

## Michigan Alternative Student Loan (MI-LOAN) Program MI-LOAN Program Forbearance Request

The Michigan Alternative Student Loan (MI-LOAN) Program offers two forbearance options. Forbearance is a postponement of the principal payment or forbearance of the principal and interest payment on your loan. Forbearance is authorized in periods of up to 12 consecutive months per request, with a lifetime maximum of five years. Forbearance use will be counted in the maximum loan repayment period.

### LOANS DISBURSED BEFORE JULY 5, 1999:

- Qualify for principal only forbearance - you must make monthly interest payments.

### LOANS DISBURSED ON OR AFTER JULY 5, 1999:

- **With a maximum 15-year repayment term** - Qualify for principal only forbearance - you must make monthly interest payments.
- **With a maximum 15-year repayment term - If you sign** an Addendum to your Promissory Note and Agreement, you can qualify for principal and interest forbearance - payments will be postponed.
- **With a maximum 25-year repayment term** - Qualify for principal and interest forbearance - payments will be postponed.

To request forbearance, the borrower or cosigner may call our servicer, Firstmark Services, or submit this form. Incomplete information will result in a denial of your request. This forbearance request will be processed on all eligible loans, unless indicated otherwise. If "principal and interest" is selected on a loan that does not qualify, a "principal only" forbearance will be processed. This means the monthly interest must be paid or the loan will become delinquent. Once the forbearance is processed, you will be sent notification by Firstmark Services. The month following the expiration of the forbearance, regular monthly payments of both principal and interest will resume. Your monthly payment may increase for your loan to be paid in full within the remaining repayment term.

Name (Print)		
Last Four Digits of Social Security Number	Account Number (Example 000 <b>380281</b> -09)	Date of Birth
<input type="checkbox"/> Borrower <input type="checkbox"/> Cosigner	Phone Number	Email Address
Current Address		
City	State	ZIP Code
I request forbearance on my MI-LOAN Program loan(s), as checked below, for _____ months (not to exceed 12 months):		
<input type="checkbox"/> Principal <u>only</u> . Interest will be billed and must be paid monthly.		
<input type="checkbox"/> Principal and interest. Unpaid interest will be capitalized (added to the principal balance) at forbearance end.		
Signature of the above party		Date

**Please Mail or Fax to:**

**Firstmark Services  
PO Box 82522  
Lincoln, NE 68501  
Fax (866) 258-9222**

**Verbal Requests: (888) 295-0902 (toll-free, Firstmark Customer Service)**

## Forbearance Options

If you are experiencing a financial hardship, the MI-LOAN Program offers two forbearance options. Forbearance will increase the amount of the debt which must be repaid. The chart below shows how each option affects the regular monthly payment amount and total loan indebtedness.

### OPTION 1 - Principal Forbearance

During the forbearance period, you are billed each month for only the interest which is due on the loan. Principal forbearance is processed for 12-month periods, with a cumulative maximum of 60 months. The monthly payments you make will not reduce the principal amount of your loan. At the end of the forbearance period, monthly payments of principal and interest will be required. Your payment amount may increase from the payment amount originally disclosed if necessary in order to pay off the loan within the maximum 25-year repayment period.

### OPTION 2 - Principal and Interest Forbearance

This option results in the postponement of payments (principal and interest). Principal and interest forbearance is processed for 12-month periods, with a cumulative maximum of 60 months. During the forbearance period, you will receive no monthly billing statements. However, interest will accrue, and at the end of the forbearance period, the unpaid accrued interest will be added to the principal balance of your loan (capitalized). Because interest charges are calculated on the outstanding principal balance, capitalization will increase the total amount of interest charges you will pay. At the end of the forbearance period, monthly payments of principal and interest will be required. Your payment amount may increase from the amount originally disclosed if necessary in order to pay off the loan within the maximum 25-year repayment period.

### NOTE: Release of Cosigner Option and Forbearance

If the first 24 regular payments of principal and interest are paid consecutively and on time and the borrower meets the required credit standards, the cosigner(s) may be released from all obligations on the loan. Forbearance results in interest only or the postponement of payments. Therefore, the release of cosigner option is not available if the first 24 regular payments are broken up (not consecutive) due to the use of forbearance. However, forbearance may be used prior to beginning the first regular payment or after the 24 consecutive payments have been completed.

Example of Interest Accrual	Regular Monthly Payments	Principle Forbearance (Option 1)	Principal and Interest Forbearance (Option 2)
Loan Amount	\$10,000	\$10,000	\$10,000
Interest Rate	6.95%	6.95%	6.95%
Repayment Term	25 years	25 years	25 years
Forbearance Period Used	None	5 years	5 years
Regular Monthly Payment Amount	\$69.76	\$76.66	\$107.90
Total Interest Paid	\$10,923.50	\$11,826.15	\$15,893.17
Total Amount Paid	\$20,923.50	\$21,826.15	\$29,967.46

The table above shows how the forbearance option will increase the regular monthly payment amount and the total loan indebtedness. For illustration purposes, the example shows a MI-LOAN Program loan in the amount of \$10,000 at a fixed interest rate of 6.95% with a 25-year repayment term after utilizing five years of forbearance.

### How forbearance increases the loan debt as shown in the above example:

<b>\$20,923.50</b>	With regular payments (no forbearance)
<b>\$21,826.15</b>	Option 1 (principal forbearance – making payments of interest only) costs an extra <b>\$902.65</b>
<b>\$29,967.46</b>	Option 2 (principal and interest forbearance) costs an extra <b>\$9,043.96</b>

*All borrower options and benefits are subject to change.*

*This is an attempt to collect a debt. Any information obtained will be used for that purpose.*

The MI-LOAN Program is administered by the Michigan Finance Authority-Student Loan Programs (formerly known as MHESLA).