

Borrower's Responsibilities

When you obtain a federal student loan you have certain responsibilities. Here are some important ones:

Think about how much you're borrowing

- Think about what your repayment obligation means before you take out a student loan.
- If you don't repay your student loan on time or according to the terms in your promissory note,* you could default* on this legal obligation, which has serious consequences and will adversely affect your credit rating.

Signing a promissory note means you agree to repay the loan

- When you sign a promissory note,* you're agreeing to repay the loan according to the terms of the note.
- The note states that except in cases of loan discharge (cancellation), you must repay the loan, even if you don't complete your education (in some cases, you may not have to repay a loan if you were unable to complete your education because the school closed).
- Also, you **must** repay your loan even if you can't get a job after you complete the program or you didn't like the education you paid for.

The U.S. Department of Education does not guarantee the quality of education you receive or that you will find a job in your field of study.

Make payments regardless of receiving billing notices

- 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. You're obligated to make payments even if you don't receive any reminders.
- You must also make monthly payments in the full amount required by your repayment plan. Partial payments do **not** fulfill your obligation to repay your student loan on time.

Continue to pay while waiting for deferment or forbearance approval

- If you apply for a deferment or forbearance, you must continue to make payments until you have been notified that your request has been approved.
- If you don't, you might end up in default.*
- Keep a copy of any request form you submit, and document all contact you have with the holder of your loan.

Notify your lender or loan servicing agency when you ...

- Graduate;
- Withdraw from school;
- Drop below half-time* status;
- Change your name, address or Social Security number[†]; or
- Transfer to another school.

[†]Note: New Social Security numbers are issued only in very rare circumstances. See www.ssa.gov/ssnumber/ for rules on changing them.

Remember to keep in touch with your lender or loan servicing agency.

Receive entrance and exit counseling

- For Direct or FFEL Stafford Loans, you must complete an **entrance counseling** session before you're given your first loan disbursement, unless you've previously borrowed a Stafford Loan. This session provides you with useful tips and tools to help you develop a budget for managing your educational expenses and helps you to understand your loan responsibilities.
- For most federal student loans, you must receive **exit counseling** before you leave school to make sure you understand your rights and responsibilities as a borrower. You will receive information about repayment and your loan provider will notify you of the date loan repayment begins (usually six months after you graduated, leave school or drop below half-time* enrollment).

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.