

# Terms You Should Know

**Default** - Failure to repay your education loan.

**Deferment** - A period when a borrower, who meets certain conditions, may suspend loan payments.

**Delinquency** - Failure to make scheduled payments.

**Forbearance** - A temporary suspension or reduction of scheduled payments.

**Federal/Direct Graduate/Professional PLUS Loan** - A loan program for graduate and professional students.

**Interest** - An amount charged for borrowed money, calculated as a percent of the principal loan amount.

**Lender** - Provides the funding when you borrow a loan.

**Federal/Direct PLUS Loan For Parents** - A loan program for parents of dependent undergraduate students.

**Principal** - Amount you borrow and upon which you pay interest.

**Promissory Note** - Contract between you and your lender in which you promise to repay your loan.

**Servicer** - Organization designated to administer and collect your loan.

**Federal/Direct Subsidized Stafford Loan** - A federal loan based on financial need. The government pays the interest on the loan prior to repayment and during authorized deferment periods.

**Federal/Direct Unsubsidized Stafford Loan** - A federal loan available to student borrowers. Borrowers are responsible for all interest from the time of disbursement until the loan is paid in full.

# Repayment Plan Options

Which plan is right for you? Contact GSM&R for assistance in making the right choice for your situation and for complete qualifying details.

## Standard

Fixed monthly payments over a ten year period.

## Graduated

Payments start off lower and gradually increase over a ten year period.\*

## Extended

Lengthen your repayment period up to 25 years if you have a minimum of \$30,000 in federal student loans.\*

## Income Sensitive

Payments adjust annually based on your income. You may remain in this plan for up to 5 years, if you qualify. The loan must be repaid over a ten year period.\*

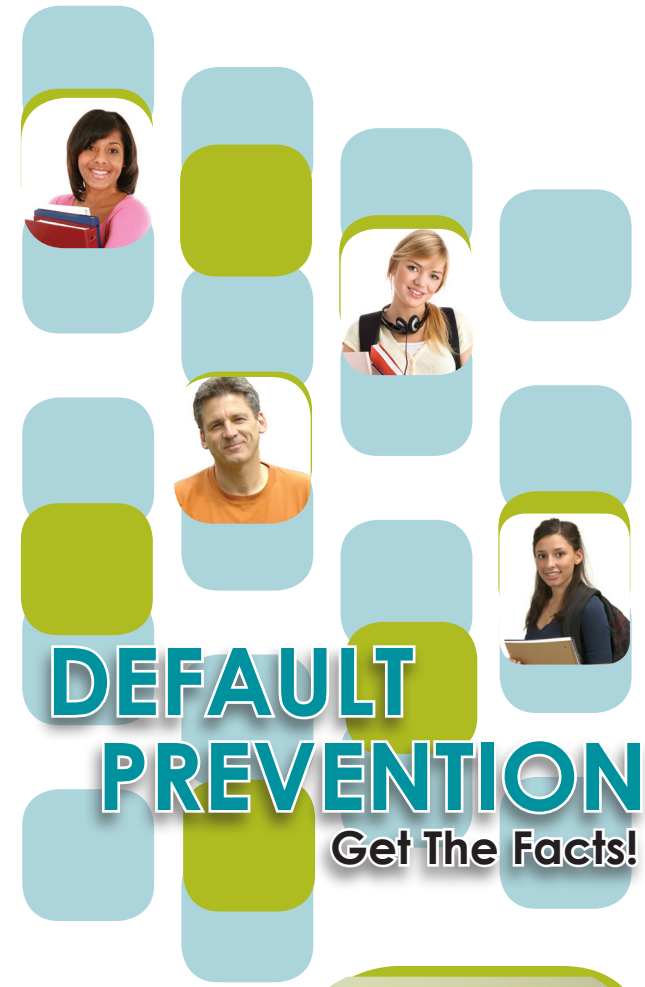
## Income Based

Payments may be reduced to 15% of your discretionary income. The repayment term can be extended up to 25 years.\*

\*Interest costs may be higher over the life of the loan.

For more information on deferment types for Federal Family Education Loan Program (FFELP) visit [www.gsmr.org](http://www.gsmr.org).

For more information on Direct Loan deferment types visit <http://studentaid.ed.gov>.



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# What is Default

Default occurs when a borrower persistently fails to make timely payments on their loan as required, to provide documentation or to notify the lender of other relevant conditions that cause them to be unable to pay their loans.

## How may default affect me?

Defaulting on your student loan is a serious matter and may cause numerous problems for you including:

**Withholding of Federal Tax Refund.** Instead of receiving your federal income tax refund, you'll receive a notice from the Department of Treasury telling you that your refund may be applied to the balance of your defaulted loan.

**Wage garnishment.** Your employer may be required to deduct between 10-15% of your pay from every paycheck and forward that amount to the holder of your defaulted loan until it's paid in full.

**Consequences of a damaged credit history.** Bad credit may result in banks charging you higher interest rates on credit cards and car or mortgage loans. It may also impact your ability to get a new job because many employers look at credit ratings when making hiring decisions.

**Responsibility for collection costs.** The addition of collection costs may dramatically increase the total amount required to pay a defaulted loan in full.

**Loss of eligibility for additional student loans.** If you decide to return to school, you'll need to take care of your defaulted loans before you can get any new student loans.

# How Can I Avoid Default?



## Counseling

The Granite State Management & Resources (GSMR) Customer Service Team provides solutions to assist borrowers in managing their student loan debt so that they can meet their financial obligations. We are here to assist you in the successful repayment of your student loans.

There are several options available to help you manage your account:

**Communication** - Keep GSM&R up-to-date with any name, address or phone number changes.

**Payment** - Make a payment today. If you don't know how much to pay, contact GSM&R.

**Deferment** - If you have gone back to school, are unemployed or are experiencing limited income, you may qualify to suspend payments for a period of time.

**Forbearance** - If you don't qualify for a deferment, you may still be able to suspend payments with a forbearance.

**Repayment Plans** - If you are having difficulty making payments under your current plan, there may be a plan that will better suit your needs. There are several plans available to you.

**Consolidation** - If you have a sizeable student loan debt or make multiple payments to different lenders, you may want to consider consolidating your loans.

# Don't Know What to Do Next?



We're here for you. Call GSM&R. Managing your student loan debt can be overwhelming. If you find yourself in need of assistance, please contact us.

**Monday - Friday:  
8 a.m. - 6 p.m.**

**with voicemail access after hours.**

**1.800.719.0708**

**customerservice@gsmr.org**

**Paying Your Bill Has Never  
Been So Easy!**

**Here are the payment options  
available to you:**

**EasyPay<sup>SM</sup>**

**Pay Online**

**(Convenience fee applies)**

**Pay by Telephone**

**(Convenience fee applies)**

For more information  
log on to **www.gsmr.org**.

