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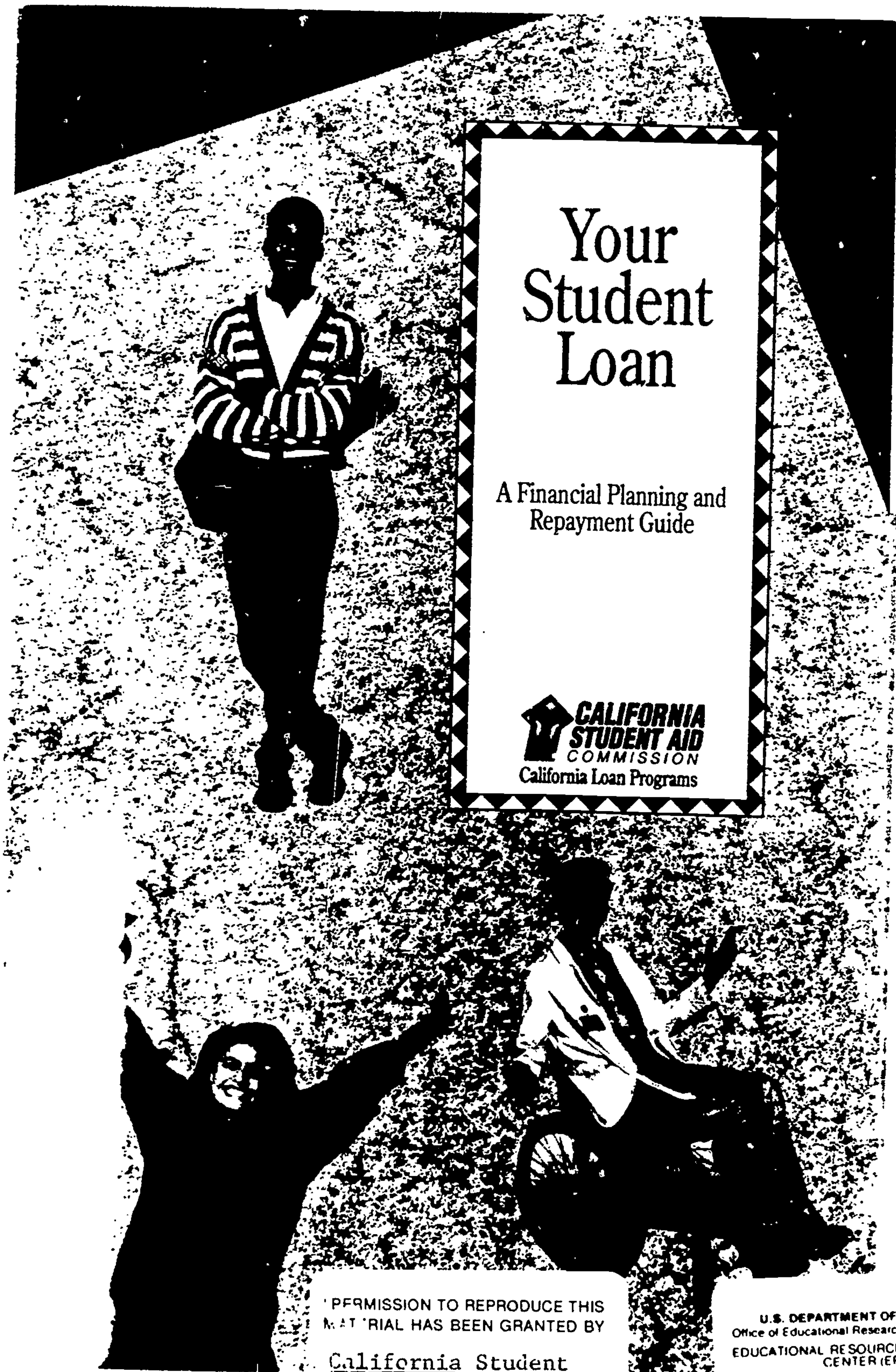
ABSTRACT

This brief pamphlet is a financial planning and repayment guide designed to help college students make informed decisions about participating in Federal Family Educational Loan Programs as administered in California through the California Student Aid Commission. Following an introduction the guide begins by suggesting that students map out a financial plan including key issues to consider, other options to explore, and the responsibilities involved in taking a loan. Student rights and responsibilities are listed and the various Federal Family Educational Loan Programs are described. These include the Stafford Student Loans, Unsubsidized Stafford Loans, Federal Supplemental Loans for Students, Parent Loans for Undergraduate Students, and the Consolidation Loan Program. Worksheets for planning student loan repayment and budgeting are included along with a table of estimated entry level annual salaries. Final sections provide: a discussion of initiating student loan repayment (includes information on selling and transferring loans), a list of lenders in California, a glossary of terms, and a checklist of issues for student borrowers. (JB)


Your
Student
Loan
A Financial Planning and
Repayment Guide
CALIFORNIA
STUDENT AID
COMMISSION
California Loan Programs

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Responsible Borrowing — A Vital Part of Student Financial Aid

The main goal of the California Student Aid Commission is to help students and their families meet rising college costs, while assisting low-income and disadvantaged Californians with access to higher education.

To achieve this goal, and to help ensure a realistic promise of full participation for all citizens, the Commission provides a balanced program of grants, low-interest educational loans and other special programs for students at all levels, from vocational training through four-year college and graduate degrees.

Today, loans are a vital part of many students' financial plans for college. Student loans now make up more than 50 percent of all available financial aid. That is where the California Student Aid Commission can help. Every year, some 300,000 students and parents take out more than $1 billion in educational loans under the Commission's guarantee.

This guide is designed to help you be an informed, responsible participant in the Federal Family Educational Loan Programs. Please read it carefully. A loan can help you realize your education dreams, but it requires that you live up to your repayment obligations. Please borrow wisely, get a good education and then repay your student loan.

Sincerely,

Samuel M. Kipp

Dr. Samuel M. Kipp, III
Executive Director
California Student Aid Commission

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Introducing the Federal Family Educational Loan Programs

California, through the Student Aid Commission, offers many financial aid programs for studying beyond high school — Cal Grants, Graduate Fellowship, a State Work-Study program and special programs for teachers and other groups. More information on all student aid options is in the Commission's "Financial Aid for Students" workbook available from financial aid offices, counselors, libraries or from the Commission.

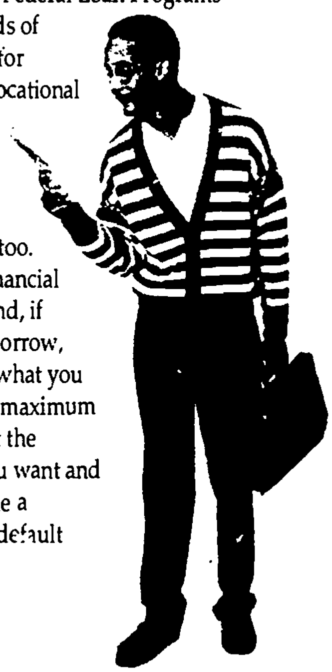
This booklet is specifically about the Federal Family Educational Loan Programs: Stafford Student Loans, Unsubsidized Stafford Loans for Middle Income Borrowers, Supplemental Loans for Students (SLS), Parent Loans for Undergraduate Student (PLUS) and a Consolidation Loan Program. These loans are federally supported low-interest educational loans for both students and the parents of dependent students. The loans are designed to assist qualified students and their families meet college costs. Interest rates, loan limits and repayment of the various loans vary. In California these programs are administered by the California Student Aid Commission.

This booklet tells how to apply for a student loan. It explains loan eligibility, terms, conditions, responsibilities to repay, and has tips on how to manage a student loan debt. As a current or prospective borrower, pay particular attention to the sections on repayment and debt management. That first loan payment may seem distant, but your responsibilities and obligations begin the day you accept a student loan check.

As you make financial plans for college and consider applying for a student loan, keep these facts in mind:

- a student loan can help make higher education possible, and repaying helps establish good credit; but
- student loans must be paid back in full even if you do not find the job that you want, fail to graduate, are unhappy with the education or the training you receive, or believe the school owes you a refund;
- failure to repay a student loan — known as defaulting — has serious consequences and will damage your credit rating; and
- if you fail to repay your student loan, the Commission will use collection agencies and seize your federal and state tax refunds to recover unpaid student loan money.

Each year the Federal Loan Programs help thousands of students pay for college and vocational training. The Student Aid Commission can help you too. Explore all financial aid options and, if you need to borrow, borrow only what you need, not the maximum available. Get the education you want and do not become a student loan default statistic.



Mapping Out Your Financial Plan

A student loan may seem like an easy source of money for college, but it is a serious financial commitment. Map out a financial plan for school before you enroll or apply for a student loan. Start by answering these important questions:

- How much can you and your family contribute toward your educational costs? Discuss this early in your college planning process.
- Are you eligible for other forms of financial aid and have you applied for them? Can you work more hours and borrow less money? If you must borrow, do so only to meet educational costs.
- Consider your expected salary and other future expenses. Will you be able to afford monthly student loan payments? Repaying a large debt is not always easy. Student loans have the same legal requirements as other consumer loans. Depending on how much is borrowed, payments can range from $50 to $950 per month. (See the Income/Expenses worksheet on page 15.)

Defaulting on a student loan — failing to repay — has serious consequences which include loss of the following: future financial aid eligibility, monthly loan repayment options, federal/state income tax refunds and lottery winnings, and a good consumer credit rating for years to come.

- Have you selected the lender that best meets your needs? Lenders participating in the federal student loan programs are listed on page 19. Financial aid offices also have a list of lenders and their policies. If you must borrow more than once, stay with the same lender to simplify your repayment plans.

Selecting The Right School Before Borrowing

Neither the California Student Aid Commission, a lender, nor the federal government can vouch for a school's quality or its programs. Before enrolling and accepting a loan and its responsibilities, learn as much about the school as possible. It is important that you know that the school is licensed for operation, and approved by a nationally-recognized accrediting agency. You can ask the school for proof of licensing and accreditation. These certify that the school meets certain business and academic standards.

Each college, university and vocational school is required to give prospective students information about academic cost, their tuition and refund policy, quality of academic and training programs, faculty and facilities, financial aid programs and graduates' job placement success. Be a smart shopper; choose the school best for you.

Reviewing Other Financial Aid Options

Various financial aid options are available to those who take the time to apply, pay attention to detail and follow up their effort.

Check with the school's financial aid office concerning your eligibility and consider all possible sources including:

- federal Pell Grants, College Work-Study, Supplemental Educational Opportunity Grants (SEOG) and Perkins Loans.

Average College Costs in California for 1992/93

	Living at Home and Commuting	Living Off Campus	Living On Campus
Community Colleges	$4,740	$8,412	$7,199
California State University*	$5,950	$9,622	$9,188
University of California*	$7,542	$11,214	$11,711
Independent Colleges	$8,002 to $21,658	$11,674 to $25,330	$9,286 to $25,302
Private Vocational Schools**	$7,200 to $20,310	$9,648 to $25,206	N/A N/A

This chart lists average annual rate for single students during 1992-93 school year, including tuition fees, room and board, books and supplies, transportation, and personal expenses such as clothing, laundry, and entertainment. Contact each school for specific costs.

**Costs shown indicate estimated fees*

***Low figures in a 6-month course; high figure is 12 month course.*

- California's undergraduate Cal Grants, Graduate Fellowships, State Work-Study and programs for special groups such as teachers, law enforcement officers and veterans; and
- institutional financial aid options, or private scholarships.

Qualifying and Applying for a Student Loan

Student loans can be an important part of an individual financial aid package; for some, it may be the only financial aid option. There are different student loans that meet different needs. Some loan limits are based on a student's grade level or length of the program in which they are enrolled. There are also loans for parents of dependent students.

Eligibility and application requirements vary; some loans require students first to demonstrate financial need or to apply for other aid. You must complete the Free Application for Federal Student Aid (FAFSA) to determine your financial aid eligibility. The FAFSA is available from high school counselors and postsecondary school financial aid offices. Student loan applications are available from school financial aid officers.

Work closely with the financial aid office and a lender for exact application information and requirements. More details on borrower eligibility are available in this booklet under each loan heading.

If eligible for a student loan, you or the school must forward your completed application/promissory note to a participating lender. The time needed to process a loan may vary from a few days to a few weeks; therefore, students should not plan to use loan money to pay preregistration fees, housing deposits, or other early fee payments.

Accepting a Student Loan Means Accepting Responsibility

It is important that you understand and accept your student loan responsibilities. Carefully read the loan promissory note and disclosure statement. Ask the lender to explain any parts that are unclear.

If you qualify, the lender will process your application and issue a check, or disburse the loan through an electronic funds transfer to your school. Depending on the type of loan, certain fees are deducted by the federal and state governments to help pay some of the program's operating costs.

A federal student loan check may be made either singly payable or co-payable. Checks are mailed to schools and released to students in two or more installments after enrollment and satisfactory academic progress have been verified. If singly payable, the school releases the check to you. If co-payable, both you and the school must endorse the check. The school may keep an amount you already owe for school charges, but you still must repay the entire amount borrowed. PLUS loans are disbursed as co-payable to parents and schools and are sent directly to the school.

Most students successfully repay their loans, but some borrowers treat their loan repayment responsibilities casually. Some fail to pay attention to lender notices, or forget who they owe. Others intend to repay, but fail to keep lenders informed of their new address. When this happens, the lender may place the loan in default because the borrower cannot be located to arrange repayment.

Keep copies of all lender correspondence and maintain a file with the loan application/promissory note, disclosure statement, repayment schedule, deferment requests, rights and responsibilities statement and any other pertinent items. If you change your name, move, leave school or change your graduation date, inform your lender. Follow up your telephone calls to a lender with a letter. Always keep a copy.

Many borrowers who default on a student loan do so because they are unemployed or, even if working, do not have enough income to meet their other expenses and repay a student loan too. Plan ahead before borrowing. Will the degree, certificate or training lead to a job that will enable you to meet all your bills, including student loan repayments? Check salaries and job availability with potential employers before borrowing.

Some borrowers ignore their debts when they cannot make the payments. This often leads to a loan default. If you cannot make a payment, contact your lender and ask what can be done to prevent a default. A lender will work with you to postpone or reduce monthly amounts until you can resume regular payments.

Student Rights and Responsibilities

Education after high school requires time, money and effort. It is a big investment. Before making a commitment, get complete information about the quality of academic programs, graduation rates, full cost of attendance, refund policy, and financial aid programs.

Student Rights — **You have the right to ask a school:**

- ♦ What it costs to attend and refund policies for students who drop out.
- ♦ How the school determines whether students are maintaining satisfactory academic progress and the consequences if they are not.
- ♦ What financial assistance is available, including all federal, state, and school financial aid programs.
- ♦ What the deadline is for submitting each aid application and criteria used to select recipients.
- ♦ How individual financial need is determined including how cost for tuition and fees, room and board, transportation, books and supplies, and personal and miscellaneous expenses are considered in your budget.
- ♦ What resources (such as parental contribution, other financial aid, personal assets, etc.) are considered in the need calculation, and how much of your financial need, determined by the school, has been met.
- ♦ To explain the various programs in your student aid package. If you believe you have been treated unfairly, you may request reconsideration.
- ♦ What portion of the financial aid must be repaid and what portion is grant aid. When you take out a loan, you have the right to know the interest rate, the total amount to be repaid, repayment procedures, the length of time to repay the loan, and the date when repayment begins.
- ♦ How to apply for additional aid if your financial circumstances change.

Student Responsibilities — **It is your responsibility to:**

- ♦ Review and consider all information about a school's program before enrolling.
- ♦ Pay special attention to your application for student financial aid, complete it accurately and submit it on time to the right place. Errors can delay financial aid. Intentional misreporting of information on application forms for financial aid is a criminal offense subject to penalties.
- ♦ Respond promptly and return all additional documentation, verification, corrections, and/or new information requested by the financial aid office or the agency to which you submitted applications.
- ♦ Read, understand and keep copies of all forms that you sign.
- ♦ Notify the lender within 10 days of changes in your name, permanent mailing address, and school status.
- ♦ Repay the loan according to the repayment schedule. Payment is required even if you do not get a bill.
- ♦ Do not wait for the lender to contact you; write and request a repayment schedule. If you cannot make payment or feel payment is not due, contact your lender and reques' deferment of repayment, forbearance, hardship extension, or in-school extension.

Federal Family Educational Loan Programs

The California Student Aid Commission administers the Federal Family Educational Loan Programs which include Stafford Student Loans, Unsubsidized Stafford Loans, Supplemental Loans for Students (SLS), Parent Loans for Undergraduate Student (PLUS) and Consolidation Loans. These government-sponsored, low-interest loans for qualified students and parents of students are made in cooperation with commercial lenders, such as banks, credit unions and savings and loan associations.

Federal Stafford Student Loans

Stafford Student Loans are for undergraduate, graduate, vocational or professional students who demonstrate financial need. For new borrowers after October 1, 1992 the interest rate is a variable rate established annually and will not exceed 9 percent. For borrowers with outstanding balances from student loans prior to that date, the interest rate remains the same as for the prior loans.

Students may borrow $2,625 for each of the first two undergraduate years, and up to $4,000 annually through the fifth year. Graduate students may borrow up to $7,500 a year. Not more than $17,250 can be borrowed for all years of undergraduate study, $37,000 for all years of graduate study, or $54,750 for undergraduate and graduate study combined.

Stafford limits for first year borrowers are prorated according to program length: $2,625 (one academic year); $1,750 (2/3 of academic year); $875 (1/3 of academic year).

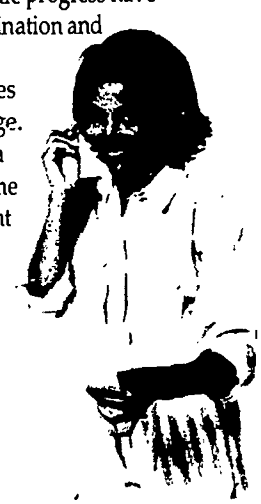
For loans with first disbursements made on or after July 1, 1993 there will be new annual loan limits, prorated for all undergraduates. Loan limits will remain the same for first-year borrowers. Second-year limits will be prorated as follows: $3,500 (full academic year); $2,325 (2/3 academic year); $1,175 (1/3 academic year). Maximum undergraduate borrowing will not exceed $23,000; the graduate study limit will be $65,500.

For borrowers who have completed at least two academic years, the loan limits will be prorated as follows: $5,500 (full academic year); $3,675 (2/3 academic year); $1,825 (1/3 academic year). After October 1, 1993, the annual limit for full-time graduate students will be $8,500 with an aggregate cap of $65,500.

All federal loan programs define an academic year as a period when a full-time student is expected to completed the equivalent of at least two semester, two trimester, three quarters, 24 semesters hours, 36 quarter hours or 900 clock hours. Check with your school financial aid counselor to determine how your school year is measured.

Stafford loan funds are disbursed to schools and released to students in two or more payments after enrollment and satisfactory academic progress have been verified. Origination and insurance fees are deducted. These fees are subject to change. Lenders will offer a graduated or income sensitive repayment schedules.

If you are entering the first year of an undergraduate



education program and have not previously received a student loan, your school may not release the first installment of your Stafford loan until 30 days after the first day of study.

Monthly Stafford loan payments begin six months after graduation, dropping below half time or withdrawing from school. In certain circumstances, a borrower may be eligible for loan repayment deferment or forbearance. (Check with your lender.)

To qualify for a Stafford loan, a student must be:

- ♦ a U.S. citizen/national, permanent resident or an eligible noncitizen (only a U.S. citizen or national is eligible to receive a Stafford loan for study at a foreign school);
- ♦ enrolled or accepted for enrollment at least half time in a degree or certification program at a college, vocational school or correspondence program approved by the U.S. Department of Education and the California Student Aid Commission;
- ♦ a California resident attending either an approved institution in California, outside the state, or in another country; or a resident of another state attending an eligible California school; and
- ♦ able to demonstrate financial need determined by the school in accordance with federal regulations.

And must also:

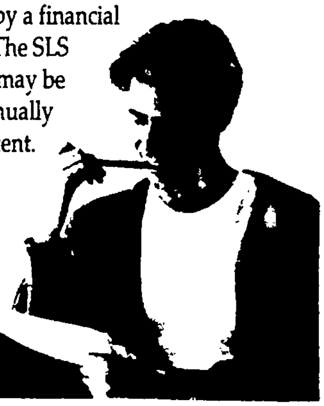
- ♦ have Pell Grant eligibility determined;
- ♦ not be in default on a student loan or owe a refund on any state or federal educational grant;
- ♦ have completed U.S. Selective Service registration requirements;
- ♦ possess a valid Social Security number; and
- ♦ be making satisfactory academic progress according to school standards.

Federal Unsubsidized Stafford Loans for Middle-Income Borrowers

Regardless of income, students may apply for an unsubsidized loan. With the exception of demonstrating financial need, the unsubsidized loan terms and conditions are the same as for the Stafford Loans, such as loan limits, deferments and interest rates. Students pay the interest during in-school periods. Interest accruing during these periods can be capitalized as agreed by borrower and lender. Borrowers pay a combined origination and insurance premium fee, which is deducted by the lender from the amount borrowed.

Federal Supplemental Loans for Students (SLS)

The Supplemental Loans for Students (SLS) programs is available to graduate, professional and independent undergraduate students (also dependent undergraduate students under exceptional circumstances as determined by a financial aid officer). The SLS interest rate may be adjusted annually up to 11 percent.



Lenders or schools can tell you the current SLS interest rate.

The annual maximum SLS loan limit is: $4,000 (full academic year); $2,500 (2/3 of academic year); $1,500 (1/3 of academic year). Borrowers cannot exceed a cumulative maximum of $20,000. A loan origination fee and an insurance premium are charged. Fees are subject to change. Loans are disbursed in two or more payments.

For loans first disbursed on or after July 1, 1993, undergraduate students may borrow $4,000 a year for the first two years of study and $5,000 yearly after completing two years of study for an undergraduate aggregate amount of $23,000. Graduates may borrow $10,000 a year for an aggregate of $73,000 for graduate study (including loans received as an undergraduate).

Loans first disbursed on or after July 1, 1993 are prorated according to program length. For the first and second year of study a borrower may borrow $4,000 (a full academic year); $2,500 (2/3 academic year; $1,500 (1/3 academic year). Borrowers who have completed two academic years may borrow $5,000 (full academic year); $3,325 (2/3 of an academic year); $1,675 (1/3 academic year).

See your lender or counselor for details. NOTE: Loan limits apply to the SLS program nationwide. Actual loan amounts may not exceed the cost of education minus other financial assistance you receive. You must wait at least nine months from the start of the last loan period to receive an additional loan. Graduate/Professional's aggregate loan limit includes any loans received as an undergraduate.

If you are entering the first year of an undergraduate education program and have not previously received a student loan, your school may not release the first installment of your SLS loan until 30 days after the first day of study.

SLS eligibility is limited for a dependent undergraduate based upon the financial aid administrator's review of the student's and parents' financial information and other extenuating circumstances.

Students who have not completed the first year of undergraduate study at the institution where they are currently enrolled, regardless of programs completed at other institutions, are subject to reduced annual SLS loan limits when enrolled in programs of less than a full academic year in length.

SLS loan repayment begins within 60 days of receiving the loan. However, if enrolled in an eligible program at least half time, borrowers may defer payment of principal and pay the interest only, or defer payment of both principal and interest and have the interest charges added to the principal. Check with your lender about deferment options.

To qualify for a SLS loan, a student must:

- meet all Stafford loan qualifications, with the exception of demonstrating financial need;
- have Pell Grant and Stafford loan eligibility determined first (if an undergraduate);

- have obtained a high school diploma or equivalency certificate (General Education Development score or GED); and
- possess a valid Social Security number.

Federal Parent Loans for Undergraduate Students (PLUS)

The Parent Loans for Undergraduate Students (PLUS) program is for parents who wish to borrow for their dependents. The parent is responsible for the repayment even if the dependent's education is not completed.

The PLUS loan interest rate is variable up to 10 percent. The annual maximum PLUS loan limit is $4,000 per eligible dependent student with a cumulative maximum of $20,000 per eligible dependent student. A loan origination fee and an insurance premium are charged and are subject to change. Loans are disbursed as co-payable to parents and schools and are sent directly to the school.

Parents must begin repayment within 60 days of final disbursement of the loan. If the parent or the student is enrolled at least a half time, payment of the principal or both principal and interest may be deferred. Check with your lender for additional deferment options.

After July 1, 1993, parents who do not have an adverse credit history may borrow up to the total cost of the student's education, minus any other aid received by the student. Check with your lender or counselor for details.

To qualify for a PLUS loan:

- parents must be California residents or, if residents of another state, dependents must be enrolled or accepted for enrollment at least half-time in a degree or certificate program at a college, vocational school or correspondence program (correspondence courses must be part of a program leading to an associate, bachelor, or graduate degree) in California and approved by the U.S. Department of Education and the Student Aid Commission.
- if both parents and dependent are California residents, the dependent must be enrolled or accepted for enrollment at least half-time in an eligible program at an approved school in California, another state or a foreign country; and
- parents must, in addition to filing the PLUS application/promissory note, undergo a credit check. A lender may deny a PLUS application due to bad credit.

Parents as well as dependents must meet the following qualifications:

- be a U.S. citizen/national, permanent resident or an eligible noncitizen (only a U.S. citizen or national may receive a PLUS on behalf of the dependent for study at a foreign school); and
- not be in default on any educational loan, or owe a refund on any state or federal educational grant.

In addition, dependents must meet each of the following:

- be making satisfactory academic progress as determined by the school;
- possess a valid Social Security number; and
- have completed U.S. Selective Service requirements.

Federal Consolidation Loan Program

The loan consolidation program makes repayment easier for students with large or unmanageable educational loan payments. After January 1, 1993, consolidation lenders pay off existing student loans and make a new loan having a single monthly payment with an extended repayment term of up to 30 years. Married borrowers may consolidate their individual loans under a single payment schedule.

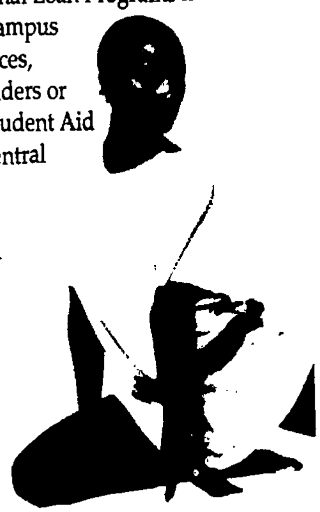
To be eligible for loan consolidation, you must:

- have borrowed $5,000 ($7,500 or more after 7/1/93) or more in Federal Stafford, Federally Insured Student Loans (FISL), Federal SLS, Federal Perkins Loans, Federal PLUS (student), Federal PLUS (parent loans made after October 17, 1986) or the Health Professions Student Loan (HPSL) programs;
- be in the "grace period," already in repayment, or a defaulted or delinquent borrower who will enter repayment through consolidation;
- have no other consolidation application pending or in process at another lender; and
- have not been enrolled at least half time at an eligible institution during the previous four months.

The consolidation interest rate is at least 9 percent and not more than 12 percent per year based on the weighted average of the loans being consolidated. Each lender offers its own repayment options and plans. Some plans may have level payments for the life of the loan; require interest-only payments for period of time; involve graduated payments; or require income-sensitive payments which begin low but increase later. There is no insurance or origination fee on a consolidation loan.

The benefits of loan consolidation are different for each borrower. Generally, monthly payments are less, but borrowers often pay more interest over the course of the extended repayment period. Consolidation offers fewer deferment options and borrowers are responsible for paying all accrued interest charges when principal payment is deferred.

More information about the Federal Family Educational Loan Programs is available from campus financial aid offices, participating lenders or the California Student Aid Commission, Central Inquiry Unit, P.O.Box 510845, Sacramento, CA 94245-0845, (916) 445-0880.



Planning Your Student Loan Repayment

Plan your finances now to avoid future student loan problems. Set up a budget and determine payments using the Monthly Repayment Worksheet below. It assumes a 10-year (120-month) repayment period, the maximum allowed by law. The total minimum payments during any 12-month period for any student loan is the greater of $600 or the amount of interest due. Repayment estimates also vary due to variable interest rates on Stafford (for first disbursements made on or after 10/1/92) SLS and PLUS loans which are adjusted annually.

To complete the worksheet, find the interest rates of any loans you may have now. Enter the loan amounts and the additional amount, if any, you plan to borrow. Then, multiply each loan by the repayment factor. Finally, add all the monthly payment amounts together to estimate your total month payment. For example, the formula for $15,000 in Consolidation loans at 10 percent interest would be: .013215 x $15,000 = $198.22 in monthly loan payments over a 10-year repayment period.

Monthly Student Loan Repayment Worksheet (sample)

Interest Rate	Applicable Federal Loan	Repayment Factor		Loan Amount		Monthly Payment
7%	Stafford	.011611	x	$________	=	$________
8%	Stafford	.012133	x	$________	=	$________
9%	Stafford/Unsubsidized/SLS/ PLUS/Consolidation	.012668	x	$________	=	$________
10%	Stafford/SLS/PLUS/CONS.	.013215	x	$________	=	$________
11%	SLS/PLUS/CONS.	.013775	x	$________	=	$________
12%	SLS/PLUS/CONS.	.014347	x	$________	=	$________
	Total estimated monthly payment for all student loans					$________

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Budgeting Your Dollars

Completing the Income/Expenses Worksheet below will help you develop a repayment plan. The Estimated Entry Level Annual Salaries chart on Page 16 can be used to calculate a projected monthly income. To estimate future salaries and costs, multiply current figures by an annual 3 percent cost-of-living increase.

From the Monthly Student Loan Repayment Worksheet, enter the total repayment figure (include any other student loan payment such as a Perkins loan) on the appropriate line of the income/expenses worksheet. Subtract total expenses from projected monthly income to determine if you will have a manageable budget.

If you have little or no extra money (disposable income), then redo your budget. You may have to adjust how much you will borrow or cut down other personal expenses. Be realistic; create a budget you can live with, one that makes student loan repayment possible.

Income/Expenses Worksheet (sample)

Projected Net Monthly Income (Gross income less 35% for estimated taxes)		$________
Estimated Living Expenses:		
Housing and Maintenance (includes rent, mortgage, utilities and furnishings)	$________	
Transportation (includes auto payments, insurance, gas, repairs, etc.)	$________	
Food	$________	
Clothing and Personal (incl. child care, entertainment)	$________	
Medical	$________	
Savings		
Student Loan Repayment	$________	
Other	$________	
TOTAL EXPENSES	$________	- $________
Disposable Income (+/-) (Projected Net Monthly Income minus Total Expenses)		= $________

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Estimated entry level annual salaries

Position	Degree	Annual Gross Salary
Accountant	Bachelor's	$26,600
	Master's	31,100
Architect		36,000
Bookkeeper		17,800
Chemist	Bachelor's	39,000
	Master's	45,000
	Doctorate	55,000
College/University Faculty	Instructor	26,100
	Asst. Professor	34,600
	Assoc. Professor	41,800
	Professor	56,200
Cosmetologist		2,600 - 24,600
Dental Hygienist		17,500
Dentist		80,000
Engineer	Bachelor's	31,900
	Master's	36,200
	Doctorate	50,400
Health Services Manager		40,200 - 96,000
Hotel Manager	Bachelor's	42,300 - 56,000
Lawyer		47,000
Librarian		25,300 - 27,100
Mathematician	Bachelor's	29,500
	Master's	32,400
	Doctorate	42,800
Nurse	Associate	19,400
	RN	16.20 - 29.19/hr.
	LPN	17,400
Occupational Therapist		30,500
Pharmacist		41,300
Physical Therapist		17.01 - 20.52/hr.
Computer Programmer		34,000
Psychologist	Bachelor's	17,000
	Master's	25,000
	Doctorate	49,900
Reporter		20,400 - 38,900
School Counselor		17,700 - 49,300
Secretary		24,000 - 32,900
Social Worker	Bachelor's	23,000 - 36,000
Speech Pathologist		25,000
Teacher	Elementary	32,400
	Secondary	33,200
Travel Agent	Beginner	14,000
	Experience	24,000
Truck Driver		11.60 - 13.50/hr.

(SOURCE: OCCUPATIONAL OUTLOOK HANDBOOK 1992-93)

Initiating Student Loan Repayment

Repayment of a federal Stafford loan begins six months after you drop below half-time student status. This grace period gives you time to find work and prepare for loan repayment. One to four months before your grace period ends, the lender will send you a repayment schedule listing the unpaid principal and interest, the monthly payment amount, and the payment due date.

SLS and PLUS loans have no grace period; repayment begins immediately upon disbursement. Interest payments on an unsubsidized Stafford loan begin immediately after the loan is fully disbursed or may be added to the principal balance.

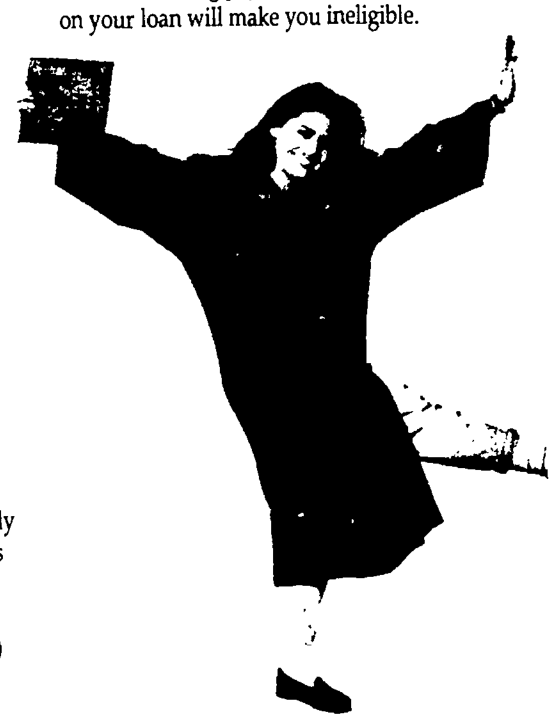
Regular payments for an unsubsidized Stafford loan begins six months after the borrower ceases to carry at least one half the normal full-time school workload.

Payment deferment is possible if you continue as a full or half-time student or if you serve with a group such as VISTA, the Peace Corps or on active duty in the Armed Forces. You also are eligible for a deferment if you are temporarily totally disabled or have a dependent who is temporarily totally disabled and needs your care. If unemployed, but conscientiously seeking work, you may have loan payments postponed for up to two years. Check with your financial aid office or lender for additional details.

For disbursements made on or after July 1, 1993 to "new borrowers" (borrowers who have no outstanding balance of principal or interest owing on any student loan at the time of application) deferments are reduced to: in-school, pursuing at least half-time study, approved graduate fellowship, approved rehabilitation training program for the disabled; unemployment (up to 3 years); and economic hardship (up to 3 years).

If you do not qualify for a deferment and cannot make payments, request a hardship extension or "forbearance" from your lender. Under this hardship extension, payments may be temporarily suspended, reduced or limited to interest only. Interest on the loan continues to accumulate during periods of forbearance. Each lender has its own forbearance policy.

Request the appropriate deferment or forbearance forms from your lender. Until you receive written approval, continue making payments. Defaulting on your loan will make you ineligible.



Keep copies of all correspondence with your lender.

If you have large debts or have borrowed from several educational loan programs or lenders, you may consider loan consolidation. Check with your lender for deferment and forbearance information.

Student Loans Can Be Sold or Transferred

Secondary markets are important partners in the student loan program. By purchasing student loans from the original lenders, lenders are provided with money to make new educational loans.

When a lender transfers or sells your loan, the new holder notifies you by mail using the last address your original lender had on record. If you have not kept the lender informed, you could be unaware of a new holder or servicer. Your loan could become delinquent and go into default. It is crucial that you always inform your lender or any new holder in writing of an address change within 10 days.

Some lenders and most secondary markets contract with loan servicing agencies to handle student loan collection. If a lender assigns your loan to a servicer, you must now make payments to the servicer. The servicer answers all inquiries and updates your file with information provided by you or your school.

Tips on Managing Student Loans

Here are some tips on managing your loans:

- Apply to the same lender each time you borrow. This increases the chance of combining your payments. If you borrow from different lenders, you will have multiple monthly payments.
- If a lender sells your loan to a secondary market, request the same secondary market for any later loans. This lets you make payments to a single holder.
- When making payments to more than one lender, ask each lender to prorate your monthly payments based on the total outstanding debt. This reduces each payment amount.
- Inform all lenders/holders in writing within 10 days of any changes in your address and enrollment status.

Federal Student Loan Program Lenders

The following lenders are active participants in the Federal Family Educational Loan Program:

American Baptist Credit Unicn*
Bank of America**
Bank One, Merrillville*
Bank of Stockton
Calif. Higher Education Loan Authority***
Chase Manhattan Bank*
Chevron Federal Credit Union
Citibank and Citibank Federal Savings Bank**
Educaid*
Exchange Bank
F & A Federal Credit Union*
Farmers & Merchants Bank
First Interstate Bank*
The Golden One Credit Union*
Great Western Bank*
Hughes Aircraft Empl. Fed. Cr. Union*
LA Water & Power Employees Credit Union*
Litton Employees Federal Credit Union*
Lockheed Federal Credit Union*
Manufacturers Hanover Trust*
Marine Midland Bank (EFSI)*
Methodist Ministers Federal Credit Union
Mission Federal Credit Union*
Mitsui Manfacturer's Bank
Monterey Federal Credit Union*
Napa Valley Bank
Nazarene Federal Credit Union*
New England Education Marketing Corp.***
Norstar Bank of Central New York**
Northern California Latrivan Cr. Union*
Orange County Teachers Federal Credit Union*
Pan American Bank
Provident Central Credit Union
Sacramento Savings Bank*
Safe America Credit Union
Security Pacific State Bank*
Sierra National Bank
Silverado Federal Credit Union*
Stockton Savings & Loan
Student Loan Marketing Association***
Tucoemas Federal Credit Union
U.S. Bank of California*
Union Bank
University Credit Union
Valley National Bank of Arizona*
Ventura County National Bank*
Wells Fargo Bank
Westwood Student Federal Credit Union

Note: * Participates in Stafford, SLS, and PLUS programs.
** Participates in the SLS, PLUS, and Consolidation programs.
*** A secondary market which buys Stafford, SLS, PLUS loans; also offers Consolidation loans.

This list does not indicate those lenders who participate in the Unsubsidized Stafford loan program. Borrowers should contact their specific lenders to determine unsubsidized loan participation.

Glossary of Student Loan Terms

Anticipated Completion Date: The expected graduation date from a degree or certification program and the date used to determine when your first loan payment is due. Changes should be reported to the lender.

Cost of Attendance: The total amount it costs to attend school. This covers tuition, fees, books, supplies, transportation, room and board and other necessary expenses.

Default: Failure to make schedule loan payments or otherwise honor the terms of the loan. Defaults are reported to credit bureaus and will damage your credit rating.

Deferment: A period(s) during which payment of principal on a loan is postponed and interest subsidy payments are made by the federal government.

Disclosure Statement: Statement provided by the lender, detailing the actual cost of a loan, including the interest rate and any additional finance charges (e.g. insurance premium fee and loan origination fee).

Federal Interest Subsidy: The loan interest paid by the federal government to a student loan lender while the student is in school or qualifies for a deferment.

Forbearance: An arrangement at the option of the lender to delay principal and/or interest payments if you are having financial difficulties.

Grace Period: A period following the end of at least a half-time enrollment status when no loan payment is required. Stafford and unsubsidized Stafford loans have grace periods; SLS and PLUS loans do not.

In-School Verification: A document to verify current enrollment status so a loan is not put into repayment. Stafford borrowers who transfer schools **before** the end of a grace period must provide their lender with proof of enrollment from their new school.

Insurance Premium: A fee paid by the borrower to guarantee the lender against loss if default occurs.

Interest: The amount of money which must be repaid in addition to the loan principal. Interest rates vary and are calculated as a percent of the amount borrowed.

Origination Fee: A charge which offsets the government's cost of subsidizing the loan.

Principal: A sum of money owed. Interest charges are made on the principal, and both must be repaid.

Promissory Note: A legally binding contract between the lender and borrower in which the borrower promises to repay the amount borrowed.

Repayment Schedule: A form provided by a lender when a student arranges payment. It lists the amount borrowed, the amount of monthly payments and when payments are due.

Checklist for Student Loan Borrowers

Before You Apply for a Student Loan ...

- ❑ **Check your finances.** How much can you and your family contribute? Can you work part time to reduce the amount you must borrow?
- ❑ **Select a school wisely.** Apply to the school that offers the best academic or vocational program for you. Ask for information on costs, graduate rates, job placement, faculty and financial aid policies.
- ❑ **Consider all types of financial aid.** Check with the financial aid office to determine if you qualify for aid. Grants and scholarships need not be repaid, but loans must be paid back in full.

If You Must Borrow ...

- ❑ **Limit your borrowing.** Borrow only what you need to meet educational expenses.
- ❑ **Select a lender.** If you borrow more than once, stay with the same lender. This will make repayment easier.
- ❑ **Be aware of penalties for defaulters.** Defaulting has serious consequences, including loss of future financial aid, monthly payment options, and federal or state tax refund. Your credit rating will also be damaged.

Manage Your Loan ...

- ❑ **Read and keep copies of all loan documents.** Maintain a file of all correspondence with your lender and the school regarding your student loan.
- ❑ **Inform your lender.** To avoid default, notify the lender within 10 days of a change in your name, permanent address, school, enrollment status, or graduation date.
- ❑ **Arrange repayment.** Don't wait for the lender to contact you; write and request a copy of the repayment schedule.
- ❑ If you cannot make a payment, request a deferment or hardship forbearance.

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