Dear Student:

A college education is one of the most important investments you can make. This packet is designed to help you understand and complete the forms necessary to secure funding from the Subsidized and Unsubsidized Federal Stafford Loan program. In order to apply for your Stafford Loan, new borrowers should visit www.salem.edu/financialaid/ to complete all required forms.

We strongly recommend that you select one lender and continue to borrow from the same lender for the duration of your educational career.

Loan Information

- Currently, freshmen may borrow up to $3,500, sophomores $4,500, and juniors and seniors may borrow up to $5,500 per academic year from the Stafford Loan program. Graduate students may borrow up to $8,500 in subsidized loans per year (not to exceed the cost of attendance). Independent students may borrow additional funds under the unsubsidized component.
- The interest rate is fixed at 6.80%.
- A Federal Stafford Loan enters repayment six months after graduation or when enrollment status drops below half-time (less than two undergraduate classes or three graduate credit hours).

Fees

- A 1.50% origination fee may be deducted from your loan proceeds and paid to the Federal Department of Education.
- A 1.00% fee may also be deducted from your loan proceeds and paid to the agency that guarantees your loan.

Loan Disbursement

- Loan proceeds are disbursed in multiple payments during the course of the academic year for which you are borrowing, as required by federal regulations.
- First-time borrowers must receive Entrance Counseling prior to receiving their first disbursement.

If you have any questions, please feel free to contact our Office at 336-721-2808 or by e-mail at financialaid@salem.edu.
Glossary of Terms

**Capitalization** - If you choose to defer paying interest on your loan while in school, the interest is capitalized or added to the principal when you enter repayment.

**Default** - Failure to repay your FFELP loan, effective when you are 270 or more days delinquent.

**Deferment** - An entitlement which allows you to temporarily postpone payments for a variety of reasons including; unemployment, disability and returning to school.

**Delinquency** - You are considered to be delinquent on your student loan if your payments are not made on time and are overdue. Delinquency can adversely affect your personal credit rating and history.

**Disbursement** - Loan funds issued by your lender by check (normally co-payable to you and the school) or electronic funds transfer.

**Federal Default Fee** - A fee paid to the guaranty agency to insure the loan. The amount of the fee is deducted from the dollar amount of the loan.

**Financial Aid Eligibility** - The difference between the total cost of attendance and the Expected Family Contribution (EFC).

**Forbearance** - A forbearance is an agreement with your lender, at its discretion, to postpone payments.

**Grace Period** - The amount of time allowed before principal repayment of loan must begin after the student graduates, leaves school or drops below half-time status.

**Guaranty Agency** - An agency that insures the student loans made by lenders.

**Master Promissory Note (MPN)** - The Master Promissory Note is a legal document. By signing it, you promise to repay your current and all future loans. Under this note you may receive loans for a single enrollment period or for multiple enrollment periods.

**Origination Fee** - The fee charged by the government to offset the cost of processing the loan. The amount of the fee is deducted from the dollar amount of the loan.

**PLUS Loan** - Federally guaranteed loans for parents of dependent undergraduate students or for graduate and professional students.

**Principal** - The amount of the loan that must be repaid upon maturity, and the amount upon which interest will be charged.

**Private Loan** - A non-federal loan designed to cover tuition costs plus a variety of additional costs and living expenses. Interest rates and terms are based on the applicants’ credit score.

**Stafford Loan** - A federal loan awarded based on financial need. The Federal Stafford Loan can be subsidized, unsubsidized or a combination of both. These loans can be made from a bank, credit union or other eligible lender.

**Subsidized Federal Stafford Loan** - The government pays the interest while the student is in school at least half-time and during periods of grace and deferment.

**Unsubsidized Federal Stafford Loan** - The student is responsible for paying the interest on the loan from the date of disbursement through repayment.

**Work-Study** - Part of the Federal Student Financial Assistance Program, work-study provides part-time employment for post-secondary students who need income to help meet education costs.

Participating Lenders

Please select a lender from the list below. Be sure to indicate on your Master Promissory Note the lender’s name in box #8, and the lender’s code in box #9.

**CITIBANK**
studentloan.com
Sioux Falls, SD
(800) 967-2400
Lender Code: 826878

**College Foundation**
www.cfnc.org
Raleigh, NC
(888) CFI-6400
Lender Code: 807037

**SunTrust Bank**
www.suntrusteducation.com
Richmond, VA
(800) 552-3006
Lender Code: 819873

**Wachovia**
www.wachovia.com/education
Sacramento, CA
(800) 338-2243
Lender Code: 830005

**National Education**
www.nationaleducation.com
Wilmington, DE
(800) 353-3357
Lender Code: 830628

In 2007-08, I borrowed: $_________________ Subsidized Stafford Loan
$_________________ Unsubsidized Stafford Loan

My lender is: _________________________________________ and their telephone number is ___________________.

Please refer to the back page for the telephone number of your lender.
2007-2008 FEDERAL STAFFORD LOAN ACCEPTANCE FORM

This form constitutes your request for Stafford Loan funds. Salem College will certify your loan electronically based on your answers to the following set of questions.

Section A: To be completed by ALL students wishing to borrow a Stafford Loan for the Fall 2007 and Spring 2008 academic year.

☐ I wish to borrow the Stafford Loan amount(s) listed on my most recent award letter.

OR - I wish to borrow less than the amount(s) indicated on my most recent award letter:

☐ I wish to borrow only $__________________ Subsidized Federal Stafford Loan (interest is paid on your behalf during periods of enrollment and deferment)

☐ I wish to borrow only $__________________ Unsubsidized Federal Stafford Loan (you are responsible for interest even during periods of enrollment and deferment)

☐ I plan to graduate in □ December 2007 or in □ May 2008

Section B: To be completed by students borrowing for the FIRST TIME at Salem College in the 2007-2008 academic year. If you had a loan last year at Salem College, do not complete this section. We will use the same lender you had last year. This will make it easier for you after graduation. If you are a new borrower, please visit www.salem.edu/financialaid/ to complete the required Master Promissory Note (MPN) and to learn more about our preferred lenders.

☐ Citibank (826878)  ☐ SunTrust (819873)

☐ College Foundation (807037)  ☐ Wachovia (830005)

☐ National Education (830628)

☐ Other: ____________________________________________ Lender Code: ________________ (six digits)

By selecting a non-preferred lender, loan funds may be delayed.

Borrower Information

I authorize Salem College to process my Federal Stafford Loan request. I understand that my Stafford Loan constitutes a debt that will enter repayment upon the expiration of my grace period, six months after I graduate, withdraw or otherwise drop below half-time enrollment. I have received repayment information and realize that this is a loan that must be repaid. I have read and completed the front and back of this page and understand the information.

_________________________________________  ______________________________________  ___________________________________________  __________________________
Signature                                           Printed Name                                           Social Security Number                                        Date

Please tear and return this page to the Financial Aid Office within 15 days of the date on your award letter.

OFFICE USE ONLY

☐ Trad  ☐ CE   ☐ Grad   Grade Level _______

☐ Returning  ☐ New Borrower   MPN Rcvd _______ MPN Mailed to Lender _______ Ent. Coun. Rcvd. _______

☐ PLUS Loan Borrower _______________________________ SS# ___________________ Lender __________________ PMPN Mailed ______

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<th>Amount</th>
<th>Loan Type</th>
<th>Date Cert</th>
<th>Date Rcvd 1st</th>
<th>Date Rcvd 2nd</th>
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</table>

This form constitutes your request for Stafford Loan funds. Salem College will certify your loan electronically based on your answers to the following set of questions.
To receive Federal Stafford Loan funds under the Federal Family Education Loan Program (FFELP), the U.S. Department of Education requires each borrower to receive Entrance and Exit Counseling.

The Stafford Master Promissory Note (MPN) is a student borrower's promise to repay the funds, with all accrued interest and applicable fees.

1. The Stafford Loan Master Promissory Note (MPN) is a legally binding agreement the borrower signs to obtain a loan under the Federal Family Education Loan Program (FFELP), in which the borrower promises to repay the loan, with interest, in periodic installments. The MPN may be used to receive loans for either a single period of enrollment or multiple periods of enrollment. If used as a multi-year note, loans may be obtained through the 10-year period from the date the note is signed.

2. A Stafford Loan is a debt that must be repaid according to the terms of the promissory note, with all accrued interest and applicable fees.

3. I must repay my entire loan even if I do not complete my education, am not satisfied with my education, cannot find employment, or do not receive the education or other services I purchased from your school.

4. Repayment of my loan(s) will begin as follows, when I graduate, withdraw or become enrolled less than half-time:

   - Subsidized Stafford Loan - following a 6-month grace period.
   - Unsubsidized Stafford Loan - following a 6-month grace period. Remember that interest accrues on an unsubsidized loan from the date of disbursement. Interest payments can be postponed while you are in school and during grace, but any unpaid interest will be capitalized (added to the principal balance) when your loan enters repayment.

5. The standard repayment term is 10 years. There are other repayment options available, which may allow me to reduce my monthly payment and/or extend my repayment term. They include: Graduated, Income Sensitive, Extended Repayment and consolidation. Loan consolidation allows me to combine my student loans from multiple federal programs and lenders into one loan. I must contact my lender to obtain information on any of these repayment options. I should then carefully consider which may be best for me, keeping in mind that the total interest paid will be greater when the repayment term is extended.

6. The required minimum monthly payment is $50.00. The monthly payment could be more depending on the total amount I borrow. I may prepay all or part of my loan at any time without penalty.

7. The interest rate of my loan is specified on my disclosure statement. If my loan has a variable rate, it is subject to change each July 1st and can vary depending on the status of my loan (i.e., the repayment interest rate is higher than the in-school and grace rate).

8. If I am temporarily unable to make payments I may qualify for a postponement of my monthly payments. This is known as a deferment. Deferment time is excluded from the repayment term of my loan. I may be eligible for a deferment if I am still attending school, if I am unemployed, or if I am experiencing financial difficulties. I must contact my lender to apply for a deferment.

9. If I do not qualify for a deferment, but am unable to make payments on my own, I may be eligible for forbearance. Although my monthly payments will be postponed, I should be aware that interest will continue to accrue during a forbearance.

10. There are certain situations which may result in the balance on my student loan(s) being discharged. Those situations include: total and permanent disability, death, closed school, or false certification. There are also two loan forgiveness programs for borrowers meeting specific criteria as defined by the U.S. Department of Education — one for teachers and one for child care providers.

11. If I fail to repay my student loan(s), I will be considered in default and the following may occur:

   - My default will be reported to all national credit bureaus, which will negatively affect my credit record, possibly preventing me from obtaining additional credit (for a car, home, other educational loans, etc.)
   - The entire unpaid amount, including interest, will immediately become due and payable.
   - My federal and state income tax refunds may be withheld, as well as any other payments made to me by the federal government, or my wages may be garnished.
   - My loan may be referred to a collection agency and I could become responsible for all collection costs.
   - I may be suable by the holder of my loans for all amounts owed, including attorney fees.

12. I must notify my lender(s) in writing within 10 days if:

   - Change my name
   - Change my address
   - Change my telephone number
   - Change my graduation date
   - Enroll for less than half-time

13. Information about my federal student loans is available from the National Student Loan Data System (NSLDS). I may call 1-800-4FED-AID or go to www.nslds.ed.gov.

14. The Department of Education's SFA Ombudsman's Office works with student loan borrowers to help resolve loan disputes and problems. If I am unable to resolve my disputes with my school, lender, servicer, or guaranty agency, I may contact the SFA Ombudsman at (877) 557-2575 or visit the website at www.ombudsman.ed.gov.

15. My school is required to forward the information obtained from my Exit Counseling session to the agency that guaranteed my loans within 60 days of receipt.

Federal Stafford Loan Repayment Chart - 10-year Loan Term

<table>
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<tr>
<th>Loan Balance Upon Entering Repayment</th>
<th>Current Fixed Interest Rate of 6.80%¹</th>
<th>Monthly Payment</th>
<th>Total Interest at Repayment</th>
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¹Interest rate for Stafford Loans first disbursed on or after 7/1/06.