

FEDERAL STAFFORD LOAN TEST

Revised July 2007

Full Name _____

Date _____

Score _____

1. I must start repaying my Federal Stafford loan:
 - a. Six months after I graduate, never if I don't graduate
 - b. Six months after I cease at least half time attendance in school, whether I graduate or not
 - c. Six months after I have a full-time job
 - d. Never, the loan does not have to be repaid

2. The interest rate on my Federal Stafford loans is:
 - a. 0% -- the government pays all the interest on my loan
 - b. Variable rate (current maximum 8.25%)
 - c. 6.8%
 - d. 3%

3. If I have left school before my loan money is received at the school:
 - a. The money can be sent to any other school I choose to attend
 - b. I can use the money for anything I want
 - c. In some circumstances, the money can used to pay my balance at this school
 - d. The money will be returned to the lender
 - e. Either c or d

4. I should contact my lender if:
 - a. I leave school
 - b. I move
 - c. I get married
 - d. I enroll in another school
 - e. I am unemployed
 - f. Any of the above

5. If I have any questions about repayment of my loans, I should:
 - a. Stop making payments on my loan until the bank contacts me
 - b. Contact the bank or the bank's loan servicer
 - c. Contact the Student Financial Services Department at this school
 - d. Both b & c

6. My loan money will arrive:
 - a. The day I start school
 - b. In multiple payments (disbursements) depending on when I apply for the loan, and on what my loan period is
 - c. Whenever I need any money

7. My payment on my Federal Stafford Loan will be at least:
 - a. \$10.00/month
 - b. \$50.00/month or more depending on how much I borrow
 - c. \$1,000.00/month
 - d. The amount I can afford to pay

8. I must make payments:
 - a. For a maximum of 5 years
 - b. Until the loan principal and interest are paid (under a regular repayment schedule, this can take up to ten years, depending on the total amount that was borrowed)
 - c. Until I move to another state

9. Default means:
 - a. Nothing - the Government made up the word to confuse people
 - b. I did not make the scheduled payments on my loan for 270 days
 - c. The bank wants my entire loan balance with interest paid now!
 - d. I am no longer required to make monthly payments on my loan
 - e. Seven years of bad credit
 - f. b, c, and e

10. The money from my loan is for:
- Educational expenses related to attendance at this school
 - Anything I want
 - Payment for a car if I need a car to get to school
11. If I default on my student loan:
- My default will be reported to credit bureaus
 - My default will be reported to any school I have attended, am attending, or will attend
 - I may be sued by the government for collection of the loan
 - My state and/or Federal income tax refunds may be withheld
 - My wages may be garnished
 - All of the above
 - None of the above
12. If I attend another school at least half time
- I will never have to repay my loan
 - I can apply for an in-school deferment which delays my payments but does not cancel them
 - I never have to pay interest on my first loan
 - The school I attend will repay my loan
13. A student loan is an obligation that I must repay in full even if I:
- Do not finish school
 - Cannot get a job upon completing or ending my studies
 - Become dissatisfied with my program of studies
 - All of the above
14. I should complete the paperwork for a deferment when:
- I no longer wish to make payments on my loan
 - I enroll at least half-time at an eligible school
 - I am unemployed
 - I want to buy a car
 - Either b or c
15. I understand that I may choose a lender which is not included on the school's recommended or preferred lender list.
- True
 - False
16. I understand that if there are any borrower benefits associated with my loans, I must fully meet their requirements and if I consolidate my federal loan, I will likely lose those benefits.
- True
 - False
17. I understand that I must reapply and be eligible for subsequent loans. In order to receive them and that any borrower benefits (if any) and terms and conditions may change for subsequent (future) loans
- True
 - False
18. I understand that I must read all materials provided by my student loan lender and should ask questions if I am unsure of anything on the documents
- True
 - False

Borrower's Signature

Date