate any interest, loan fee, and rebate amount that applies to the amount of the loan that is cancelled or returned.

After the first disbursement of your loan has been made, your loan will be assigned to a loan servicer and you will receive the servicer's name, address and contact information. Your servicer will service, answer questions about, and process payments on your loan after you enter repayment.

To view the list of servicers and their contact information, visit StudentLoans.gov and select the "Additional Information" link on the "Contact Us" page.

CBA recommends:

- Renaming so-called "Award" letters provided by colleges to the more accurate "Financing" letters and having them clearly differentiate loans from grants and scholarships.

Congratulations on your acceptance to [redacted] University and welcome to the [redacted] family. An evaluation of your application for financial assistance for Aid Year 2018-2019 has been completed. Based on this evaluation, you have been awarded the following financial aid 'package' to help with the cost of your education.

****This award package may not include all scholarships for which you may be eligible to receive. There are many scholarships with deadlines that are still to come; therefore, until those deadline dates have been reached, the scholarships will not be awarded. You will receive a revised award email anytime your award package changes. Be sure to check and check your university email for updates.

Award Program(s)	Fall Semester 2018	Spring Semester 2019	Total
Abn Scholarship	\$250.00	\$250.00	\$500.00
Scholarship	\$250.00	\$250.00	\$500.00
Parent/Private Loan, Pay Plan	\$7,902.00	\$7,801.00	\$15,803.00
Fed Pell Grant FSU	\$3,048.00	\$3,047.00	\$6,095.00
Fed Direct Sub Loan FSU	\$1,750.00	\$1,750.00	\$3,500.00
Fed Direct Unsub Loan FSU	\$1,000.00	\$1,000.00	\$2,000.00
Total	\$14,200.00	\$14,198.00	\$28,398.00

Estimated Yearly Budget	\$28,398.00
(less) Expected Family Contribution	.00
(less) Other Resources	
Calculated Financial Need	\$28,398.00

Please review the information on the following page to better understand your financial aid package, estimated yearly budget and instructions on how to accept your award. Please contact our office if you have questions or concerns regarding any of this information or your ability to finance your higher education. We look forward to working with you!

FINANCIAL AID NOTIFICATION

Financial Aid Office

Congratulations on your acceptance to [redacted] University and welcome to the [redacted] family. An evaluation of your application for financial assistance for Aid Year 2018-2019 has been completed. Based on this evaluation, you have been awarded the following financial aid 'package' to help with the cost of your education.

Award Program(s)	Fall Semester 2018	Spring Semester 2019	Total
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Scholarship	\$250.00	\$250.00	\$500.00
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Fed Pell Grant FSU	\$3,048.00	\$3,047.00	\$6,095.00
Fed Direct Sub Loan FSU	\$1,750.00	\$1,750.00	\$3,500.00
Fed Direct Unsub Loan FSU	\$1,000.00	\$1,000.00	\$2,000.00
Total	\$14,200.00	\$14,198.00	\$28,398.00

****This award package may not include all scholarships for which you may be eligible to receive. There are many scholarships with deadlines that are still to come; therefore, until those deadline dates have been reached, the scholarships will not be awarded. You will receive a revised award email anytime your award package changes. Be sure to check and check your university email for updates.

THE VALUE OF A EDUCATION

YOUR 2018-2019 AWARD INCLUDES:

AWARD TYPE	AMOUNT	START DATE	END DATE
Scholarship	\$500.00	08/28/18	05/31/19
Parent/Private Loan	\$15,803.00	08/28/18	05/31/19
Fed Pell Grant	\$6,095.00	08/28/18	05/31/19
Fed Direct Sub Loan	\$3,500.00	08/28/18	05/31/19
Fed Direct Unsub Loan	\$2,000.00	08/28/18	05/31/19
Total	\$28,398.00		

ADDITIONAL RESOURCES

Estimated Yearly Budget: \$28,398.00
 (less) Expected Family Contribution: .00
 (less) Other Resources: \$0.00
Calculated Financial Need: \$28,398.00

QUESTIONS?

CBA recommends:

- Requiring school certification of private education loans.
- Utilizing economist-preferred fair value accounting to show the true cost of federal student loans.
- Requiring detailed public reports on performance of the federal government's direct loan portfolio.

Additional data ...

- Full poll information:

https://www.consumerbankers.com/sites/default/files/Student%20Lending%20Poll_2.pdf

- CBA press release:

https://www.consumerbankers.com/sites/default/files/Student%20Lending%20Poll%20Release%2002.15_1.pdf

- Student lending fact sheet:

<http://www.consumerbankers.com/sites/default/files/Student%20Lending%20One%20Pager.pdf>

For questions or more information...

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[consumerbankers.com](https://www.consumerbankers.com)