**Loan Terms, Sample Loan Repayment Schedule, and Requirement for Repaying Loans**

**Student Rights and Responsibilities**

In financing your college education, there are terms affiliated with any loan received as part of a student’s federal financial aid package and options for the necessity of loan repayment to avoid delinquency, default, fees and wage garnishment.

* Federal Direct Stafford Loan(s) repayment will begin six months after graduation, or a student ceases attendance at PIT. Students generally have ten years to repay any federal loans borrowed during their enrollment. In the event a student enters a financial hardship, there are options to apply for a deferment or forbearance to delay repayment a little longer. The student will need to contact their loan servicer to apply for these appeals.
* There are two types of Federal Direct Student Loans, Subsidized and Unsubsidized. A subsidized loan is considered a need-based loan, and the government pays for the interest accruing on the loan while the student is enrolled and during the sixth month grace period. An unsubsidized loan is considered a non-need-based loan, and the interest will accrue during the period of enrollment. The interest can be paid while the student is in school to the loan servicer, or it can accrue and capitalize on the principal balance and paid when repayment begins.
* Parents of students who apply and borrow a Parent Plus Loan have the option to begin repayment either within sixty (60) days from the date the loan is fully disbursed or can opt to apply for the six-month grace period after the student ceases attendance. The parent may defer the principal payment, but interest will accrue while the student is enrolled and during the grace period.
* Student borrowers are required to complete a Master Promissory Note and Entrance Counseling before a loan can be disbursed. Parent borrowers are required to complete a Master Promissory Note, if an endorser is needed, they will also need to complete Plus Credit Counseling. For a student, exit counseling is a requirement to be completed prior to graduation or ceasing attendance.

**Necessity of Loan Repayment**

1. Avoiding delinquency and defaulting on your student loans. Take the time to understand in its entirety the types of loans being financed and loan agreement. It is important not to borrow more than what is needed for educational costs. Develop a realistic financial plan to set the future up to be financially sound.
2. Non re-payment on your student could result in the below:
* **Credit Impairment**

The loan will be reported as delinquent to credit bureaus, which can harm a credit rating and make it harder to get a credit card, buy a house or car, or borrow money in the future.

* **Wage Garnishment**

An employer may be required to withhold a portion of pay to repay the loan.

* **Tax Refund Withholding**

The government may withhold tax refunds and apply them toward the loan.

* **Court**

The loan holder can take court action, which can result in court costs, attorney's fees, and collection fees.

* **Other Consequences**

Loss of eligibility for other benefits, such as deferment or forbearance, and may not be able to purchase or sell assets like real estate. Potential loss of eligible for future financial aid assistance.

**SAMPLE REPAYMENT CHART**

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| --- | --- | --- | --- |
| Repayment Plan | Monthly Payment | Repayment Time Frame | Other |
| Standard | FixedPayment must be at least $50 per month | Fixed payments for up to ten (10) years and up to thirty (30 years for consolidated loans | If you do not choose a repayment plan when you first begin repayment, this one will be chosen for you |
| Graduated | Payments generally start out lower at first and then will increase. Approximately every two years.  | Variable payments for up to ten (10) years and up to thirty (30) for consolidated loans.  | Plan is tailored to individuals with low income (for example, recent graduates) who expect their incomes to increase in the future |
| Extended | Fixed or GraduatedMonthly payment is typically lower than the Standard Plan | Twenty-five (25) years | To qualify for this plan, you must have more than $30,000 in outstanding Direct Loans (if you're a Direct Loan borrower) or more than $30,000 in outstanding FFEL Program loans  |
| Income Contingent Repayment Plan (ICR)  | 20% of your discretionary income, orthe amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income | Unpaid portion will be forgiven, after 25 years of repayment  | May have to pay income tax on the amount that is forgiven Graduate and professional student PLUS borrowers in the Direct Loan Program are eligible for ICR Parent PLUS borrowers are not eligible |
| Income Based Repayment Plan (IBR) | Monthly payments are capped at 15% of discretionary income You must have partial financial hardship to enroll in the IBR plan | After 25 years of repayment under this plan, the unpaid portion of the loan will be forgiven | May have to pay income tax on the amount that is forgiven Not available for parent PLUS loans (or Consolidation Loans that repaid Parent Plus Loans) |
| Income-Driven Repayment (IDR) Plans | IDR plans base your monthly payment amount on how much money you make and your family size |  | Since payments are based on income and family size, must provide the loan servicer with updated income and family size information each year so that the servicer can recalculate the payment amount |
| SAVE Plan | These loan types are eligible:* Direct Subsidized and Unsubsidized Loans
* Direct PLUS Loans made to students
* Direct Consolidation Loans that do not include PLUS loans (Direct or FFEL) made to parents
 | 10% of discretionary income |  |
| PAYE Plan | To be eligible, you must be a new borrower on or after Oct. 1, 2007, and must have received a disbursement of a Direct Loan on or after Oct. 1, 2011. These loan types are eligible:* Direct Subsidized and Unsubsidized Loans
* Direct PLUS Loans made to students
* Direct Consolidation Loans that do not include PLUS loans (Direct or FFEL) made to parents
 | 10% of discretionary income but never more than what you would pay under the 10-year Standard Repayment Plan |  |

**Student Rights**

**As a student consumer you have the right to know:**

* What financial aid is available to students from all federal, state, and institutional financial assistance programs
* That any Federal loan borrowed by the student or parent will be reported to the National Student Loan Database System (NSLDS), and will be accessible by guaranty agencies, lenders, and schools determined to be authorized users of the data system. Students can access this information by logging into their account on [Studentaid.gov](https://studentaid.gov/fsa-id/sign-in/landing?redirectTo=%2F).
* The deadlines, selection criteria, eligibility requirements, terms, policies, procedures, and regulations that apply to each of the programs, starting with how to apply (available for each type of aid)
* How your financial need is determined
* How and when student account refunds are processed
* The Satisfactory Academic Progress Standards a student must maintain to remain eligible for financial assistance
* The terms of any loan received by a student as a part of the student’s financial assistance package, a sample loan repayment schedule for sample loans and the necessity for repaying loans
* The terms and conditions applicable to student employment (2024-2025 Student FWS Guide)
* The PIT’s withdrawal policy, including the requirements and procedures for officially withdrawing from the school

**Student Responsibilities**

* Understand and comply with the terms and conditions of aid received
* Use financial aid funds only for education expenses (tuition, fees, room, board, books, supplies and other living costs)
* Know and meet the deadlines to apply and re-apply for financial aid
* Respond promptly to all requests for supplemental information or documentation from the Office of Financial Aid
* Complete all financial assistance applications and forms with accurate information and return them promptly
* Notify the Financial Aid office if there is any change to information you reported on the FAFSA
* Notify the Financial Aid and Academics Office if there are any changes to your enrollment status or level and understand the impact that dropping a course or withdrawing from PIT may have on your student financial aid.
* Notify the Financial Aid office if you receive any grants, scholarships, or other financial assistance from sources outside PIT
* Maintain satisfactory academic progress to continue to be eligible for financial aid
* Know and comply with refund and withdrawal policies
* Know and comply with the federal, state, and institutional rules governing the financial aid you receive
* Complete Entrance Counseling and Exit Counseling if you receive a Direct Loan
* Notify your lender of any changes in your name, address, or school status while you are attending school and after you leave school
* Repay any student loans you receive regardless of if you successfully completed your program
* Perform the work agreed upon when you accept work-study