

FEDERAL PERKINS

YOUR RIGHTS AND OBLIGATIONS

YOUR RIGHTS

Your lending institution is required to disclose to any credit bureau organization the amount of loans made to you at the time of disbursement of the loan.

GRACE PERIOD

Repayment of your student loan does not begin until nine (9) months after you have ceased being at least a half-time student at your lending institution. During this grace period, you are not required to make payment, and interest will not accrue on your loan.

DEFERMENT PRIVILEGES FOR FEDERAL PERKINS LOANS MADE ON OR AFTER JULY 1, 1993:

Repayment of both principal and interest on your student loan may be deferred by submitting properly completed "Request for Deferment" forms. You are entitled to a six-month grace period following each deferment period.

- a) Student deferment - A borrower is eligible for a deferment if they are enrolled as a full or half-time student at an accredited institution of higher learning in the United States, or at a comparable institution outside the United States. A "half-time student" is defined as a student who is carrying at least one half of the normal full-time academic workload as determined by the institution where enrolled. A form should be completed at the beginning of each term.
- b) Fellowships - Any borrower pursuing a course of study in an approved graduate fellowship program excluding a medical internship or residency program.
- c) Unemployment - Any borrower seeking and unable to find full-time employment, but not in excess of three years.
- d) Economic Hardship- Any borrower suffering an economic hardship, but not in excess of three years.
- e) Cancellation Provisions - Any borrower engaged in service described under the cancellation provisions.
- f.) Rehabilitation Training - Any borrower engaged in an approved rehabilitation training program for disabled individuals.

PARTIAL CANCELLATION BENEFITS FOR FEDERAL PERKINS LOANS ADVANCED ON OR AFTER JULY 23, 1992

By performing certain services, which are explained briefly below, you may be eligible for cancellation benefits which will reduce the loan balance of your loan.

In order to receive any of these cancellation benefits, you must submit a properly completed "Request for Partial Cancellation" form when entering service, or upon receiving a bill (whichever comes first), and upon completion of each full year of service. After signing the form, have your school principal, district official, employer or commanding officer certify the form as required in the appropriate section. Additional documentation may be required (i.e.: detailed job descriptions, copy of license, etc.) depending upon the type of cancellation requested.

TEACHING: If you are a full-time teacher in an elementary or secondary school determined by the federal government to have a high concentration of students from low-income families, you may be eligible for a partial cancellation. The list of qualifying schools is published annually by the government in the Department of Education Listing of Low-Income Schools.

To qualify for cancellation benefits in this category, you must be employed as a full-time teacher for a complete academic year or its equivalent. For the purposes of this category, a teacher is defined as being a person who is a professional employee of a school, or school system, whose primary function is to provide classroom instruction or perform related duties in support of the education program.

If you are a full-time teacher of handicapped children in a secondary or elementary school, you may also be eligible for partial loan cancellation. Handicapped children, as defined by federal regulations, includes those who are mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, orthopedically impaired, or the health-impaired children, who by reason thereof require special education and related services. Teachers of children with specific learning disabilities are also eligible for this cancellation benefit.

If you are eligible, your loan will be canceled at the rate of 15% for the first and second years, 20% for the third and fourth years and 30% for the fifth year.

If you teach in the Headstart Program, you may cancel each year at the 15% rate until the entire loan is canceled.

MILITARY SERVICE: If you become a member of the United States Armed Forces, after receiving your loan, you may qualify for a military cancellation. Eligibility is limited to those who are serving in an area of hostility and receiving special pay under section 310 of Title 37, United States Code. You may cancel at the annual rate of 12% for a maximum of four years. Cancellations are granted upon completion of 12 consecutive months of service in an area of hostility and receiving special under Section 310 Title 37 US Code.

DEATH OR DISABILITY: In case of death, your loan will be canceled on the basis of a death certificate or other evidence that is conclusive under state law. If you become permanently and totally disabled after receiving the loan, the loan will be canceled based on medical documentation supplied by your physician.

LAW ENFORCEMENT: If you become a Law Enforcement or Corrections Officer employed by a local, state or federal agency which is publicly funded, you may qualify for partial cancellation of your loan. Your primary responsibilities must pertain to crime prevention, control, or reduction or to the enforcement of the criminal law. Cancellation will be at the rate of 15% for the first and second years, 20% for the third and fourth years and 30% for the fifth year.

PEACE CORPS, OR VISTA SERVICE: 15% of the total principal amount of the loan will be canceled for the first and second twelve-month period of volunteer service; 20% of the total principal amount of the loan will be canceled for the third and fourth twelve-month period of volunteer service.

Cancellation benefits are also extended to borrowers performing the following services:

- a) A full-time 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.
- b) A full-time nurse or medical technician providing health care service.
- c) A full-time employee of a public or private non-profit child or family service agency who is providing or supervising the provision of service to high risk children from low-income communities and their families. The services provided to adults must be secondary to the services provided to the high-risk children.
- d) A full-time teacher of infants, toddlers, children or youth with disabilities in a public or other non-profit elementary or secondary school system.
- e) A full-time qualified professional providing early intervention services in a public or other non-profit program under public supervision as authorized in Section 672(2) of the Individuals With Disabilities Education Act.

If you are eligible, your loan will be canceled at 15% of the total principal amount of the loan for the first and second year of service; 20% of the total principal amount of the loan for the third and fourth year of service; and 30% of the total principal amount of the loan for the fifth year.

YOUR RESPONSIBILITIES

CHANGE OF ADDRESS: You are responsible for keeping your lending institution and their billing agent informed of any change in your address.

COMPLETION OF FORMS: You are responsible to report your eligibility for deferment or cancellation on properly completed "Request for Deferment" or "Request for Partial Cancellation" forms. These forms must be filed upon receipt of your first bill after you have become eligible for either deferment or cancellation, and every term of eligibility thereafter.

For your convenience, forms will periodically be sent to you with your billing notices.

Please note that forms without an official seal, stamp, or accompanying letterhead certification cannot be used to update your account.

FINANCE CHARGES: Interest will begin to accrue on your loan at the end of the grace period. (For more specific definition of grace period, refer to the section entitled "Your Rights As a Perkins Loan (NDSL) Recipient.")

Annual simple interest charges at the rate agreed upon in your

promissory note will be assessed on the unpaid principal balance of your loan.

If you desire, you may repay all or any portion of your loan during the grace period without interest charges.

REPAYMENT OF YOUR LOAN: Your total loan amount, plus the interest accrued on that amount, is repayable in installments according to the schedule that was agreed upon with your lending institution.

If you are on a monthly plan, your first payment is due one month after the expiration of the grace period. If you are on a quarterly repayment plan, your first payment is due three months after the end of the grace period.

You will be sent a bill approximately 30 days before each payment is due. **You are, however, responsible for making your regularly scheduled payments even if you do not receive a bill. Should you ever fail to receive a bill, please contact our office immediately.**

PENALTY/LATE CHARGES: Under the terms of your promissory note, your lending institution may assess penalty/late charges should you fail to make your payments on time, or fail to file the necessary deferment or cancellation forms prior to their scheduled due date.

If you have any difficulties in making payments, your lending institution will cooperate with you in any way possible although late payments and other types of neglect (such as failure to report changes of address, or a failure to submit deferment or cancellation forms on time) could result not only in penalty/late charges being assessed, but also in action by a collection agency. (Depending upon the terms of your promissory note, you may also be obligated to pay any collection agency fees.)

DEFAULT: At the option of your lender, if you fail to remit a scheduled installment or to file a cancellation or deferment form on time, the entire unpaid balance on your loan, plus accrued interest, and any applicable penalty/late charges, may become immediately due and payable. This includes reporting defaulted loans to a credit bureau organization.

FORBEARANCE: Upon receipt of a written request, your lending institution must grant a forbearance of principal only, renewable at the institution's discretion, for a period not to exceed three years (36 months).

LOAN REHABILITATION: If you default on your NDSL of Federal Perkins Loan, you may rehabilitate your defaulted loan by requesting the rehabilitation and by making an on-time, monthly payment, as determined by the loan holder, each month for twelve consecutive months. If you successfully rehabilitate your defaulted NDSL of Federal Perkins Loan, you will again be subject to the terms and conditions and qualify for the benefits and privileges of your original promissory note and the default will be removed from your credit history. You can rehabilitate a defaulted NDSL or Federal Perkins Loan only once.

STUDENT LOAN OMBUDSMAN: If you dispute the terms of your NDSL or Federal Perkins Loan in writing and the holder of your loan is unable to resolve the dispute, you may seek the assistance of the Department of Education's Student Loan Ombudsman. The Student Loan Ombudsman will review and attempt to informally resolve your dispute and may be reached at 1-877-557-2575.