Your Rights and Responsibilities as a Borrower

When you take out a federal Direct Loan for the time, you must sign a Master Promissory Note. It’s a legal contract under which you promise to pay back your loan, along with interest and fees.

As a borrower, you have certain rights and responsibilities. Knowing them can help you avoid problems down the road.

Your Rights

As a borrower, you have the right to:

- Written information about your loan obligations and your rights and responsibilities as a borrower.
- A copy of your Master Promissory Note either before or at the time that your loan is disbursed.
- A grace period and an explanation of how it works.
- If you are in a grace period or repayment, notification no more than 45 days after a lender assigns, sells, or transfers your loan to another lender.
- A disclosure statement, received before you begin to repay your loan, that includes information about interest rates, fees, and the balance you owe, along with a repayment schedule.
- Deferment or forbearance of repayment for certain defined periods if you qualify and request it.
- Prepayment of your loan in whole or in part anytime, without an early-repayment penalty.
- Documentation when your loan is paid in full.

Your Responsibilities

As a borrower, you’re responsible for:

- Completing the [online exit counseling](#) before you leave school or drop below half-time enrollment.
- Repaying your loan according to your repayment schedule even if you do not complete your academic program, you’re dissatisfied with the education you received, or you can find employment after you graduate.
- Notifying your lender or loan servicer if you move or change your address, change your telephone number, change your name, change your Social Security number, change employers, or your employer’s address or telephone number changes.
- Making monthly payments on your loan after your grace period ends, unless you have a deferment or forbearance.
Notifying your lender or loan servicer of anything that might alter your eligibility for an existing deferment or forbearance.