

FEDERAL PERKINS LOAN

YOUR RIGHTS & RESPONSIBILITIES AS A BORROWER

Read this brochure and learn how you might

- ◆ **CANCEL YOUR LOAN**
- ◆ **DEFER PAYMENTS**
- ◆ **MAINTAIN A GOOD CREDIT HISTORY**

As a Federal Perkins Loan borrower you have certain rights and responsibilities which are highlighted in this brochure. For a more detailed explanation of those rights and responsibilities please refer to your promissory note.

When do I have to begin repaying my Federal Perkins Loan?

Repayment on your loan will begin nine months after you cease to be enrolled in at least a half-time course of study. During this "grace period" interest does not accrue and payments are not due. However, you may, at your option and without penalty, make payments during the grace period and thereby save money since interest is not charged. In addition to reducing your loan balance, such payments will benefit other needy students since it enables PSU to immediately lend out those funds.

How much will my payments be?

The *minimum* payment amount on Perkins Loans obtained is \$40 per month. However, there is a maximum 10 year repayment period; therefore your monthly payments may be higher depending upon the total amount of your loan.

If you obtained a Federal Perkins Loan at another school you may be entitled to have your loan payments pro-rated. This means each lender may be able to reduce your monthly payments based on the total amount of your Federal Perkins Loans. The maximum 10-year repayment period still applies and you continue to make payments to each lender. If you have an outstanding *Federal Perkins Loan* with another school contact the PSU Bursar/Collections Office at 503/725-3408.

When do I get a repayment schedule?

During your last term at PSU, ***you need to schedule an exit interview*** by contacting the Bursar/Collections Office at 503/725-3408 or come to room 179 Neuberger Hall.

How will I be billed?

PSU sends out a bill each month. If you prefer, you may pay your loan each month through automatic withdrawal from your bank account. Please call us at 725-3408 or 1/800-547-8887 ext. 3408 for information, or access the forms on the web: <http://www.pdx.edu/bao/forms.html>

Who should I contact if I change my address?

Once you are no longer a student at PSU promptly notify the Bursar/Collections office at 503-725-3408 or 1/800-547-8887 ext 3408 of any address change. Our address is: PSU, PO Box 202, Portland OR 97207-0202. Or you may email us at: loans@pdx.edu.

Can I defer payments on my Federal Perkins Loan?

You may defer payments on your loan by filing properly certified forms requesting deferment. For all but student deferments you must request a deferment at the end of your grace period. Contact the Bursar/Collections Office for specific criteria and forms or access them on the web at: <http://www.pdx.edu/bao/forms.html>. Depending on when you obtained your loan, deferments are granted for the following reasons:

Student - While enrolled: as at least a half-time student; **or** in a course of study in an approved graduate fellowship program; **or** in a course of study in an approved rehabilitation training program for disabled individuals; **or** in a graduate or post-graduate fellowship-supported study (such as pursuant to a Fulbright grant outside the United States).

Unemployment - While unable to find full-time employment, but may not be granted in excess of 3 years.

Hardship - While suffering an economic hardship, but may not be granted in excess of 3 years.

Armed Forces Reserves Active Military Duty – When ordered to active duty for a period greater than 30 days *while you were enrolled at least half time or during your initial grace period.*

After each of the deferments mentioned above you are entitled to a "post deferment grace period" of six months.

New Military Deferment as of July 1, 2006 - Beginning July 1, 2006, Federal Perkins regulations changed to allow Military Deferments for borrowers with loan disbursements after July 1, 2001. This deferment applies only to borrowers serving on active duty and qualifying National Guard duty during a war, or other military operation, or national emergency. The following text is taken from the Higher Education Reconciliation Act of 2005 which was enacted on February 8, 2006:

Military Deferment

Effective July, 2006, for all three loan programs (FFEL, Direct Loans, Perkins Loans), a new military deferment has been created, effective for loans for which the first disbursement is made on or after *July 1, 2001*. On or after July 1, 2006, a qualified borrower may receive a deferment for a period in which he or she meets the qualifications after July 1, 2001. The deferment shall not exceed a total of three years, and applies only to periods during which borrowers are serving on active duty during a war or other military operation, or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency. As a result, not all active duty military personnel are eligible for this new deferment. The HERA does not authorize the refunding of any loan repayment already made by a borrower at the time the deferment is granted.

For more information or to see if you qualify please contact the Perkins Loan Department at PSU: 503.725.3125 or 503.725.3408 Toll free 1.800.547.8887. Ext 3125.

Can I cancel a portion, or all, of my Federal Perkins Loan?

You may have all or part of your Perkins Loan canceled (including interest) for full-time employment in certain types of service, which are listed below. Contact the Bursar/Collections Office at the beginning of your service for specific criteria and forms or access them on the web at: <http://www.pdx.edu/bao/forms.html>.

For Loans Obtained On or After July 23, 1992

* **teacher** in a public or nonprofit elementary or secondary school serving students from low-income families that is listed in the "Directory of Low Income Schools" published each year by the U.S. Department of Education.

teacher of mathematics, science, foreign languages, bilingual education, or any other field of expertise that is determined by the state education agency to have a shortage of qualified teachers.

* **special education teacher** in a public or other nonprofit elementary or secondary school system.

nurse or medical technician.

Qualified professional **provider of early intervention services** in a public or other nonprofit program under public supervision as authorized under the Individuals with Disabilities Education Act. Early Intervention Services are provided to infants and toddlers with disabilities.

Employee of a public or private nonprofit **child or family service agency** who is providing or supervising the provision of services to high-risk children and their families whom are from low-income communities.

Cancellation Rates - For each completed year of full-time service for the above listed positions a portion of the loan will be canceled at the following rates: 15% of the original principal loan amount for each of the first and second years of service; 20% of the original principal loan amount for each of the third and fourth years of service; and 30% of the original principal loan amount for the fifth year.

* Staff member in a pre-school program carried out under the **Head Start Act**. Up to 100% of the loan may be canceled at the rate of 15% per year on the original principal loan amount.

* Full-time service in the U.S. Armed Forces in an *area of hostilities* or an *area of imminent danger* that qualifies for special pay under Section 310 of Title 37 of the U.S. code. Up to 50% of the loan may be canceled at the rate of 12 1/2% per year on the original principal loan amount for each year of qualifying service.

* Service as a **Peace Corps** or **ACTION** volunteer. Up to 70% of the loan may be canceled at the following rate: 15% of the original principal loan amount for each of the first and second 12 month periods of service, and 20% of the original loan amount for each of the third and fourth 12 month periods of service.

* If you should become permanently and totally disabled or die before this loan is repaid the remaining balance will be canceled.

For Loans Obtained On or After November 29, 1990

* In addition to the above mentioned cancellation benefits your loan may be canceled for full-time service as qualifying **law enforcement or corrections officer** employed with a local, state or federal corrections or law enforcement agency. The cancellation rates are the same as for teachers.

For Loans Obtained Before July 23, 1992

*You are entitled to cancellation benefits listed above that have an **asterisk** appearing to the left. Effective 10/1/98 you are eligible for **any** of the above cancellation benefits for service beginning 10/1/98.*

What if I am late making my payments or requesting deferment or cancellation?

As a requirement of the federal government PSU reports all student loan activity to national credit bureaus on a monthly basis. If payments or requests for deferment or cancellation are made late that information will be placed on your credit file. A late fee is assessed on past due accounts equal to 20% of the monthly payment.

If a loan is not brought current it may be *accelerated*. This means that the entire unpaid balance will become immediately due and payable. Furthermore, failure to remit payments on time could result in action by a collection agency. This action could impair your credit rating and result in the addition of collection costs on your account.

What if I am financially unable to make payments on my loan?

If you cannot make a scheduled payment, contact us immediately at 503/725-3125 or 1/800-547-8887 ext. 3125 and request forbearance. Every effort will be made to work with you through a difficult financial period.

Can I consolidate my student loans and make just one payment?

If you owe student loans to more than one lender you may be eligible for consolidation. Be aware that if you consolidate your Perkins loan you will forfeit cancellation benefits. For additional information contact the Bursar/Collections Office at 503/725-3125 or 1/800-547-8887 ext. 3125.

Can a defaulted Perkins Loan be rehabilitated?

You may rehabilitate a defaulted loan by making on-time monthly payments, as determined by Portland State University, each month for twelve consecutive months. Upon successful completion of the rehabilitation your defaulted loan will again be subject to the terms and conditions, and qualify for the benefits and privileges, of your original promissory note. The default will be removed from your credit history. **You can rehabilitate a defaulted loan only once.**

How do I contact the Student Loan Ombudsman?

If you dispute the terms of your loan in writing and Portland State University is unable to resolve the dispute, you may seek the assistance of the Department of Education's Student Loan Ombudsman. The ombudsman will review and attempt to informally resolve your dispute and may be contacted at 1/877-557-2575 or www.fsahelp.ed.gov/.

How do I find out information about all of my school loans?

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data. To gain access go to: <http://www.nsls.ed.gov>

If I have questions regarding my Perkins Loan whom do I contact?

The Bursar/Collections Office is located on the first floor of Neuberger Hall in room 179. Our address is: Portland State University, PO Box 202, Portland OR 97207-0202. You may reach us by telephone at 503/725-3408 or 503/725-3125, toll free: 1-800-547-8887 ext.3408 or ext. 3125. Our e-mail address is: loans@pdx.edu.