

Student Loan Repayment Plans

Repayment Plan	Eligible Loans	Monthly Payment and Time Frame	Quick Comparison
<u>Standard Repayment Plan</u>	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans 	<p>Payments are a fixed amount of at least \$50 per month.</p> <p>Up to 10 years</p>	You'll pay less <i>interest</i> for your loan over time under this plan than you would under other plans.
<u>Graduated Repayment Plan</u>	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans 	<p>Payments are lower at first and then increase, usually every two years.</p> <p>Up to 10 years</p>	You'll pay more for your loan over time than under the 10-year standard plan.
<u>Extended Repayment Plan</u>	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans 	<p>Payments may be fixed or graduated.</p> <p>Up to 25 years</p>	<ul style="list-style-type: none"> • Your monthly payments would be lower than the 10-year standard plan. ○ Direct Loan borrower, you must have more than \$30,000 in outstanding Direct Loans. ○ FFEL borrower, you must have more than \$30,000 in outstanding FFEL Program loans. <p>For example, if you have \$35,000 in outstanding FFEL Program loans, and \$10,000 in Direct Loans, you can use the extended repayment plan for your FFEL Program loans, but not for your Direct Loans.</p> <ul style="list-style-type: none"> • For both programs, you must also be a "<i>new borrower</i>" as of Oct. 7, 1998. • You'll pay more for your loan over time than under the 10-year standard plan.

"Overview of Direct Loan and FFEL Program Repayment Plans" <https://studentaid.ed.gov/sa/repay-loans/understand/plans>

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<u>Income-Based Repayment Plan (IBR)</u>	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans made to students • <i>Consolidation</i> Loans (Direct or FFEL) that do not include Direct or FFEL PLUS loans made to parents 	<ul style="list-style-type: none"> • Your maximum monthly payments will be 15 percent of <i>discretionary income</i>, the difference between your adjusted gross income and 150 percent of the poverty guideline for your family size and state of residence (other conditions apply). • Your payments change as your income changes. <p>Up to 25 years</p>	<ul style="list-style-type: none"> • You must have a <i>partial financial hardship</i>. • Your monthly payments will be lower than payments under the 10-year standard plan. • You'll pay more for your loan over time than you would under the 10-year standard plan. • If you have not repaid your loan in full after making the equivalent of 25 years of qualifying monthly payments, any outstanding balance on your loan will be forgiven. • You may have to pay income tax on any amount that is forgiven.
<u>Pay As You Earn Repayment Plan</u>	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS loans made to students • Direct Consolidation Loans that do not include (Direct or FFEL) PLUS loans made to parents 	<ul style="list-style-type: none"> • Your maximum monthly payments will be 10 percent of discretionary income, the difference between your adjusted gross income and 150 percent of the poverty guideline for your family size and state of residence (other conditions apply). • Your payments change as your income changes. <p>Up to 20 years</p>	<ul style="list-style-type: none"> • You must be a new borrower on or after Oct. 1, 2007, and must have received a <i>disbursement</i> of a Direct Loan on or after Oct. 1, 2011. • You must have a partial financial hardship. • Your monthly payments will be lower than payments under the 10-year standard plan. • You'll pay more for your loan over time than you would under the 10-year standard plan. • If you have not repaid your loan in full after you made the equivalent of 20 years of qualifying monthly payments, any outstanding balance on your loan will be forgiven. • You may have to pay income tax on any amount that is forgiven.
<u>Income-Contingent Repayment Plan</u>	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS Loans made to students • Direct Consolidation Loans 	<ul style="list-style-type: none"> • Payments are calculated each year and are based on your adjusted gross income, family size, and the total amount of your Direct Loans. • Your payments change as your income changes. <p>Up to 25 years</p>	<ul style="list-style-type: none"> • You'll pay more for your loan over time than under the 10-year standard plan. • If you do not repay your loan after making the equivalent of 25 years of qualifying monthly payments, the unpaid portion will be forgiven. • You may have to pay income tax on the amount that is forgiven.
<u>Income-Sensitive Repayment Plan</u>	<ul style="list-style-type: none"> • Subsidized and Unsubsidized Federal Stafford Loans • FFEL PLUS Loans • FFEL Consolidation Loans 	<ul style="list-style-type: none"> • Your monthly payment is based on annual income. • Your payments change as your income changes. <p>Up to 10 years</p>	<ul style="list-style-type: none"> • You'll pay more for your loan over time than you would under the 10-year standard plan. • Each <i>lender's</i> formula for determining the monthly payment amount under this plan can vary.

"Overview of Direct Loan and FFEL Program Repayment Plans" <https://studentaid.ed.gov/sa/repay-loans/understand/plans>

Federal Student Aid

Public Service Loan Forgiveness Program

What is the Public Service Loan Forgiveness (PSLF) Program?

The PSLF Program is intended to encourage individuals to enter and continue to work full-time in public service jobs. Under this program, you may qualify for forgiveness of the remaining balance due on your William D. Ford Federal Direct Loan Program (Direct Loan Program) loans after you have made 120 qualifying payments on those loans while employed full-time by certain public service employers. Since you must make 120 qualifying payments on your eligible federal student loans after October 1, 2007 before you qualify for the loan forgiveness, the first forgiveness of loan balances will not be granted until October 2017.

What federal student loans are eligible for forgiveness under the PSLF Program?

Any non-defaulted loan made under the Direct Loan Program is eligible for loan forgiveness. (See below for information on how non-Direct Loans may become eligible.) The Direct Loan Program includes the following loans:

- Federal Direct Stafford/Ford Loans (Direct Subsidized Loans)
- Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans)
- Federal Direct PLUS Loans (Direct PLUS Loans)—for parents and graduate or professional students
- Federal Direct Consolidation Loans (Direct Consolidation Loans)

NOTE: Parents who received a Direct PLUS Loan may qualify for forgiveness of the PLUS loan, if the parent borrower—not the student on whose behalf the loan was obtained—is employed by a public service organization (additional conditions apply; see the Q&As below).

What are the borrower eligibility requirements for loan forgiveness under the PSLF Program?

- You must not be in default on the loans for which forgiveness is requested.
- You must be employed full time by a public service organization
 - when making each of the required 120 qualifying loan payments (certain repayment conditions apply—see below);
 - at the time you apply for loan forgiveness; and
 - at the time the remaining balance on your eligible loans is forgiven.

Where can I find additional information about the PSLF Program?

This fact sheet only provides a summary of the basic requirements of the PSLF Program. For more detailed information, including how to monitor your progress toward qualifying for PSLF, read the PSLF Questions and Answers document at www.studentaid.ed.gov/publicservice or contact your federal loan servicer.

This information was updated in the fall of 2013. For updates or additional information on federal student aid, visit StudentAid.gov.

Student Loan Payment Calculations for Mortgages

Last updated 2/29/16. Subject to Change.

<p>Fannie Mae</p>	<p>Use the greater of the following to determine recurring monthly debt obligation:</p> <ul style="list-style-type: none"> • 1% of the outstanding balance; or • the actual documented payment (documented in the credit report, or documentation obtained from the student loan lender) <p>NOTE: If payment currently being made cannot be documented or verified, 1% of the outstanding balance must be used.</p> <p>Exception: If the actual documented payment is less than 1% of the outstanding balance, and it will fully amortize the loan with no payment adjustments, the lender may use the lower, fully-amortizing monthly payment to qualify the borrower.</p>
<p>Freddie Mac</p>	<p>If no monthly payment reported on a student loan that is deferred or is in forbearance, the lender must obtain documentation verifying the proposed monthly payment or use a minimum of 1% of the outstanding balance.</p> <p>Examples of documentation include:</p> <ol style="list-style-type: none"> 1. Direct Verification from creditor; balance; 2. Copy of installment loan agreement obtained from the borrower or 3. If payments are currently deferred, the payment amount that will be required once the deferment or forbearance period has ended.
<p>FHA</p>	<p>Student loans must be included in the monthly debt qualifying even if they are deferred. Use:</p> <ul style="list-style-type: none"> • payment on credit report; or • the actual documented payment from the student loan lender; or • If payment cannot be documented, use 2% of current balance. <p>FHA will accept IBR Payments even if they are Zero.</p>
<p>VA</p>	<p>Student loans beginning within 12 months of Loan Closing are required to be included in the monthly debt obligation. Use:</p> <ul style="list-style-type: none"> • payment on credit report; or • the actual documented payment from the student loan lender. <p>NOTE: IBR payments where the estimated payment is in place within the 12 months from closing, is acceptable for qualifying. Zero Payments are NOT acceptable</p>
<p>USDA</p>	<p>Use the greater of the following to determine recurring monthly debt obligation:</p> <ul style="list-style-type: none"> • 1. 1% of the outstanding balance; or • 2. Verified fixed payment on the credit report <p>Exception: monthly payment on credit report less than 1% may be used with evidence loan is on fixed payment and not subject to change.</p> <p>NOTE: IBR payments ARE NOT acceptable</p>

Courtesy of a local lender, 2/29/16



Student Loan Repayment

Scenario

Devin is a 35 year old parent of single parent of two with an income of \$35,000. Devin works full-time at a local elementary school. Devin has a direct subsidized federal loan balance of \$50,000. Using the calculator at StudentLoans.gov, here are some repayment options Devin may contact the loan servicer about:

Calculator (1):

Repayment Plan	First Monthly Payment	Last Monthly Payment	Total Amount Paid	Projected Loan Forgiveness ⓘ	Repayment Period
Standard ⓘ	\$530	\$530	\$63,639	\$0	120 months
Graduated ⓘ	\$300	\$900	\$67,157	\$0	120 months
Extended Fixed ⓘ	\$292	\$292	\$87,689	\$0	300 months
Extended Graduated ⓘ	\$208	\$476	\$95,779	\$0	300 months
Revised Pay As You Earn (REPAYE) ⓘ	\$40	\$501	\$66,235	\$33,853	300 months
Pay As You Earn (PAYE) ⓘ	\$40	\$346	\$40,114	\$59,886	240 months
Income-Based Repayment (IBR) ⓘ	\$60	\$530	\$91,990	\$14,075	300 months
IBR for New Borrowers ⓘ	\$40	\$346	\$40,114	\$59,886	240 months
Income-Contingent Repayment (ICR) ⓘ	\$247	\$454	\$76,765	\$0	201 months

Assumptions:

Monthly payment amounts presented here are estimates only and are based on several assumptions that may not apply to you. To discuss actual monthly payment amounts, contact your loan servicer.

Repayment Period - We assume that you have just entered repayment and estimate your payments assuming that you still have the full repayment period to repay your loans. For example, for the Extended Repayment Plan, we calculate your payments under this plan using the full 25-year repayment period, even if your actual remaining repayment period is less than 25 years.

We also assume that you will pay continuously throughout the repayment period with no breaks for deferment or forbearance.

Discretionary Income - We assume that your income will grow 5% each year, that your family size will remain the same during the life of the loan, and that the poverty guidelines will increase based on the Congressional Budget Office's estimation of inflation.

Variable Interest Rates - For loans with variable interest rates, we assume that the current interest rate will not change during the life of the loan.

Consolidation Loans - We assume that Direct and FFEL Consolidation Loans do not contain any underlying loans made to parents, which are ineligible for the IBR and Pay As You Earn plans.

(1) <https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action#section1>

Student Loan Repayment

Resources	Website
Your Student Loan Servicer	Varies
Federal Repayment Plans	https://studentaid.ed.gov/sa/repayloans/understand/plans/incomedriven
Federal Loan Repayment Estimator	https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action#viewrepayment-plans
Federal Student Loan “Tool Kit”	http://www.financialaidtoolkit.ed.gov/tk/
Income-based Repayment Info	http://www.ibrinfo.org/
The Borrowers Repayment Options	http://theborrowers.org/repaymentoptions/
CFPB Repay Student Debt	http://www.consumerfinance.gov/paying-for-college/repay-student-debt/
CFPB Complaint Portal	http://www.consumerfinance.gov/complaint/#student-loan
National Student Loan Data System	http://www.nslds.ed.gov
