



Forbearance Instructions

You may be eligible for forbearance on your Federal Family Education Loans. This forbearance is granted in yearly increments with a three year cumulative limit application/form.

A forbearance is a temporary suspension of payments. During the suspension period you are still responsible for interest. When the forbearance ends, unpaid interest may be added to the principal balance of your loan(s), including interest that was unpaid before your forbearance began. Adding interest to your principal balance increases the total amount of interest you pay over the life of your loan(s), and increases your monthly payment amount and/or length of repayment.

Your monthly Title IV federal student loan payments must be equal to or greater than 20 percent of your total monthly gross income. You must enclose evidence of your total monthly gross income from all sources and documentation of the monthly payment amount due on any Title IV federal student loans not serviced by VSAC.

To apply for this forbearance, complete sections 1 and 2 of the enclosed Mandatory Forbearance Request, Student Loan Debt Burden form and read and sign Section 3 at the bottom of the page. You must enclose evidence of your total monthly gross income from all sources and documentation of the monthly payment amount due on any Title IV federal student loans not serviced by VSAC.

You may fax your completed form and supporting documentation to (802) 654-3765 or mail to:

VSAC
PO BOX 999
WINOOSKI, VT 05404-0999

We cannot grant your forbearance request unless all applicable sections of the form are completed and all required documentation is provided.

If you have questions, please call us toll-free at 1-800-798-8722, or locally at (802) 655-4050. Our telephone self-service system is available 24/7 for account information, payments and other loan transactions.

Sincerely,
Customer Relations



MANDATORY FORBEARANCE REQUEST STUDENT LOAN DEBT BURDEN

OMB No. 1845-0018
Form Approved
Exp. Date 7/31/2015

SLDB

William D. Ford Federal Direct Loan (Direct Loan) Program / Federal Family Education Loan (FFEL) Program

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

SECTION 1: BORROWER IDENTIFICATION

Please enter or correct the following information.

Check this box if any of your information has changed.

SSN [] [] [] - [] [] [] - [] [] [] [] [] []

Name _____

Address _____

City, State, Zip Code _____

Telephone - Primary () _____

Telephone - Alternate () _____

E-mail Address (Optional) _____

SECTION 2: FORBEARANCE REQUEST

Before completing this form, carefully read the entire form, including the instructions and other information in Sections 4, 5, and 6.

I request that my loan holder grant a forbearance on my loan(s) beginning [] [] [] [] - [] [] [] [] - [] [] [] [] [] [] for a period of up to 12 months, unless an earlier ending date is indicated here [] [] [] [] - [] [] [] [] - [] [] [] [] [] []. I request this forbearance because the total monthly payment on all my eligible federal education loans is equal to or greater than 20% of my total monthly income.

If this forbearance request is approved, I want to (check one):

Temporarily stop making payments; or

Make smaller payments of \$ _____ per month.

Check one:

My total monthly income from all sources is \$ _____. I have attached documentation of this income as described in Section 6.

I receive no income or receive only untaxed income. Examples of untaxed income include Supplemental Security Income, Child Support, or Federal or State Public Assistance.

SECTION 3: BORROWER UNDERSTANDINGS, CERTIFICATIONS, AND AUTHORIZATION

I understand that:

(1) My loan holder will not grant this forbearance request unless all applicable sections of this form are completed and required documentation is provided.

(2) If I am past due on payments not covered by this forbearance, my loan holder may grant an additional forbearance on my loan(s) to resolve all payments due when my request is processed, and all unpaid interest may be capitalized (as defined in Section 5) as permitted by law.

(3) If I do not qualify for this forbearance, my loan holder may apply a discretionary forbearance for the same period if I am eligible.

(4) I am responsible for, and have the option to pay, the interest that accrues on my loan(s) during forbearance. Any unpaid accrued interest which I do not pay may be capitalized by my loan holder as permitted by law.

I wish to make interest payments on my loan(s) during my forbearance.

(5) I may make payments during the forbearance period to reduce the total amount I owe on my student loan(s).

(6) At the end of the forbearance, I may apply for another period of forbearance of up to 12 months if I continue to meet the eligibility requirements. The maximum time allowed for this forbearance is 3 years.

I certify that:

(1) The information I have provided above is true and correct.

(2) I will provide additional documentation to my loan holder, as required, to support my forbearance request.

(3) I will notify my loan holder immediately when the condition that qualified me for the forbearance ends.

(4) I have read, understand, and meet the eligibility requirements of this forbearance as explained in Section 6.

(5) I agree to repay my loan(s) according to the terms of my promissory note(s), regardless of whether the forbearance is granted.

I authorize the entity to which I submit this request (i.e., the school, the lender, the guaranty agency, the U.S. Department of Education, and their respective agents and contractors) to contact me regarding my request or my loan(s), including repayment of my loan(s), at the number that I provide on this form or any future number that I provide for my cellular telephone or other wireless device using automated telephone dialing equipment or artificial or prerecorded voice or text messages.

Borrower's or
Endorser's Signature _____

Date _____

SECTION 4: INSTRUCTIONS FOR COMPLETING THE FORM

Type or print using dark ink. Enter dates as month-day-year (mm-dd-yyyy). Use only numbers. Example: January 31, 2012 = 01-31-2012. Include your name and account number on any documentation that you are required to submit with this form. If you need help completing this form, contact your loan holder. If you are applying for a forbearance on loans that are held by different loan holders, you must submit a separate forbearance request to each loan holder.

Note to Endorsers/Comakers (1) If you are an endorser, you may request forbearance only when you are required to repay the loan because the borrower is not making payments. **(2)** If you are requesting forbearance on a loan that was made jointly to you and your spouse as comakers (joint borrowers), both you and the other comaker must individually meet the requirements for a forbearance and each of you must complete a separate forbearance request.

Return the completed form and any required documentation to the address shown in Section 7.

SECTION 5: DEFINITIONS

■ **Capitalization** is the addition of unpaid interest to the principal balance of your loan. The principal balance of a loan increases when payments are postponed during periods of deferment or forbearance and unpaid interest is capitalized. As a result, more interest may accrue over the life of the loan, the monthly payment amount may be higher, or more payments may be required. The chart below provides estimates, for a \$15,000 unsubsidized loan balance at a 6.8% interest rate, of the monthly payments due following a 12-month forbearance that started when the loan entered repayment. It compares the effects of paying the interest as it accrues, capitalizing the interest at the end of the forbearance, and capitalizing interest quarterly and at the end of the forbearance. Please note that the U.S. Department of Education (the Department) and many other holders do not capitalize interest on a quarterly basis. The actual loan interest cost will depend on your interest rate, length of the forbearance, and frequency of capitalization. Paying interest during the period of forbearance lowers the monthly payment by about \$12 and saves about \$426 over the lifetime of the loan, as depicted in the chart below.

Treatment of Interest Accrued During Forbearance	Loan Amount	Capitalized Interest for 12 Months	Principal to Be Repaid	Monthly Payment	Number of Payments	Total Amount Repaid	Total Interest Paid
Interest is paid	\$15,000.00	\$0.00	\$15,000.00	\$172.62	120	\$21,736.55*	\$6,730.66
Interest is capitalized at the end of forbearance	\$15,000.00	\$1,022.09	\$16,022.09	\$184.38	120	\$22,125.94	\$7,119.64
Interest is capitalized quarterly during deferment and at the end of forbearance	\$15,000.00	\$1,048.51	\$16,048.51	\$184.69	120	\$22,162.41	\$7,156.10

*Total amount repaid includes \$1,022.09 of interest paid during the 12-month period of forbearance.

- A **comaker** is one of two individuals who are joint borrowers on a Direct or Federal Consolidation Loan or a Federal PLUS Loan. Both comakers are equally responsible for repaying the full amount of the loan.
- **Eligible Federal Education Loans** that may be used in determining your eligibility for a Student Loan Debt Burden Forbearance are loans made under Title IV of the Higher Education Act of 1965, as amended.
- An **endorser** is an individual who signs a promissory note and agrees to pay the loan if the borrower does not.
- The **Federal Family Education Loan (FFEL) Program** includes Federal Stafford Loans, Federal PLUS Loans, Federal Consolidation Loans, and Federal Supplemental Loans for Students (SLS).
- The **Federal Perkins Loan (Perkins Loan) Program** includes Federal Perkins Loans, National Direct Student Loans (NDSL), and National Defense Student Loans (Defense Loan).
- A **forbearance** is a period during which you are allowed to temporarily postpone making payments, allowed an extension of time for making payments, or temporarily allowed to make smaller payments than scheduled.
 - A forbearance can be mandatory, meaning that your loan holder must grant the forbearance if you qualify for the forbearance and supply all supporting documentation.
 - A forbearance can also be discretionary, meaning that your loan holder may grant the forbearance, but is not required to do so.
- The **holder** of your Direct Loan Program loan(s) is the Department. The holder of your FFEL Program loan(s) may be a lender, guaranty agency, secondary market, or the Department.
- **Title IV loans** are loans under the Direct Loan, FFEL, and Perkins Loan Programs.
- **Total monthly income** is either:
 - The amount of income received from employment and other sources before taxes and other deductions; or
 - One-twelfth of the "adjusted gross income" on your most recently filed Federal Income Tax Return.
- The **William D. Ford Federal Direct Loan (Direct Loan) Program** includes Federal Direct Stafford/Ford (Direct Subsidized) Loans, Federal Direct Unsubsidized Stafford/Ford (Direct Unsubsidized) Loans, Federal Direct PLUS (Direct PLUS) Loans, and Federal Direct Consolidation (Direct Consolidation) Loans.

SECTION 6: ELIGIBILITY REQUIREMENTS

- You may temporarily postpone making payments or make smaller payments than previously scheduled during the period you meet the requirements described in Section 2.
- The forbearance may be granted for up to 12 months at a time. Maximum eligibility for this forbearance is 3 years.
- To qualify for forbearance on your loan(s):
 - (1) The monthly payments due on all your Title IV loans must be equal to or greater than 20% of your total monthly income.
 - (2) You must provide your loan holder with:
 - (a) Documentation of the most recent monthly payments due on all your Title IV loans (e.g., copies of monthly statement or repayment schedules); and
 - (b) Documentation of your most recent total monthly income from all sources (e.g., copies of current tax return, pay stubs, W-2 forms, dividend statements), unless you do not have income.
- If you are a comaker (joint borrower) on the loan, you and the other comaker must each meet the requirements of a forbearance and complete a separate form.
- If you are an endorser who has become obligated to repay the loan, you are eligible to request forbearance due to a student loan debt burden based on your circumstance.

If you need payment relief and do not meet the requirements for this forbearance, contact your loan holder for information about repayment options, deferments, and other types of forbearance.

SECTION 7: WHERE TO SEND THE COMPLETED FORBEARANCE REQUEST

Return the completed form and any required documentation to:
(If no address is shown, return to your loan holder.)

Vermont Student Assistance Corporation
PO Box 999
Winooski, VT 05404-0999

If you need help completing this form, call:
(If no telephone number is shown, call your loan holder.)

Toll-Free 1-800-798-8722
Local (802) 655-4050

SECTION 8: IMPORTANT NOTICES

Privacy Act Notice. *The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:*

The authorities for collecting the requested information from and about you are §421 *et seq.* and §451 *et seq.* of the Higher Education Act of 1965, as amended (20 U.S.C. 1071 *et seq.* and 20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your Social Security Number (SSN) are §§428B(f) and 484(a)(4) of the HEA (20 U.S.C. 1078-2(f) and 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the Federal Family Education Loan (FFEL) Program or the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the FFEL and/or Direct Loan Programs, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) becomes delinquent or defaults. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment statuses, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

Paperwork Reduction Notice. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 0.25 hours (15 minutes) per response, including the time for reviewing instructions, searching existing data resources, gathering and maintaining the data needed, and completing and reviewing the information collection. Individuals are obligated to respond to this collection to obtain a benefit in accordance with §428(c)(3)(a)(i)(II) of the HEA [20 U.S.C. 1078(c)(3)(a)(i)(II)]. Send comments regarding the burden estimate(s) or any other aspect of this collection of information, including suggestions for reducing this burden to the U.S. Department of Education, 400 Maryland Avenue, SW, Washington, DC 20210-4537 or e-mail ICDocketMgr@ed.gov and reference OMB Control Number 1845-0018. **Note: Please do not return the completed form to this address.**

If you have questions regarding the status of your individual submission of this form, contact your loan holder (see Section 7).