

Direct Loan Rights and Responsibilities

It is important to understand your rights and responsibilities when accepting a federal student loan as part of your financial aid package.

Student Responsibilities

- When you sign a promissory note, you are agreeing to repay the loan even if you do not complete your education or you cannot get a job after you complete the program.
- You must make payments, in the full amount, on your loan even if you do not receive a bill or repayment notice.
- If you apply for a deferment or forbearance, you must continue to make payments until you are notified that the request has been granted. You must notify the loan servicer when you graduate, withdraw from school, or drop below half-time status; change your name, address, or Social Security number; or transfer to another school.
- You must receive entrance counseling before you are given your first loan disbursement, and you must receive exit counseling before you leave school.
- If you default on your loan, the lender may take action to recover the money, including notifying national credit bureaus of your default. This affects your credit rating for a long time. For example, you may find it very difficult to borrow money from a bank to buy a car or a house
- In addition, if you default, the U.S. Department of Education might ask the Internal Revenue Service to withhold your U.S. individual income tax refund and apply it to the amount you owe, or the agency holding your loan may ask your employer to deduct payments from your paycheck. Also, you are liable for expenses incurred in collecting the loan. If you decide to return to school, you are not entitled to receive any more federal student aid. Legal action might also be taken against you.
- All courses must be required for your degree. You must attend all your classes and be making satisfactory academic progress as defined by IU South Bend.

Student Rights

You have the right to the following information about your student loan:

- The amount of your total debt, your interest rate, and the total interest on your loan
- If applicable, the name of the lender or agency holding your loans, where to send your payments, and where to write or call with questions
- An explanation of fees such as late charges and collection or litigation costs if you are delinquent or in default
- An explanation of available refinancing or consolidation options
- Anticipated monthly payments and when they are due
- Repayment options

- Notification that you must provide your expected permanent address, the name and address of your expected employer, and any corrections to your school's records

You have the right to a grace period before you begin repayment. This period begins when you leave school or drop below half-time status.