



Conduent
FFEL Borrower Services
P.O. Box 7051
Utica, NY 13504-7051
800.835.4611
www.conduenteducation.com

Dear Borrower:

Enclosed is an Income Sensitive Repayment application package for your Federal Family Education Loan Program (FFELP) account. This packet will provide the information necessary for you to decide if an Income Sensitive Repayment schedule is compatible with your current financial situation. It will also allow you to request monthly payments that are between 4% and 25% of your monthly gross income, provided those payments equal or exceed the monthly-accrued interest.

Once approved, the Income Sensitive Repayment schedule will remain in effect for twelve (12) months. You can then request an additional year of Income Sensitive Repayment by completing a new application and providing updated supporting documentation. Altogether, you can re-certify annually and remain on an Income Sensitive schedule for up to five (5) years. However, before taking advantage of this option, you should consider that the lower monthly payments would reduce your principal balance at a slower rate and cause you to pay more interest over the life of your loan(s).

You should also note that, to allow for lower payments, we would extend your overall repayment period by the number of Income Sensitive Repayment months used.

To apply for an Income Sensitive Repayment schedule, follow these simple steps:

- 1) Complete the attached **Income Sensitive Repayment Worksheet**, which will provide a minimum payment percentage based on your debt-to-income ratio. You can select any percentage up to 25% that meets or exceeds the minimum and best fits into your budget.
- 2) Complete the attached **Income Sensitive Repayment Application** by confirming your monthly gross income, the various sources of that income, and the selected payment percentage from the Worksheet.
- 3) Sign and date the completed Application and return it to our office with the necessary supporting documentation.

Please note that, if your account has already entered repayment, you must continue making your regular monthly payments until you receive written confirmation of the Income Sensitive Repayment schedule. The new payment will not take effect until at least one month after the application is processed.

If you have any questions or need assistance completing the Income Sensitive application, please contact our office at 800-835-4611 between 8:00am and 11:00pm E.S.T. Thank you for your cooperation.

Sincerely,

Borrower Services Representative



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Account #: _____

INCOME SENSITIVE REPAYMENT APPLICATION

Please complete all sections of this application and return it to the above address.

DOCUMENTATION REQUIREMENTS

We cannot process your application without evidence of your income, which must be no more than 90 days old. Each source of income checked in Step 1 below must be accounted for.

Acceptable forms of documentation include the following:

- Copies of payroll statements, preferably from the most recent month.
- A letter from your employer stating your position and monthly gross income.
- A self-certifying, signed statement confirming your most recent monthly income, if you are self-employed.
- A copy of your most recent federal tax form confirming other sources of income, such as alimony/child support, rental income, dividend/interest, tips, etc.
- A copy of a statement from the party or parties responsible for paying any other forms of income.

Note: If there is a co-maker on your loan, both the co-maker's signature and evidence of the co-maker's income are required. Eligibility for the Income Sensitive repayment option will be based on the sum of your and the co-maker's monthly gross income.

For assistance with this application, please call the above phone number, Monday through Friday, from 8:00 a.m. to 11:00 p.m. Eastern Standard Time.

1. The average monthly gross income I expect to receive for the next twelve months is \$ _____.

My monthly gross income includes funds from the following sources (check all that apply):

- | | |
|---|--|
| <input type="checkbox"/> Salary/Self-employment | <input type="checkbox"/> Dividends/Interest |
| <input type="checkbox"/> Alimony/Child Support | <input type="checkbox"/> Tips |
| <input type="checkbox"/> Worker's Compensation Benefits | <input type="checkbox"/> Sales Commissions |
| <input type="checkbox"/> Rental Income | <input type="checkbox"/> Tax-exempt Issues (i.e., municipal bonds) |
| <input type="checkbox"/> Fellowship Grants | |
| <input type="checkbox"/> Public Assistance/Social Security Benefits | |

2. I elect Income Sensitive payments of _____% (between 4% - 25%) of my monthly gross income. However, I understand that each month's payment must at least equal the monthly-accrued interest on my total outstanding debt.
3. If any of my account(s) are currently past due, I request and authorize the application of forbearance to cover any outstanding payments of principal and interest. I understand that any unpaid interest accrued through the month prior to my first scheduled Income Sensitive payment will be capitalized (added to my outstanding principal balance), and that I have the right to nullify this increase by paying, in addition to my regularly scheduled payments, the capitalized interest amount.
4. I understand that I must continue to make my regularly monthly scheduled payment(s) until I am notified of acceptance for this Income Sensitive repayment option.

Borrower Signature _____

Date _____

Co-maker Signature (if applicable) _____

Date _____



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INCOME SENSITIVE REPAYMENT WORKSHEET

Complete this worksheet to determine your suggested monthly payment amount under an Income Sensitive Repayment schedule. Your payment can be as low as 4% and as high as 25% of your monthly gross income, but it cannot be lower than the monthly-accrued interest. Your eligible debt owed to Conduent is \$_____.

- Step 1 Confirm your anticipated **monthly gross income**. This is the average amount of income you expect to receive from all sources in each of the next 12 months, before taxes and other deductions.
- ✓ Refer to the Income Sensitive Repayment Application to determine which sources of income are applicable.
 - ✓ if there is a co-maker on your loan, be sure to include the co-maker's monthly gross income in the total.

My anticipated monthly gross income is \$_____.

- Step 2 Divide the eligible debt listed above by your anticipated monthly gross income. The resulting figure is your debt-to-income ratio.

$$\frac{\$ \text{Eligible Debt}}{\text{Monthly Gross Income}} = \text{Debt-to-Income Ratio}$$

- Step 3 Use the following Debt-to-Income table to determine the minimum percentage with which you can calculate your estimated monthly payment amount.

<u>If your Debt-to-Income Ratio is:</u>	<u>Your Minimum Percentage will be:</u>
Less than 9	4%
9 – 11.9	6%
12 – 14.9	9%
15 – 17.9	10%
18 – 20.9	12%
21 – 23.9	14%
Greater than 24	15%

- Step 4 Multiply the minimum percentage by your anticipated monthly gross income to determine your estimated monthly payment. **(NOTE** If you believe you can afford a higher payment amount, you can select a higher percentage from the above table and repeat this Step.)

$$\frac{\text{Minimum Percentage}}{\text{Monthly Gross Income}} \times = \text{Estimated Monthly Payment}$$

- Step 5 The estimated monthly interest that accrues on your loan(s) is as follows:

$$\frac{\text{Eligible Debt}}{\text{Monthly Interest Factor}} \times = \text{Estimated Monthly Interest}$$

- Step 6 You must pay the higher of the amounts calculated in steps 4 and 5. If you are not able to afford this minimum payment amount, you will not be eligible for Income Sensitive Repayment. Please call our Borrower Services Department at 1.800.835.4611 for other repayment options.

Name: _____ Account #: _____