

**Addendum to the Direct Subsidized Loan/Direct Unsubsidized Loan Master Promissory Note
William D. Ford Federal Direct Loan Program**

The Higher Education Reconciliation Act of 2005 (HERA) and the College Cost Reduction and Access Act of 2007 (CCRAA) changed some of the terms of Federal Direct Stafford/Ford Loans (Direct Subsidized Loans) and Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans) made under the William D. Ford Federal Direct Loan (Direct Loan) Program. As a result, certain terms of the loan(s) you receive under a Direct Subsidized Loan/Direct Unsubsidized Loan Master Promissory Note (MPN) differ from the terms described in the MPN and Borrower's Rights and Responsibilities Statement.

This Addendum describes the changes made by the HERA and the CCRAA to the terms of Direct Subsidized Loans and Direct Unsubsidized Loans. Your loan is subject to these changes. The loan term changes explained in this Addendum are incorporated into and made a part of the MPN that you sign and the Borrower's Rights and Responsibilities Statement. You should keep a copy of this Addendum with your MPN and Borrower's Rights and Responsibilities Statement.

NOTE: The Office of Management and Budget (OMB) has approved the continued use of the Direct Subsidized Loan/Direct Unsubsidized Loan MPN under OMB Number 1845-0007. The new expiration date for the MPN is 03/31/2008.

- 1. MPN, Section C: Borrower Request, Certifications, Authorizations, and Understanding.** *Effective for MPNs signed on or after July 1, 2006*, 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 aid funds under Title IV of the Higher Education Act of 1965, as amended, you have completed the repayment of those funds to the U.S. Department of Education, or to the loan holder in the case of a Title IV federal student loan.
- 2. Borrower's Rights and Responsibilities Statement, Item 7: Amount you may borrow.** *Effective for loans first disbursed on or after July 1, 2007*, the annual loan limits for certain categories of students in the chart titled "Annual Loan Limits for Direct Subsidized Loans and Direct Unsubsidized Loans" are revised to read as follows:

Dependent Undergraduates	
First Year (freshman)	\$3,500
Second Year (sophomore)	\$4,500
Independent Undergraduates	
First Year (freshman)	\$7,500 (maximum \$3,500 subsidized)
Second Year (sophomore)	\$8,500 (maximum \$4,500 subsidized)
Graduate and Professional Students	
	\$20,500 (maximum \$8,500 subsidized)

There are no changes to any of the other annual or aggregate loan limits shown in the Borrower's Rights and Responsibilities Statement.

- 3. Borrower's Rights and Responsibilities Statement, Item 8: Interest rate.** *Effective for loans first disbursed on or after July 1, 2006*, a Direct Subsidized Loan or Direct Unsubsidized Loan has a fixed interest rate. However, different fixed interest rates may apply to separate loans made under the MPN depending on when the first disbursement of the loan is made. Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed *before July 1, 2006* will continue to have a variable interest rate as described in Item 8 of the Borrower's Rights and Responsibilities Statement.
- 4. Borrower's Rights and Responsibilities Statement, Item 10: Loan fee.** *Effective July 1, 2006*, the maximum loan fee we charge on a Direct Subsidized Loan or Direct Unsubsidized Loan is 3 percent of the principal amount of each loan you receive.
- 5. Borrower's Rights and Responsibilities Statement, Item 15: Repaying your loan.** *Effective for Direct Subsidized Loans and Direct Unsubsidized Loans that enter repayment on or after July 1, 2006*, the following changes apply to the Graduated Repayment Plan and the Extended Repayment Plan:
Graduated Repayment Plan. If you choose this plan, your payments will usually be lower at first, and will then increase over time. No single payment will be more than 3 times greater than any other payment. Under this plan, you must repay your loan in full within 10 years (not including periods of deferment and forbearance) from the date the loan entered repayment. If your loan has a variable interest rate, we may need to adjust the number or amount of your payments to reflect changes in the interest rate.
Extended Repayment Plan. You may choose this plan only if (1) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan on or after October 7, 1998, and (2) you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000. If you are eligible for and choose this plan, you will make monthly payments based on fixed annual or graduated repayment amounts and will repay your loan in full over a period not to exceed 25 years (not including periods of deferment and forbearance) from the date your loan entered repayment. Your payments must be at least \$50 per month and will be more, if necessary, to repay the loan within the required time period. If your loan has a variable interest rate, we may need to adjust the number or amount of your payments to reflect changes in the interest rate.
Effective July 1, 2009, an **Income-Based Repayment Plan** is also available. Under this plan, your required monthly payment amount will be based on your income during any period when you have a partial financial hardship. The maximum repayment period under this plan may exceed 10 years. If you meet certain requirements over a specified period of time, you may qualify for cancellation of any outstanding balance on your loans.
- 6. Borrower's Rights and Responsibilities Statement, Item 20: Deferment and forbearance.** *Effective July 1, 2006*, a deferment is available for a period during which you are 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 you are serving on or after October 1, 2007, for the 180-day period following the demobilization date for your qualifying service. *Effective October 1, 2007*, if you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while enrolled at an eligible school, or within 6 months after having been enrolled, you are eligible for a deferment during the 13 months following the conclusion of your active duty service, or until the date you return to enrolled student status, whichever is earlier.
- 7. Borrower's Rights and Responsibilities Statement, Item 21: Discharge.** *Effective July 1, 2006*, a loan is also eligible for discharge if it is determined that your eligibility for the loan was falsely certified as a result of a crime of identity theft.

In addition to the loan discharge conditions listed in Item 21 of the Borrower's Rights and Responsibilities Statement, a public service loan forgiveness program is also available. This program provides for the cancellation of the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments (after October 1, 2007) on those loans under certain repayment plans while you are employed in certain public service jobs.