

Addendum to the Federal PLUS Loan Application and Master Promissory Note and Endorser Addendum Federal Family Education Loan Program

The Higher Education Reconciliation Act of 2005, the College Cost Reduction and Access Act of 2007, the Ensuring Continued Access to Student Loans Act of 2008, the Higher Education Opportunity Act of 2008, and regulations issued by the U.S. Department of Education (the Department) on November 1, 2007 and October 23, 2008 changed some of the terms of Federal PLUS Loans made under the Federal Family Education Loan Program (FFELP). As a result, certain terms of the loan(s) you receive under the accompanying Federal PLUS Loan Application and Master Promissory Note (MPN) or endorse under the accompanying Endorser Addendum to Federal PLUS Loan Application and Master Promissory Note (Endorser Addendum) differ from the terms in the MPN, Endorser Addendum, and Borrower's Rights and Responsibilities Statement. This Addendum describes the changes made to the loan terms by the laws and regulations listed above. Your loan is subject to these changes. The changes set forth in this Addendum are incorporated into and made a part of the accompanying MPN or Endorser Addendum that you sign and the Borrower's Rights and Responsibilities Statement.

- **Graduate and Professional Students May Borrow PLUS Loans.** A graduate or professional student may borrow a Federal PLUS Loan. Before applying for a Federal PLUS Loan, a graduate or professional student must first complete the Free Application for Federal Student Aid (FAFSA) and must have been determined eligible for his or her maximum loan amount under the Federal Stafford Loan Program. Except as provided in this Addendum, the terms and conditions of the Federal PLUS Loan as described in the accompanying MPN and Borrower's Rights and Responsibilities Statement apply regardless of whether the borrower is a parent or a graduate or professional student.

The following changes apply only to graduate and professional student Federal PLUS Loan borrowers and to endorsers of Federal PLUS Loans made to graduate and professional student borrowers:

- **General Changes.** If you are a graduate or professional student, all references to "student," "dependent student," "dependent" or "parent" throughout the MPN refer to you. If you are an endorser for a graduate or professional student Federal PLUS Loan borrower, all references to "student," "dependent student," or "parent" throughout the Endorser Addendum refer to the student borrower.
- **MPN: Borrower (Parent) Section and Student Information Section.** If you are a graduate or professional student, provide information about yourself in both the "Borrower (Parent) Section" and the "Student Information Section" of the MPN. Do not leave any items blank.
- **Endorser Addendum: Section B., Loan Description.** If you are an endorser for a graduate or professional student Federal PLUS Loan borrower, provide information about the student in both the parent borrower items (12, 13 and 15) and the student items (16 and 17).
- **MPN: Borrower Request, Certifications, and Authorizations.** If you are a graduate or professional student, paragraph 18.B. does not apply, and paragraph 18.C. is revised to read as follows: "Loan proceeds will be used for authorized educational costs, and I will immediately repay any loan proceeds that cannot be attributed to educational costs for attendance on at least a half-time basis at the school that certified my loan eligibility."
- **MPN: Promise to Pay.** If you are a graduate or professional student, the second sentence of paragraph 20 is revised to read as follows: "I understand that multiple loans may be made to me under this MPN."
- **Borrower's Rights and Responsibilities Statement: Item 12, Repayment.** *Effective July 1, 2009,* an Income-Based Repayment Plan is available to eligible graduate and professional student Federal PLUS Loan borrowers. Under this plan, the required monthly payment amount will be based on a borrower's income during any period when the borrower has a partial financial hardship. The maximum repayment period under this plan may exceed 10 years. Eligible borrowers who meet certain requirements over a 25-year period may qualify for cancellation of any outstanding balance on their loans.

The following change applies only to parent Federal PLUS Loan borrowers:

- *Effective for loans first disbursed on or after July 1, 2008,* parent borrowers of PLUS loans may request that repayment of loan principal be deferred while the student on whose behalf the loan was obtained is enrolled on at least a half-time basis and for the 6-month period after the student ceases to be enrolled at least half time. Interest will continue to be charged on the loan during this period.

The following changes apply to all Federal PLUS Loan borrowers:

- **MPN: Borrower Request, Certifications, and Authorizations.** The first sentence of paragraph 19.E. is revised to read as follows: "I may tell my lender that I want to pay the interest that accrues, including interest that accrues during an in-school deferment."
- **MPN: Borrower Request, Certifications, and Authorizations.** Paragraph 19.H. is revised to read as follows: "I authorize my lender to defer repayment of principal on my loan(s) based on enrollment on at least a half-time basis and, if I am a graduate or professional student, for the 6-month period after I cease to be enrolled at least half time."
- **MPN: Borrower Request, Certifications, and Authorizations.** By signing your MPN you are certifying, under penalty of perjury, that if you have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, you have completed the repayment of such funds to the Department, or to the loan holder in the case of a Title IV federal student loan.

If you are a parent applying for a Federal PLUS Loan for a dependent undergraduate student, you are not eligible for a Federal PLUS Loan if that student has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, unless that student has completed the repayment of such funds to the Department, or to the loan holder in the case of a Title IV federal student loan.

- **MPN: Repayment.** *Effective July 1, 2009,* the second sentence of the second paragraph is revised to read as follows: "My principal repayment period for each loan, exclusive of any period(s) of deferment or forbearance, generally lasts 5 years but may not exceed 10 years (except under an extended or income-based repayment plan)."

- **MPN: Governing Law and Notices.** This item is revised to include the following statement: "Information about my loan(s) will be submitted to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by the Department."
- **Borrower's Rights and Responsibilities Statement: Item 5, Loan Fees.** This item is revised to read as follows: "I may be charged an origination fee and/or a federal default fee for each loan made under this MPN. Neither fee may exceed the rate as specified in the Act. If I am charged these fees, they will be deducted proportionately from each disbursement." **NOTE:** Any reference to a guarantee fee in the MPN is deemed to be a reference to the federal default fee.
- **Borrower's Rights and Responsibilities Statement: Item 6, Disbursement of Loan Money.** Loan money for students enrolled in foreign schools must be sent to the school, and generally must be disbursed in multiple installments.
- **Borrower's Rights and Responsibilities Statement: Item 9, Interest Rates.** *Effective for loans first disbursed on or after July 1, 2006,* a Federal PLUS Loan has a fixed interest rate. In addition, the following sentences are added: "If I qualify under the Servicemembers Civil Relief Act, the interest rate on my loans obtained prior to military service may be limited to 6% during my military service. To receive this benefit, I must contact my loan holder for information about the documentation I must provide to show that I qualify."
- **Borrower's Rights and Responsibilities Statement: Item 10, Payment of Interest.** The second sentence of the second paragraph is revised to read as follows: "This interest (for example, interest that accrues during an in-school deferment) may be paid or capitalized (added to the principal of my loan(s))."
- **Borrower's Rights and Responsibilities Statement: Item 11, Loan Cancellation.** The second bullet is revised to read as follows: "If the school receives the money by EFT or master check and has obtained my written confirmation of the types and amounts of federal student loans that I want to receive before crediting the loan funds to my or the student's account, I may cancel all or part of the loan by informing the school within 14 days after the date the school notifies me of my right to cancel the loan, or by the first day of the school's payment period, whichever is later. (The school can tell me the first day of the payment period.) If the school has not obtained my written confirmation of the loans I want to receive, I may cancel all or part of the loan by informing the school within 30 days of the date the school notifies me of my right to cancel the loan. If I cancel all or a portion of a loan as described in this paragraph, the school will return the cancelled amount to my lender, and the loan fees will be eliminated or reduced in proportion to the amount returned."
- **Borrower's Rights and Responsibilities Statement: Item 13, Sale or Transfer of Loan(s).** The second sentence is revised to read as follows: "If ownership of a loan is transferred and the entity to which I must make payments changes, I will be notified of that entity's name, address and telephone number, the effective date of the sale or transfer, and the date when I must begin sending payments to that entity."
- **Borrower's Rights and Responsibilities Statement: Item 14, Loan Discharge.** A loan is eligible for discharge if it is determined that the borrower's eligibility for the loan was falsely certified as a result of a crime of identity theft. In addition, the second paragraph is revised to read as follows: "My loan(s) may also be discharged if I become totally and permanently disabled as defined by the Act and meet certain other requirements."
- **Borrower's Rights and Responsibilities Statement: Item 17, Special Repayment Arrangements.** A married couple may no longer borrow a Federal Consolidation Loan as joint borrowers. A borrower may consolidate his or her FFELP loans into the William D. Ford Federal Direct Loan (Direct Loan) Program to take advantage of the public service loan forgiveness program. This program provides for the cancellation of the remaining balance due on eligible Direct Loan Program loans after the borrower has made 120 payments (after October 1, 2007) on those Direct Loans under certain repayment plans while the borrower is employed in certain public service jobs.

A borrower may also consolidate his or her FFELP loans first disbursed on or after October 1, 2008 (including Federal Consolidation Loans that repaid FFELP or Direct Loan Program loans first disbursed on or after October 1, 2008) into the Direct Loan Program to take advantage of the no accrual of interest benefit for active duty service members. No interest will be charged on the portion of a Direct Consolidation Loan that repaid FFELP or Direct Loan Program loans first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months).

The Act may provide for certain loan forgiveness or repayment benefits on a borrower's FFELP loans in addition to the benefits described in this MPN. If other forgiveness or repayment options become available, a borrower's loan holder will provide information about these benefits.

- **Borrower's Rights and Responsibilities Statement: Item 18, Deferments.** A deferment is available for a period during which a borrower is serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency, and if the borrower is serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for the qualifying service. A borrower who is a member of the National Guard or other reserve component of the U. S. Armed Forces (current or retired) and who is called or ordered to active duty while enrolled at least half time at an eligible school, or within 6 months after having been enrolled at least half time, is eligible for a deferment during the 13 months following the conclusion of the active duty service, or until the date the borrower returns to enrolled student status on at least a half-time basis, whichever is earlier.

For loans first disbursed on or after July 1, 2008, parent borrowers may request a deferment while the student for whom a loan was obtained is enrolled on at least a half-time basis, and during the 6-month period after the student or the parent ceases to be enrolled at least half time.