



CONSUMER CREDIT & BUDGET COUNSELING

299 South Shore Road
Post Office Box 565
Marlton NJ 08053-0565

www.cc-bc.com

Who We Are

Consumer Credit and Budget Counseling is a non-profit consumer education and financial counseling agency that serves individuals and families in financial distress. CC&BC assists each client to structure his or her consumer debts, primarily credit cards, into a single affordable monthly payment scheduled over a term of 3-5 years.

Consumer Credit and Budget Counseling is not a lending institution. It is not a government entity. It is a licensed non-profit consumer credit counseling agency.

The debt counseling function of CC&BC's business involves a determination of the relationship between how much a client will be able to pay on a monthly basis, as related to the client's monthly income and expense budget, and the total consumer debt to be paid or serviced.

Consumer Credit and Budget Counseling's funding comes from a small monthly service fee which is part of the client's Debt Management Program. The majority of our funding comes from voluntary contributions from creditors who participate in our Debt Management Program. In this way our Debt Management Program serves a dual role of helping the client repay their debts and helping creditors receive the **money owed them**.

What We Do

Consumer Credit and Budget Counseling helps its clients develop a budget which allows them to not only meet essential living expenses but also to pay down consumer debts in three to five years.

We structure the Debt Management Program by negotiating with credit card companies, banks, finance organizations and other creditors to lower payments, lower interest rates and reduce or eliminate late or over-limit fees.

Student Loan Resources

Telephone Numbers:

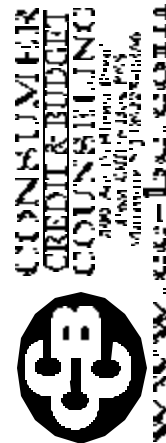
Department of Education:	
Federal Student Aid	1-800-4FED-AID
Toll Free Default Line	1-800-621-3115
Debt Collection Fax	1-202-708-7970
Federal Direct Loans:	
Applicant Services	1-800-557-7394
Consolidations	1-800-557-7392
Sallie Mae	1-800-524-9100
USA Group	1-800-382-4506
Citibank	1-800-967-2400
Dept of Health & Human Serv.	1-301-443-1540

Web Sites:

Department of Education	http://www.ed.gov/
Federal Direct Loans	http://www.ed.gov/directloan/
Sallie Mae	http://www.salliemae.com/
USA Group	http://www.usagroup.com/
Citibank	http://www.citibank.com/student/

If you have any questions about the issues raised in this brochure please feel free to call Consumer Credit and Budget Counseling, Inc. to speak with our qualified counselors at no cost or obligation.

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A Multi-State Licensed, Bonded, Non-Profit Agency
Phone: 888-738-8233 or 609-390-9652
Fax: 888-738-8234 or 609-390-9653
Email: help@cc-bc.com

Student Loans

On October 7, 1998 President Clinton signed into law the Higher Education Amendments of 1998. This law put the nearly one million people not paying their student loans on notice that the federal government was no longer going to accept their defaults.

The law provides for rigorous collections and additional consequences for non-payment, but also allows for the opportunity to get out of default.



If you currently pay your student loans on time let this be a warning to not let your payment get behind. If you are delinquent do not hesitate to act, as the consequences can be daunting.



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Repayment of Student Loans

Your Options for Repayment

Standard Repayment – The Standard Repayment Plan has the highest monthly payment, but the plan costs less over the same term as the other plans, due to the interest costs. The payment is approximately \$125 for every \$10,000 borrowed. The payments are scheduled over a maximum of 10 years.

Graduated Repayment – The Graduated Repayment Plan may be ideal for someone just starting out a career. The plan starts with lower payments as little as half of the Standard and ends with a payment no more than 150% higher than the payment under the Standard Repayment Plan.

Extended Repayment – The Extended Repayment Plan is for those borrowers who need lower payments. The plan lets you stretch the payments over 12 to 30 years. Your monthly payment can be as little as \$50.

Income Contingent Repayment – If your income is inconsistent or unstable, an Income Contingent Plan may be appropriate for you. The amount of your payment is figured every year based on your income. The payment will never exceed 20% of your discretionary income. If your income is very low you may not be required to make a payment for the year, but the interest still accrues.

Collection

The Higher Education Amendments of 1998 allows for the placement of your loan with a collection agency. *(Yes, the same agencies that the government had to pass laws to stop*

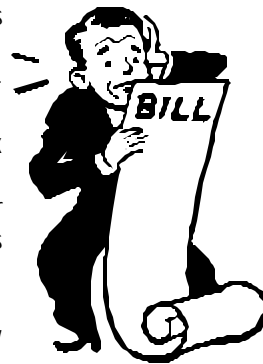
collection abuses.) The law gave those same collection agencies additional powers and tools to collect on student loans, including garnishment without due process. They offer these collection agencies commissions of about 28% of the debt collected. This commission is tacked onto your bill *as well as* a collection fee to the Guarantee agency of 25% of the principal, interest, penalties and other collection fees you already owe. This may double the original amount you owe

Consequences for Non-Payment

To collect these inflated balances the government has a number of options, each one worse than the next. The preferred method is the withholding of your income tax refund. The Department of Education collects millions of dollars each year by intercepting your tax refund.

The collection agencies tend to use the threat of garnishment as their preferred tool, to avoid the wait until you file your tax return. Unlike a normal garnishment, the holder of your student loan does not have to sue you first. The holder can garnish up to 15% of your weekly net wages in excess of \$154.50.

You can also be sued, and the Department of Education can seize your bank and other deposit accounts, as well as valuable personal property such as cars and antiques. A judgment can be issued to create a lien against your home, withholding the disbursement of funds to you in a refinance or sale, until the judgment is satisfied.



Payment Options if you are in Default

Send a Check – The Department of Education's web site tells you: "If you have a defaulted loan mail a check or money order to":

National Payment Center
P.O. Box 4169
Greenville, TX 75403-4169

Unfortunately this is not an option that is feasible for many borrowers. The next two options may be more appropriate.

Rehabilitation – A borrower can "rehabilitate" a defaulted loan by making 12 consecutive monthly payments. The benefit to this method is that the "default" notation is removed from your credit report.

Consolidation – To consolidate a loan, a borrower must either agree to repay under an Income Contingent Repayment Plan, (see above), or make three consecutive monthly payments to the prior lender. If a borrower does consolidate defaulted student loans the default notation remains on a credit report for up to 7 years. It is notated as paid in full, but this notation may affect a borrower's ability to obtain future credit.

Cancellation, Deferment and Forbearance

Cancellation - A cancellation is the absolving of the need to repay federal student loans. Conditions under which you may be able to cancel a federal student loan are listed below:

1. Death of the Borrower
2. Permanent Total Disability

To cancel a student loan or determine if you qualify call the loan holder or the Department of Education's Debt Collection Services at 1-800-621-3115.

Deferment - A deferment is a delay based on a specific condition that excuses you from making payments for a set period of time. Some conditions under which you may be able to defer a federal student loan are listed below:

1. Temporary Total Disability – defer up to three years
2. Enrollment in Rehabilitation Program for the Disabled – defer up to 6 months after training ends
3. Unemployment – defer up to three years
4. Economic Hardship – defer up to three years if you are eligible for public assistance.
5. Parents with Young Children
6. Enrollment in school
7. Membership in a Uniformed Service – you may be eligible to defer or even cancel all or part of your federal student loan
8. Teaching Needy Populations
9. Performing Community Service

You have to apply to the loan holder for a deferment. You will need to contact the lender and tell them what type of deferment that you may qualify for so that they can send you the proper paperwork. Unfortunately, you cannot be in default when you apply.

Forbearance – Forbearance is when the loan holder gives you permission to stop making payment for a set period of time. Interest always accrues during the forbearance period, thus it the least desirable of the three options. To apply just contact the lender and explain your situation. You may be required to prove your hardship.

This information has been assembled from a number of sources, and is provided courtesy of Consumer Credit and Budget Counseling, Inc. It should not be viewed as legal or investment advice. Consumer Credit and Budget Counseling, Inc. is not responsible for the accuracy of this information. It is provided to our clients as "information only".