



RHT

Borrower Name \_\_\_\_\_

Borrower SSN \_\_\_\_\_

**SECTION 3: BORROWER REQUESTS, UNDERSTANDINGS, CERTIFICATIONS, AND AUTHORIZATION (CONTINUED)**

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I understand that:

- 1. I understand that I am responsible for the timely payment of my loan.
- 2. I understand that I am responsible for the timely payment of my loan.
- 3.

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**SECTION 6: DEFINITIONS**

**William D. Ford Federal Direct Loan (Direct Loan) Program:** FFEL, Direct Loan / FFEL (Direct Loan) L, FFEL Direct Loan / FFEL (Direct Loan) L, FFEL Direct Loan (Direct Loan) L, FFEL Direct Loan (Direct Loan) L.

**Federal Family Education Loan (FFEL) Program:** FFEL L, FFEL L, FFEL C L, FFEL L.

**Federal Perkins Loan (Perkins Loan) Program:** FFEL L, Direct Loan (DL), Direct Loan (DL).

**A authorized official:** 4.

**Capitalization:** Capitalization is the process of adding unpaid interest to the principal amount of a loan. For example, if a borrower has a \$3,000 loan with a 12% interest rate and has not made any payments, the interest will be added to the principal, making the new principal \$3,360. This process repeats each month, increasing the total amount owed.

**A co-maker:** A co-maker is a person who signs a loan agreement with a borrower. The co-maker is responsible for repaying the loan if the borrower does not.

**A deferment:** A deferment is a temporary suspension of loan payments. During a deferment, the borrower does not have to make payments, but the interest continues to accrue on the loan.

**A forbearance:** A forbearance is a temporary suspension of loan payments. During a forbearance, the borrower does not have to make payments, and the interest is also suspended.

**holder:** The holder of a Direct Loan or FFEL is the lender of the loan.

**A subsidized loan:** A subsidized loan is a loan where the government pays the interest on the loan while the borrower is in school.

**A unsubsidized loan:** An unsubsidized loan is a loan where the borrower is responsible for paying the interest on the loan while the borrower is in school.

**Table 1. Capitalization Chart**

Treatment of Interest with Deferment/Forbearance	Loan Amount	Capitalized Interest	Outstanding Principal	Monthly Payment	Number of Payments	Total Repaid
Interest is not capitalized	3,000	0	3,000	333	12	41,767
Interest is capitalized	3,000	1,800	31,800	353	12	42,365
Interest is capitalized and compounded	3,000	1,841	31,841	354	12	42,420

**SECTION 7: WHERE TO SEND THE COMPLETED DEFERMENT REQUEST**

(Insert address here)	(Insert address here)
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