

Important Information Concerning Student Loans at the

University of Mount Olive

When the time comes to start repaying your student loan(s), you can select a repayment plan that fits your financial situation. In most cases, you will have 10 to 25 years to repay your loan, but that depends on the repayment plan that you choose. Keep in mind that there is a grace period once you graduate, leave school, or drop below half-time status (six months for Direct Loans and nine months for Federal Perkins Loans.) Plus Loan Borrowers have different stipulations. For more details, please visit www.studentloans.gov.

STANDARD REPAYMENT: You pay a fixed amount each month for 10 years, until your loan is paid in full.

EXTENDED PAYMENT: You pay a fixed annual or graduated repayment amount over a period not to exceed 25 years. There are stipulations on this: If your loans are Direct Loans, you must have an outstanding balance more than \$30,000. This can be a good plan for smaller payments, but you may pay more in interest than the standard payment.

GRADUATED REPAYMENT: Monthly payments start out low, but increase every two years. The repayment length is up to 10 years. If you expect your income to increase steadily over time, this might be a good option for you.

INCOME BASED REPAYMENT: The required monthly payment is capped at an amount that is intended to be affordable, based on your income and family size. Your monthly repayment amount must be lower than the calculated standard repayment on a ten year plan.

INCOME CONTINGENT REPAYMENT (DIRECT LOANS ONLY): This plan gives you the flexibility to meet your obligations without causing undue financial hardship. Each year, your monthly payments will be calculated on the basis of your adjusted gross income, family size, and the total amount of your Direct Loans. The maximum repayment period is 25 years.

PAY AS YOU EARN: Offers the lowest monthly payment based on income. The monthly payment may increase or decrease each year, based on your income and family size.

There are also other options concerning student loans, if unforeseen circumstances arise after you begin repayment of your loans:

Deferment is an option that allows you to temporarily suspend your payments if you are unemployed, disabled, attend school again, or having financial difficulties.

Forbearance is an option that allows you to temporarily postpone payments if you are having serious financial difficulties.

Loan Consolidation is an option that enables you to take several student loans and consolidate into one single loan. Depending on how much you owe, you may be eligible for an extended repayment period and lower monthly payments.

For additional information on the above repayment plans, please visit www.studentloans.gov. To determine who your student loan servicer is, please visit www.nslds.ed.gov.

You may also contact the Financial Aid Department at the University of Mount Olive with questions, or visit www.umo.edu and search Financial Aid.