

SECTION 4: INSTRUCTIONS FOR COMPLETING THE FORM

Type or print using dark ink. Report dates as month-day-year (MM-DD-YYYY). For example, 'January 31, 2009' = '01-31-2009'. If you are qualifying for this deferment by documenting your eligibility for unemployment benefits, attach the documentation to this form. If you need help completing this form, contact your loan holder.

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 my 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 9% interest rate, of the monthly payments due following a 12-month deferment. It compares the effects of paying the interest as it accrues, capitalizing the interest at the end of the deferment, and capitalizing interest quarterly and at the end of the deferment. My actual loan interest cost will depend on my interest rate, length of the deferment, and frequency of capitalization. Paying interest during the period of deferment lowers the monthly payment by about \$18 and saves about \$772 over the lifetime of the loan, as depicted in the chart below.

Treatment of Interest Accrued During Deferment	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	\$190.01	120	\$24,151.64*	\$9,151.64
Interest is capitalized at the end of deferment	\$15,000.00	\$1,350.00	\$16,350.00	\$207.11	120	\$24,853.79	\$9,853.79
Interest is capitalized quarterly during deferment and at the end of deferment	\$15,000.00	\$1,396.25	\$16,396.25	\$207.70	120	\$24,924.09	\$9,924.09

*Total amount repaid includes \$1,350 of interest paid during the 12-month period of deferment.

- A **deferment** is a period during which I am entitled to postpone repayment of the principal balance of my loan(s). The federal government pays the interest that accrues during an eligible deferment for all subsidized Federal Stafford Loans and for Federal Consolidation Loans for which the Consolidation Loan application was received by my loan holder (1) on or after January 1, 1993, but before August 10, 1993, (2) on or after August 10, 1993, if it includes **only** Federal Stafford Loans that were eligible for federal interest subsidy, or (3) on or after November 13, 1997, for that portion of the Consolidation Loan that paid a subsidized FFEL Program loan or a subsidized Federal Direct Loan. I am responsible for the interest that accrues during this period on all other FFEL Program loans.
- The **Federal Family Education Loan (FFEL) Program** includes Federal Stafford Loans (both subsidized and unsubsidized), Federal Supplemental Loans for Students (SLS), Federal PLUS Loans, and Federal Consolidation Loans.
- **Forbearance** means permitting the temporary cessation of payments, allowing an extension of time for making payments, or temporarily accepting smaller payments than previously scheduled. I am responsible for paying the interest that accrues on my loan(s) during a forbearance. If I do not pay the interest that accrues, the interest may be capitalized.
- **Full-time employment** is defined as working at least 30 hours per week in a position expected to last at least 3 months.
- The **holder** of my FFEL Program loan(s) may be a lender, guaranty agency, secondary market, or the U.S. Department of Education.
- The **United States**, for the purpose of this deferment, includes any state of the Union, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Freely Associated States (the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau), and U.S. military bases and embassy compounds in foreign countries.

SECTION 6: ELIGIBILITY CRITERIA FOR UNEMPLOYMENT DEFERMENT

- I may defer (postpone) repayment of my loans while I am unemployed. If my first loans were made **before July 1, 1993**, my maximum cumulative eligibility for Unemployment Deferments is 24 months. If I did not have an outstanding FFEL Program Loan as of the date I obtained a loan **on or after July 1, 1993**, my maximum cumulative eligibility is 36 months.
- To qualify:
 - (1) I am diligently seeking but unable to find full-time employment in the United States (see definitions in Section 5) in any field or at any salary or responsibility level. I am registered with a public or private employment agency if there is one within 50 miles of my current address. School placement offices and "temporary" agencies do not qualify as public or private employment agencies. Further, if I am requesting an extension of an existing unemployment deferment, I have made at least 6 diligent attempts to find full-time employment in the most recent 6 months. (Complete Item (A) in Section 2.)

OR

 - (2) I am eligible for unemployment benefits, and I have attached documentation of my eligibility for these benefits. The documentation includes my name, address, and social security number, and shows that I am eligible to receive unemployment benefits during the period for which I am requesting deferment. (Complete Item (B) in Section 2.)

SECTION 7: WHERE TO SEND THE COMPLETED DEFERMENT REQUEST

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

Iowa Student Loan
Ashford II Building
6775 Vista Drive
West Des Moines, IA 50266-9305

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

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 authority for collecting the requested information from and about you is §421 et seq. of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1071 et seq.) and the authorities for collecting and using your Social Security Number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the Federal Family Education Loan Program (FFELP) 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 FFELP, 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 in default. 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 status, 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. The valid OMB control number for this information collection is 1845-0005. The time required to complete this information collection is estimated to average 0.16 hours (10 minutes) per response, including the time to review instructions, search existing data resources, gather and maintain the data needed, and complete and review the information collection. **If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to:**

U.S. Department of Education, Washington, DC 20202-4537

If you have questions regarding the status of your individual submission of this form, write directly to the address shown in Section 7.