All About Repayment

Graduation has come and gone, and you're nearing the end of your grace period on your student loans. Do you have a plan of attack, or are you oblivious to the fact that you have to pay back the loans you borrowed for school? Have no fear; Law School Loans is here with information on repaying your education loans. We have compiled a list of frequently asked questions regarding repayment.

How can I plan for successful repayment?
Although most borrowers think of repayment as starting after graduation, successful repayment begins well before you don a cap and gown. It is important to understand your options before entering repayment and choose one that is right for you. Also keep in mind you will have other financial obligations as well. Therefore, to best plan out your repayment, follow these four simple steps:

Estimate Your Monthly Payments
You can estimate your monthly payments using loan calculators found online. To utilize these tools, you'll need to know the disbursed amount, interest rate, and repayment term of each loan.

Project Your Income
Realistically estimate what your income will be. Research average starting salaries in your area. You should also take into consideration the length of time it will take for you to find a job.

Develop a Personal Budget
Student loan payments are as important as car notes, insurance, and rent/mortgage. Figuring student loan payments into your budget will keep you on track, help you avoid making late payments or even missing payments, and help you pay off your loans successfully. Once you have estimated your monthly loan payments and projected salary, you can evaluate your debt-to-income ratio. This will come in handy when you are allotting funds to payments.

Prepay Your Loans
If possible, send in more than your required minimum monthly payment. Anything you send in above the required payment will pay down your principal. This will pay your loan off that much faster, and you'll be saving hundreds, even thousands, in interest.

Whom do I have to repay?
This is a question that many borrowers ask. With so many players in the industry (lenders, servicers, guarantors, etc.), it's difficult to keep track of whom you have to write a check to. You are responsible for paying the holder of your loan's promissory note. In most cases, lenders contract servicers to handle all transactions associated with repayment, such as billing, deferment, contact information updates, etc. If this is the case, you can contact your lender to find out who its servicer is. If you are unsure who holds your loans, you can visit the National Student Loan Data System (NSLDS) at

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http://www.nslds.ed.gov. This system is the central location of all your federal loans. In order to access this system, you must have a FSA PIN, which can be generated from http://pin.ed.gov/request.htm. As for private loans, it's best to refer to any correspondence to find a repayment address.

When do I have to begin repayment?
For most student loans, repayment begins following a grace period. Below you will find a list of types of loans and the corresponding grace periods. Your lender/servicer will send your repayment terms at least a month prior to your first payment. The repayment terms will outline the total amount you owe, your monthly payment, the monthly payment due date, and where to send payments.

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Type of Loan	Grace Period
Federal Stafford Loan	6 months
Federal Perkins Loan	9 months
Federal Consolidation Loan	No grace period (repayment begins when loan funds)
Private Loan	Check with lender

How long do I have to repay my loan?
The amount of time you have to repay your loan is determined by several factors. The type of loan, the loan amount, and the repayment plan you choose all affect the number of years you'll be given to pay off the loan. Below you'll find the maximum repayment term for each type of loan:

Type of Loan	Repayment Term
Federal Stafford Loan	10 years
Federal Perkins Loan	10 years
Federal Consolidation Loan	30 years
Private Loan	10 to 25 years (depending on lender)

Federal loans have no early repayment or prepayment penalties. This means you will not be not be charged for paying your loan ahead of time. If you are able to do this, by all means do so, as this will save you money on interest.

How much do I have to repay?
You are responsible for paying the principal you borrowed in full, plus any interest that accrues. Of course, you are not required to pay the entire amount up front. Yet, if you'd like to, you can, as there

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are no early payment penalties on most student loans. But unless you inherited a large portion of your late Aunt Tilly's estate, you can pay off your loans with monthly payments.

Your monthly payment is determined by the type of loan you have, the amount you owe, the interest rate associated with the loan, and the repayment plan you choose. If your interest rate is variable, your monthly payment will change accordingly. Take advantage of federal student loan consolidation to avoid fluctuating rates and payments. Read on for more information on this valuable federal program.

Keep in mind every loan type carries with it a maximum repayment term. The loan must be paid in full by the end of the term. Failure to do so will reflect negatively in your credit report. To avoid this, pay on time and pay in full.

What repayment options do I have?
Law School Loans offers many repayment plans to fit the many needs of attorneys.

Equal Payments
This option provides equal monthly payments over the term of the loan.

Select 2/Graduated Payments
This option allows for interest-only payments for the first two years of repayment. In the third year, payments increase to level installments of principal and interest payments for the remaining term of the loan.

Select 5/Graduated Payments
This option allows for interest-only payments for the first two years of repayment. In the third through fifth years, payments increase to include a portion of principal. In the sixth year, payments increase to level installments of principal and interest payments for the remaining term of the loan.

Income-Sensitive Payments
This option provides for payments to be adjusted annually, based on your expected total monthly gross income from employment and all other sources. For spousal consolidation loans, monthly payments are adjusted according to combined monthly incomes. Your account will initially be disbursed at the Select 2/Graduated repayment plan. After the consolidation loan is disbursed, you must contact your servicer to qualify. Once eligibility is determined, your servicer will calculate your new payment.

*Extended Equal Payments**
This option allows up to a 25-year repayment term of equal payments.

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*Extended Select 2 Payments**
This option allows up to a 25-year repayment term with the Select 2/Graduated Payment plan.

*Extended Select 5 Payments**
This option allows up to a 25-year repayment term with the Select 5/Graduated Payment plan.

*All Extended Repayment plans are for qualified borrowers with more than $30,000 in eligible loans. Applicants interested in any of the Extended Repayment plans should contact their servicers to determine eligibility.

What payment incentives does Law School Loans offer me?
Responsible attorneys deserve to be rewarded for their responsible behavior. Thus, Law School Loans offers Platinum benefits that can lower the already low federal consolidation rate by 1.25%.

Platinum Counsel
If you make your monthly payment using our auto-debit program, we will automatically reduce your rate by 0.25%.

Platinum Counsel Select
If you have at least $20,000 in federal student loans, you are eligible for the Platinum Counsel Select benefit. After making 36 on-time payments, we will lower your rate by 1%.

The Platinum Counsel and Platinum Counsel Select benefits go hand in hand. Using auto debit to make your monthly payments will ensure you make on-time payments and thus help you toward the goal of 36 on-time payments.

What are deferments and forbearance?
While repaying student loans without a break or pause is ideal, circumstances may arise in which you need to postpone or reduce monthly payments. For example, you may become temporarily unemployed or disabled, experience economic hardship, or return to school. When situations like these occur, deferment or forbearance options are available. You may qualify for a federal student loan deferment, a federal student loan forbearance, or a private loan forbearance.

Federal Student Loan Deferment
A federal student loan deferment is a period of time during which payments are postponed. Deferments usually require documentation. There are different types of deferment for which borrowers can apply, such as in-school deferments or unemployment deferments.

Federal Student Loan Forbearance
A federal student loan forbearance is an agreement between a borrower and the lender/servicer to temporarily postpone payments, extend the timeframe for making monthly payments, or reduce the amount of monthly payments on a short-term basis.

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Private Student Loan Forbearance
Similar to a federal student loan forbearance, a private student loan forbearance is an agreement between a borrower and the lender/servicer to temporarily postpone payments, extend the timeframe for making monthly payments, or reduce the amount of monthly payments on a short-term basis.

Contact your lender/servicer to learn more about what options are available to you.

What if I have problems making my loan payments?
Uncontrollable circumstances can arise that might subsequently make it difficult to make your monthly payments. Lay-offs, medical emergencies, car accidents, or any number of unforeseen events can damage an otherwise immaculate record of on-time payments. If you have trouble making monthly payments, contact your lender/servicer immediately. Lenders or servicers offer many options to assist borrowers through difficult financial times. This is especially true if you have federal student loans. Federally guaranteed student loans come with a wealth of benefits, such as income-sensitive repayment.

Income-Sensitive Repayment Plan

- The borrower must contact the lender/servicer to request this repayment plan.
- The borrower must submit income documents.
- Monthly payments are based on the borrower's expected income and are adjusted annually.
- Offers the lowest payment possible, but incurs the highest interest charges.

If you are still unable to make payments on the income-sensitive repayment plan, you do have deferment and forbearance options available.

What are the consequences of default?

When you originally borrowed your student loans, you signed a promissory note. You are responsible to repay your loans according to the terms set forth in this promissory note. Failure to do so can have negative consequences, such as your loans going into default. Default occurs when you fail to meet the terms of your promissory note. Default can have the following consequences:

- The lender, the holder, or the guarantor of the loan reserves the right to declare the entire unpaid balance, including interest, immediately due.
- The lender, the holder, or the guarantor may send the loan to a collection agency.
- You may be required to pay all fees and charges permitted by law for the collection of the loan.
- The lender, the holder, or the guarantor may report the default to your school.
- The lender, the holder, or the guarantor may report the default to credit-reporting agencies.

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- Your wages may be garnished.
- State and federal income tax refunds may be withheld.
- The lender, the holder, the guarantor or the government may take action against you.
- You may be unable to receive future assistance from federal aid programs.

Here are some tips to avoid going into default:

- Make payments on time.
- Read all correspondence from your lender/servicer.
- Report any changes immediately (such as name, address, telephone number, enrollment status, employment status, etc.)
- Contact your lender/servicer if you are having difficulty making payments **before** your account becomes delinquent.

Remember, it is in the best interest of lenders and servicers that you not go into default. Therefore, they are more than willing to develop a repayment plan that works for you.

How can federal student loan consolidation help with repayment?
Consolidating federal loans will automatically give you a fixed interest rate for the life of the loan. Consolidating federal loans is quick and easy. There's no reason not to consolidate. Taking advantage of this federal program will help you during repayment, as consolidating your federal student loans will lower your monthly payment. Also, consolidating federal student loans will extend your repayment term, giving you more time to pay off your loans.

We hope that we have has answered most, if not all, of your questions and concerns you may have had regarding repayment of your student loans. The more information and familiarity you have regarding repayment, the more likely you will repay your student loans successfully. Best of luck!