

Smart Option Student Loan®

Frequently Asked Questions For Schools (February 2015)

Who is eligible for the Smart Option Student Loan?

- Students enrolled, accepted for enrollment, or previously enrolled at an eligible degree-granting institution within the last 365 days.
- Students who are U.S. citizens or permanent residents and with proper evidence of eligibility.
- U.S. citizens enrolled in eligible study abroad programs or studying at select schools outside the U.S. are also eligible.
- International students are eligible with a creditworthy cosigner (who must be a U.S. citizen or permanent resident) and appropriate U.S. Citizenship and Immigration Service documentation.
- Students attending school full time, half time or less than half time, or taking prerequisite classes.
- Students attending summer classes or continuing education classes.

How does one apply?

- Students or cosigners can start an application by visiting Sallie Mae online at SallieMae.com.
- When applying for a Smart Option Student Loan, applicants will have the ability to view both variable and fixed interest rate pricing.
- After credit approval, they'll be presented with monthly payment amounts, interest rates, and total loan costs to aid them in selecting either in-school payments, or to defer payments until after separation.
- Encourage them to apply and compare the rates on the Smart Option Student Loan to the rate offered on the PLUS Loan—they can then choose whether or not to proceed with the application.

How is the Self-Certification Form submitted?

- As part of the Higher Education Opportunity Act (HEOA), students must complete the Self-Certification Form as part of the application process. The form must be completed and submitted prior to loan disbursement.
- Schools can assist students in completing this form by providing any cost of attendance figures.
- The Self-Certification Form will be completed as part of the application process when a student applies for a Smart Option Student Loan; however, one is available from Sallie Mae upon request.

Can it be used for a prior loan period?

- Students must be currently enrolled, accepted for enrollment, or previously enrolled for a prior loan period at an eligible school.
- Prior loan period loan requests must meet the following conditions:
 - Less than 365 days have passed or will pass from the loan period date to the first disbursement of the loan.
 - At the time of the request, the borrower is enrolled, intends to enroll, or has graduated.
 - The borrower was enrolled during the prior enrollment period for which the loan is requested and did not withdraw with no intention of re-enrolling, as verified by the school.

Are there any loan limits?

- \$1,000 minimum.
- Maximum is the school-certified cost of attendance, less other aid received, as certified by the school.

What must applicants do to obtain the loan?

- Satisfy credit requirements.
- Execute an application, promissory note, and any other documents without alteration.
- Meet other customer identification requirements set forth by Sallie Mae.
- Foreign citizen student borrowers must have a cosigner with U.S. citizenship or permanent residency.

What is the Death & Disability feature?

Upon verification that the student borrower is deceased or permanently and totally disabled, Sallie Mae will waive financial responsibility for the loan and all future disbursements will be canceled.

Why is a cosigner recommended?

- While not required for U.S. citizens or permanent residents, student borrowers are encouraged to apply with a creditworthy cosigner as it may increase the likelihood of the loan being approved and it may help them obtain a lower interest rate. It may be wise for students to consider creditworthy family members and other individuals who are willing to help them achieve their education goals. Cosigners must be U.S. citizens or permanent residents.
- On average during a twelve-month period from December 1, 2013 through November 30, 2014, our undergraduate student borrowers received a rate more than 0.70 percentage points lower by adding a creditworthy cosigner.

How does a borrower apply for cosigner release?

- The release of a cosigner is at the sole discretion of Sallie Mae. Only the borrower may apply for cosigner release. The borrower must provide proof of graduation or successful completion of certification program, not be delinquent and have made 12 consecutive on-time payments of principal and interest immediately before applying, provide proof of income, pass a credit review that demonstrates a satisfactory credit history and the ability to assume full responsibility of the loan(s) individually, have no student loan(s) in default, must not be reported as 90+ days delinquent in the past 24 months, must not be in hardship forbearance and/or in a modified repayment program, be a U.S. citizen or permanent resident, and meet the age of majority in their state. Requirements are as of October 13, 2014, and are subject to change.
- Borrowers should download the application from SallieMae.com/CosignerRelease or call Sallie Mae at 1-800-4-SALLIE (1-800-472-5543) to initiate the request.
- Releasing the cosigner will not adversely impact the interest rate on the loan.

Can applicants change the loan amount?

- Loan amount can be increased before the right-to-cancel period listed on the Final Disclosure as long as the amount doesn't exceed the originally approved amount provided on the Loan Approval Disclosure.
- Loan amounts can be decreased as long as funds haven't been fully disbursed to the school/student. If the funds have been disbursed, the school should return the loan funds to Sallie Mae and request the loan be issued for a lesser amount.

What does Sallie Mae need for school certification?

- School name
- Eight-digit Department of Education code or school code
- Enrollment period
- Enrollment status
- Student borrower course of study/major
- Grade level
- Anticipated date of graduation
- Certified loan amount
- Disbursement amounts
- Requested date(s) of first/subsequent disbursements

What are Sallie Mae's CommonLine codes?

- Program Code: 091 – Smart Option Student Loan
- Guarantor Code: 924 – SM

How long is the credit validity period?

- There is a 180-day credit validity period during which the first disbursement must occur.
- Loan will be terminated if first disbursement isn't within the credit validity period.

Repayment

What if a borrower is having difficulty making payments?

If a customer is struggling to make their monthly student loan payments, Sallie Mae will work directly with the student/customer one-on-one to assess repayment options. We encourage students to contact us directly to discuss what options may be available.

What if loan money is returned?

- **A full return:** If loan funds are returned within 60 days of the first disbursement date, no interest or fees will accrue, and the loan will be canceled. If loan funds are returned more than 60 days after the first disbursement date, the funds can be returned, but the student is responsible for paying all accrued interest and fees. However, if the student borrower hasn't endorsed the disbursement paper check, the student borrower is not responsible for any accrued interest or fees.
- **A partial return** of loan funds will be treated as a payment and can be made regardless of the number of days that have passed since first disbursement. Sallie Mae will credit the return to the loan balance.

How does a borrower apply for the Graduated Repayment Period?

- Borrowers will be notified on their billing statement that one or more loans qualify for the Graduated Repayment Period. This message will direct them to contact the Servicing Call Center. (Borrower must have graduated with no interruption in enrollment, be current on payments, and not be more than 30 days late on payments on any student loan.)
- Borrowers can apply by calling the Servicing Call Center and must do so during the two billing cycles immediately preceding full principal and interest repayment or before the close of the second principal and interest billing cycle.
- As part of the process, borrowers will be provided with estimates of their monthly payments for both the Graduated Repayment Period and Standard Repayment, as well as the impact to total loan cost.
- If approved for the Graduated Repayment Period, the principal and interest payments after the year of Graduated Repayment will be higher and total loan cost will increase. Graduated Repayment Period does not extend the term of the loan.

How are disbursement dates set?

- Due in part to comply with the HEOA regulations and the borrower right to cancel period, the earliest possible date to schedule the first disbursement is on the ninth business day from the date the certification is received but no sooner than 30 days before the Loan Period Begin Date.
- Day one starts the day after the certification is received and day nine is the first day the loan can disburse. This timeframe includes the three day HEOA right to cancel period, mailing time, and time to set the disbursement in our systems.

Where can borrowers in the military access information about special benefits?

We're pleased to offer our borrowers in the military special benefits for their Sallie Mae-serviced private student loans. Our specialized military customer service representatives are available at 1-855-534-2668, Monday to Thursday 8 a.m. to 9 p.m. / Friday 8 a.m. to 8 p.m. ET and additional information is available at SallieMae.com/Military.

Are forbearances available?

The borrower can contact Sallie Mae to determine if they are eligible.

What if a borrower returns to school after entering the principal and interest repayment period?

Borrowers who return to school at least half time will be provided the same repayment option terms that applied to the loan during the initial in-school period, limited to 48 months. Interest is capitalized at the end of the deferment period. Students can access the Deferment request form via their Sallie Mae online account.

What if a borrower enrolls in a Residency or Internship during the principal and interest repayment period?

If at any time during the Repayment Period borrowers enter an approved residency or internship program, they may contact us to request the Residency/Internship Deferment. To apply for the Residency or Internship Deferment, borrowers must submit a form completed by themselves and an official from the residency or internship program to us for consideration. During the deferment period, borrowers will be required to make payments on the same terms as the repayment option that applied to their loan during the in-school period. Deferment periods are issued in up to 12-month increments. Borrowers can receive a maximum of five 12-month deferment periods (60-month maximum). Interest is charged during the deferment period and any interest that remains unpaid at the end of each deferment period will be added to the borrower's loan balance.



To Learn More:

- **Schools: 1-844-8-ASSIST
(1-844-827-7478 or 1-302-451-4912)**
- **Students: 1-800-4-SALLIE (1-800-472-5543)**

Full disclosures and requirements can be found at SallieMae.com/SmartOption.

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