

REQUEST FOR FORBEARANCE ARRANGEMENT

Stafford Loan, PLUS, SLS, and Consolidation Loans

For loans guaranteed under the Higher Education Act of 1965 as amended (20 U.S.C. 1071 et seq.)

BORROWER: Your lender/servicer may be able to grant you forbearance (temporary suspension) of repayment if you are currently unable to make your regular monthly payment due to current financial or personal problems. You may also qualify if you are participating in a medical or dental internship/residency and have already used your 2-year internship/residency deferment. In the former case, approval of a forbearance is at the discretion of your lender/servicer. You are responsible for all interest that accrues on your account during forbearance periods and your lender may add this unpaid accrued interest (capitalization) to your outstanding principal balance in accordance with regulations governing the Title IV loan programs.

SECTION I: TO BE COMPLETED BY BORROWER (PLEASE PRINT CLEARLY)**PERSONAL INFORMATION**

Name: _____ SS#: _____
 Street Address: _____
 City: _____ State: _____ Zip: _____
 Home Phone #: (____) _____ Work Phone #: (____) _____ E-Mail: _____

EMPLOYMENT INFORMATION

Employer Name: _____ Gross Monthly Income: _____
 Employer Address: _____ Additional Income: _____
 City, State, Zip: _____ **Total Income:** _____

“Failure to complete Personal Information and the below sections or attach required documentation will result in the denial of your request”

I would like my forbearance to end on ____/____/____ (not to exceed 12 months) for the following reason (check one):
 (MM) (CCYY)

- Temporary Hardship **National / Community Service ****
 Internship/Residency ** **Student Loan Repayment Program ****
 Economic Hardship **

**** (SPECIAL REQUIREMENTS EXIST; PLEASE SEE REVERSE SIDE FOR INSTRUCTIONS)**

If you do not qualify for one of the “special requirement” forbearances (marked with asterisks), please check the Temporary Hardship box.

I authorize my lender/servicer to backdate the forbearance period to cover all delinquent payments (not to exceed 12 months). I understand that any outstanding accrued interest may be added to and become part of the principal of my loans (capitalization) in accordance with laws and regulations governing Title IV loan programs and that this may result in an increase in my monthly payment amount. I intend to repay my loan(s). See reverse side for more information concerning capitalization.

X _____
 SIGNATURE OF BORROWER AND/OR CO-MAKER

 DATE

SECTION II: TO BE COMPLETED BY LENDER

A. Approved for period _____ to _____

Interest that accrues during the forbearance period will be (check one):

Billed Quarterly Capitalized Amortized over the repayment period

B. Disapproved because: _____

 Signature of Official

 Date

Return completed form to:

AES

Default Prevention Services
 PO Box 8147
 Harrisburg PA 17105-8147

Attn: Marc Bitsko
 Fax Number: 717-720-3644

Temporary Hardship This type of forbearance can be granted when a borrower has shown that repayment of his or her student loan(s) would constitute a hardship under his or her current economic situation.

Internship/Residency (medical, dental, or residents) This type of forbearance is granted when a borrower has used his or her maximum twenty-four (24) months of deferment for an internship/residency or for new borrowers with “all” loans disbursed after 7/93 and serving internship/residency. The borrower must return the signed forbearance form, **along with documentation (signed by the director of the internship/residency program) verifying his or her internship/residency position (this must include beginning and ending dates of the program)**. The forbearance can be granted through the end of the internship/residency period, in 12-month increments.

Economic Hardship This type of forbearance is granted to borrowers who have student loan debt payments that are greater than or equal to 20 percent of their monthly gross income. **Borrowers must provide the lender/servicer with (a) proof of their monthly gross income (pay stubs), (b) verification of their student loan debt payments.**

National and Community Service (CNCS) This type of forbearance is granted to borrowers who are serving in an approved national service position under the National and Community Service Trust Act of 1993. **In order to be considered for this forbearance type, attach a copy of the letter from AmeriCorps concerning your participation.**

Student Loan Repayment Program This type of forbearance is granted to borrowers who are eligible to have either all or part of their student loans repaid by the Department of Defense or through the teacher loan forgiveness program. In order to be considered for this forbearance type, **attach a DOD form or letter from a certifying official verifying participation in the loan forgiveness program.**

What is capitalization?

Capitalization is a process whereby a lender adds unpaid interest to the principal balance of a loan. You are responsible for the interest due on your loan during forbearance.

If you are granted forbearance and if you choose to defer and capitalize interest charges, the principal balance of your loan will increase each time your lender capitalizes unpaid interest. As a result, you will pay more interest charges over the life of the loan. When you begin repaying your loan, your monthly payment amount will be higher or, if your loan is subject to the \$50 minimum payment, you will make more payments. However, the advantage of capitalizing interest is that you would not be required to make interest payments during periods of forbearance.

Contact your lender if you have questions or need more information.

This chart compares the monthly payments on loans where interest is paid while the borrower is in school (Option 1) and loans where the interest is capitalized (Option 2).

	Option 1 Interest Payment Made			Option 2 Interest Payment Deferred	
	Loan Amount	Monthly Interest	Monthly Payment*	Interest Capitalized**	Monthly Payment*
7% Interest	\$2,625	\$15.31	\$50 (67 payments)	\$189	\$50 (76 payments)
	\$3,500	\$20.42	\$50 (99 payments)	\$245	\$50 (114 payments)
	\$5,500	\$32.08	\$64	\$385	\$68
	\$6,625	\$38.65	\$77	\$464	\$82
	\$7,500	\$43.75	\$87	\$525	\$93
	\$8,000	\$46.67	\$93	\$560	\$99

* 120 monthly payments unless otherwise noted.

** The estimate of interest capitalized in these examples is based on quarterly capitalization over a 12-month period.