

# REPAYING YOUR FEDERAL FAMILY EDUCATION LOAN

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800-693-8220

# Getting Started

For your Federal Family Education Loan Program (FFELP) loans, go to [www.kheslc.com](http://www.kheslc.com) and create a username and password. On our site you can view an account summary, track payment history, view online documents, download forms and make payments.

# Understanding My Statement

When a loan enters repayment, a billing statement is generated about three weeks before each monthly payment due date. The billing statement contains information such as monthly payment amount, payment due date and current interest rate.

For help understanding this statement, sign in to your account at [www.kheslc.com](http://www.kheslc.com), go to General Information, then FAQs.

**Kheslc**  
P.O. Box 9000  
Louisville, KY 40290-0000  
Phone: (800) 693-8220  
Fax: (502) 259-7077  
www.kheslc.com

APR 23, 2020

BORROWER NAME  
ADDRESS

FFELP Loans

Current Principal Balance	\$6,446.00
Estimated Accrued Interest	\$73.96
Total Payments Received Since Last Statement	\$130.00 (Interest \$10.00) (Principal \$120.00)
Amount Delinquent	\$0.00
Current Fees	\$0.00
Total Fees	\$0.00
Total Amount Due by Due Date	\$6,520.00
Payment Due Date	MAY 18, 2020

Total amount of \$6,520 will continue to be due.

**SAMPLE**

Kheslc  
P.O. Box 9001774  
Louisville, KY 40290-1774

# Repayment Plans

FFELP offers many repayment plans to make it easier to repay outstanding student loans.

- **Standard**

When an account enters repayment, it is automatically set to this repayment plan. Equal monthly payments of principal and interest are calculated so your federal student loans are repaid within the standard ten-year term. By not extending the repayment period, you pay your loans off quickly and minimize the interest paid.

- **Income-Based Repayment (IBR)**

IBR may be a good choice if you have large student loan balances relative to your income and family size. It may also be a good long-term solution if your current and expected future income will not allow you to meet the monthly payments required by other repayment plans. IBR might not be the best option if you have temporary financial difficulties that may be resolved with a deferment, forbearance or other repayment option.

This plan requires an Income-Based Repayment (IBR) Application and proof of income. Sign in to your account at [www.kheslc.com](http://www.kheslc.com) for the form. Also, visit [www.ibrinfo.com](http://www.ibrinfo.com) and use the Department of Education's Repayment Estimator to review the qualifications and to find out what your payments might be.

- **Income Sensitive**

If your monthly income is variable or low, this plan is an easy way to reduce monthly payments to an affordable level. The payment amount is calculated based on monthly gross income. The resulting payment amount must cover at least the monthly accrued interest amount and is limited to five years. If you choose this repayment plan, you will pay more interest over the life of the loan. For details and required documentation, sign in to your account at [www.kheslc.com](http://www.kheslc.com).

- **Graduated**

This repayment plan is ideal if you are just starting your career by allowing for lower payments initially. Payments begin with a reduced payment amount for the first two years. After that, payments increase by 10% every two years for the remaining loan term until paid in full.

- **Extended**

This plan is available for FFELP loans that were fully disbursed after October 6, 1998. To qualify, the total of all your federal student loans must exceed \$30,000. Repayment can be extended for up to 25 years. However, this will increase the amount of interest you pay over the life of the loan. This plan requires an Extended Repayment Application that can be found at [www.kheslc.com](http://www.kheslc.com) after log in.

# Making My Payments

Payments may be remitted electronically, online, by phone or by mail.



**Electronic Funds Transfer (EFT)** deducts loan payments automatically from your checking or savings account each month. There is no charge for the EFT service. For more information and an EFT application, visit [www.kheslc.com](http://www.kheslc.com) and click on General Information > Forms > Repayment Forms.

FFELP loans paid via EFT may be eligible for a 0.25% interest rate reduction. The interest rate reduction will continue as long as all payments are successfully remitted. The interest rate reduction may be removed if a payment fails to be processed due to reasons including, but not limited to, insufficient funds, a closed account or invalid account number.



**KHEPAY** lets you set single or consecutive payments up to six months in advance. To use this free service, sign in or create an online account at [www.kheslc.com](http://www.kheslc.com).



**Payment by Phone** allows for payments from a checking or savings account. This free service is available 24/7 by calling 800-693-8220.



**Payment by Mail** allows you to submit a payment by check or money order made payable to KHESLC and mailed to:

KHESLC  
PO Box 9001774  
Louisville, KY 40290-1774

Options to pay with **debit/credit cards** are available. Please visit [www.kheslc.com](http://www.kheslc.com) or speak with a loan servicing representative at 800-693-8220 for more information.

# Fees

A late fee of 6% of the monthly payment will be assessed after a payment is 15 days past due. A non-negotiable funds (NNF) fee of \$30 will be charged for a payment returned from any institution. Examples include insufficient funds, incorrect account information and stop payment.



## Receiving Electronic Correspondence

EPIC is our electronic communications and information service. EPIC conveniently provides electronic retrieval of billing statements and select correspondence. Online documents contain the same information as those delivered by mail. You will receive an email when new documents and billing statements are ready for viewing. Most borrowers will be automatically enrolled in this service. To access EPIC, sign in to your account at [www.kheslc.com](http://www.kheslc.com).



# Postponing My Payments

FFELP loans offer deferments and forbearance options.

## Deferment

A deferment is a period of time during which no payments are due. You must request a deferment in writing and provide documentation to support your eligibility. Your eligibility is based on the type of loan and when the loan was disbursed.

The types of deferments available are:

- Economic Hardship
- Graduate Fellowship
- Rehabilitation Training
- In-School
- Military Service and Post-Active Duty Student
- Parent PLUS Borrower
- Summer Bridge
- Temporary Total Disability
- Unemployment

Review the some of the different deferment options at [www.kheslc.com](http://www.kheslc.com) or login to your account for more information.

Interest that accrues during deferment on subsidized loans is paid by the federal government. You pay the interest that accrues during deferment on unsubsidized loans. If the accrued interest is not paid during deferment, the interest will be capitalized (added to the principal balance) on the date the deferment ends.

Utilizing a deferment will not remove delinquencies already reported to the consumer reporting agencies, nor will it remove late fees that have already been assessed. Periods of deferment do not decrease the repayment loan term.

Continue to make regular monthly payments until you are notified that your deferment request has been approved.



# Postponing My Payments, continued

## Forbearance

A forbearance lets you temporarily suspend monthly payments under certain circumstances. During forbearance, interest will continue to accrue. If you don't pay the accrued interest, it will be capitalized (added to the principal balance) when the forbearance ends. This will increase the cost of the loan.

The types of forbearances available are:

- General Forbearance Request
- Forbearance — Service
- Forbearance — Economic
- PLUS and AmeriCorps Forbearance
- PLUS In-School Payment Postponement/ Forbearance
- Teacher Loan Forgiveness Forbearance (Federal loans only)

Utilizing a forbearance will not remove delinquencies already reported to the consumer reporting agencies, nor will it remove late fees that have already been assessed. Periods of forbearance do not decrease the repayment loan term.

Some forbearances are granted at the discretion of the lender. Keep in mind there are life-of-loan limits for periods of forbearance. To find out if you are eligible, explain your circumstances to your lender. Review the different forbearance options at [www.kheslc.com](http://www.kheslc.com) or login to your account for more information.

## Protecting My Credit Score

FFELP Loans are reported to national consumer reporting agencies on a monthly basis. It is important to remember key ideas to maintain a healthy credit score:

- Make loan payments on time.
- Maintain accurate payment records.
- Retain important documents, such as promissory notes and disclosure statements. This may assist in resolution of any account disputes.
- Respond immediately to any errors on billing statements or disclosures.
- Ensure contact information is kept up to date.



# Loan Default

Federal Family Education Loans default at 270 days past due and will be assigned for collections.



If the loan defaults, penalties may include:

- The full balance of the loan becomes due and payable immediately.
- A collection fee of up to 24.34% is added to the account.
- The default is reported to consumer reporting agencies.
- Requests for future federal student aid may be denied.
- Forbearance and deferment eligibility is lost.
- Federal and state income tax refunds and lottery winnings may be offset.
- Litigation may result in garnishment of your wages and/or the placing of a lien on your property and other financial accounts.
- Loans may be re-assigned (subrogated) back to the Department of Education for further collection activity.

**Student loans are not usually dischargeable through bankruptcy.**

## Terms to Know

**Accrued Interest** — Interest that accumulates on the loan which you must pay.

**Adjusted Gross Income** — Your gross income after tax deductions.

**Amortization** — The reduction and retirement of a debt through periodic payments over time.

**Annual Percentage Rate (APR)** — A percentage calculation that reflects the total cost of a loan (interest plus all fees) on an annual basis.

**Capitalization of Interest** — The process by which accrued interest on a loan is added to the principal balance. That amount then becomes part of the principal balance and begins to accrue interest.



# Terms to Know, continued

**Credit Report** — A summary of credit history maintained by an authorized consumer reporting agency and sent to third parties when requested. Credit reports include information such as current and recent addresses, employment information, payment performance for at least the past seven years, type of debt owed, the lending institution for each account, available credit and current balances.

**Default** — The failure to make payments when due or to comply with other terms of the promissory note.

**Deferment** — A period during which repayment of the principal amount of the loan is suspended as a result of meeting one of the requirements established by law and/or contained in the promissory note.

**Delinquency** — When payment is not made by the due date.

**Disclosure** — A document that provides specific legal and financial details about a loan.

**Electronic Funds Transfer (EFT)** — Electronic exchange or transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems.

**Federal Family Education Loan Program (FFELP)** — A federal program of education loans, including the Federal Stafford Loan, Federal PLUS Loan, and Graduate PLUS Loan provided by the U.S. Department of Education but financed by private lenders or financial institutions.

**Forbearance** — An agreement between you and the lender/holder/servicer to accept a temporary suspension of loan payment.

**Garnishment of Wages** — The automatic deduction of a portion of your paycheck by your employer if you have defaulted on your loan. A lender/holder or the government may take this action to force repayment of a defaulted loan.

**Gross Income** — Income from all sources before deducting allowable expenses, which results in net income.

**Guarantee Fee** — A percentage of the principal charged to you to insure a lender/holder against loss if you don't repay your loan.

**Interest** — A charge for the use of money. Interest is calculated as a yearly percentage of the loan principal.

**Late Fee** — A fee assessed after you miss a regularly scheduled payment.

**Lender** — The bank, savings and loan company, credit union or other approved organization from which you obtain a loan.

**Loan Holder** — The party that currently owns the loan and holds its legal title.

**Loan Period** — The academic year, or portion thereof, for which you are enrolled and are seeking one or more loans.

# Terms to Know, continued

**Master Promissory Note (MPN)** — The legally binding contract between you and the lender. The MPN allows you to borrow multiple loans using the single note (for up to 10 years from the specified lender).

**Non-negotiable Funds (NNF) Fee** — A flat fee assessed from the bank if your payment does not go through.

**Origination Fee** — A loan processing fee that you pay to the lender or loan originator. In the case of Federal Stafford Loans, the fee is paid to the federal government. It is calculated as a percentage of the total amount borrowed and is typically charged to you by the lender (although some lenders pay a portion or all of this fee on your behalf). This fee is normally deducted from the amount of each loan disbursement.

**Past Due** — When a required payment has not been received by the payment due date.

**Payment Evaluation** — Review of a loan and modification of the monthly payment amount, if needed, so the loan is paid off within the loan term.

**Payment Application** — The order in which payments are applied. Payments are applied to fees, then interest, and then principal. If additional payments are received that satisfy the fees and interest, the remaining portion of the payment is automatically applied to the principal balance.

**Principal** — The total amount borrowed plus any capitalized interest.

