

Your Rights And Responsibilities When Accepting An Educational Loan

Before you receive a loan, you'll sign a promissory note, a legal contract between you and the US Department of Education in which you promise to repay the amount you borrow and agree to the loan's terms and conditions. Do not sign if you don't understand all of your responsibilities and rights.

Your rights - You have the right to ask a college or university:

- What it costs to attend and what its refund policies are if you withdraw from school.
- How the college determines whether you're making satisfactory academic progress and what happens if you're not.
- To disclose the percentage of its students who complete the college's programs and the percentage who transfer out.
- About its accreditation and licensing.
- What financial help is available, including information on all federal, state and college financial aid programs, not just loans.
- About the deadlines for submitting applications for each financial aid program and how recipients are selected.
- How your financial need is determined, including how costs for tuition, fees, housing, food, transportation, books, supplies, personal and miscellaneous expenses are considered in your cost of attendance (COA).
- What income, assets and other factors are considered in your expected family contribution (EFC) calculation, and how much of your financial need, as determined by the college, is met.
- To explain the various elements in your financial aid package, and how and when you'll receive your aid.
- To explain how your financial aid offer was determined.
- How much of your financial aid must be paid back, and what portion is grant or gift aid. If you're offered a loan, you have the right to know the interest rate, the total amount that must be repaid, payback procedures, when repayment begins and how long you have to repay.
- How to be considered for additional aid, if your financial circumstances change.
- About the effect outside scholarships may have on your financial aid award.
- How to reapply for financial aid for subsequent years.
- For its job placement rates—the percentage of students who are placed in jobs relating to their course of study.

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Your responsibilities - You have a responsibility to:

- Research the colleges you're considering. Talk to your high school counselor, as well as current and former students and local employers, if appropriate.
- Consider all information about the college's programs before enrolling.
- Complete the financial aid application accurately and submit it on time to the right place. Intentional misrepresentation on an application for federal financial aid is a crime that may result in penalties, including prison and fines.
- Respond promptly and provide all requested verification documentation, corrections to your financial aid application or additional information to the appropriate place.
- Read and keep copies of all forms and agreements you sign.
- Report in writing to your college financial aid office all additional financial aid resources you receive.
- Know and comply with the deadlines for applications or reapplications for aid, and understand the school's refund procedures.
- Ask your college's financial aid office about jobs if you were awarded work-study or student employment, including the hours you must work, your duties, the pay and how you'll be paid.
- Complete loan entrance counseling before you receive your first loan disbursement—and exit counseling before you leave school.
- Compare your anticipated monthly student loan payments and other expenses to your expected take-home pay after college.
- Understand your school's return-of-aid policy if you receive federal or state financial aid and withdraw from school. You or your school may have to return some of the financial aid money.
- Repay your student loans, even if you don't complete your education, can't get a job or aren't happy with your education.
- Notify your college and lender promptly of changes in your name, permanent mailing address, telephone number, enrollment or marital status, or your financial resources.
- Request a deferment or forbearance, or change repayment plans if you're having trouble making your monthly payments.