

# 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 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/Perkins office at 503-725-3440 option 3.

### ***When do I get a repayment schedule?***

During your last term at PSU, ***you need to schedule an exit interview*** by contacting the Bursar/Perkins Office at 503-725-3440 option 3 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 through automatic withdrawal from your bank account. For information call 503/725-3440 option 3, or access the forms at <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/Perkins office of any address change by calling: 503-725-3440 option 3 or 1/800-547-8887 ext 3408; writing: PSU PO Box 202 Portland OR 97207-0202 or emailing: [loans@pdx.edu](mailto: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/Perkins 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.

***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/Perkins 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 which serves students from low-income families and 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. *See below for expanded teacher cancellation benefits.*

\* **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 who are from low-income communities.

**Cancellation Rates** - For each completed year of full-time service for the preceding 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.

### **Additional Cancellation Benefits:**

\* 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. *See below for expanded Head Start cancellation benefits.*

\* 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. *See below for expanded military cancellation benefits.*

\* 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.*

### **Effective August 14, 2008 new and expanded cancellation benefits were signed into law for the Perkins program.**

Eligible service in these new cancellation categories that includes 8/14/2008, or begins on or after that date, will qualify a borrower for cancellation, regardless of whether the cancellation category appears on the borrower's promissory note.

- Firefighter employed full-time with a local, state or federal fire department or fire district
- Attorney employed full-time in federal public defender or community defender organization
- Faculty member employed full-time at a Tribal College or University
- Head Start cancellation has been expanded to include full-time staff members in a pre-kindergarten or childcare program that is licensed or regulated by the state
- Teacher in a designated low-income elementary or secondary school who is employed full-time by an educational service agency or works in a low-income or secondary school operated by an educational service agency may qualify for cancellation.
- Librarian with a master's degree in library science who is employed full-time in an elementary or secondary school that qualifies for Title I funding, or in a public library that serves a geographic area that includes one or more Title I schools
- Full-time speech-language pathologist with a master's degree who is working exclusively with Title I eligible schools.
- Military cancellation benefit has now been expanded from 50% to 100% at the rate of 15% for the first & second year, 20% for the third & fourth year & 30% for the fifth year in an area of hostilities.

Cancellation rates for all but the expanded Head Start cancellation are the same as those noted in the preceding box.

**Note:** If you also owe a Stafford loan you may want to check out the following website for information about possible Stafford loan forgiveness: **[www.studentaid.ed.gov](http://www.studentaid.ed.gov)**

### ***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. Consolidating your loans may provide you with a more affordable monthly loan payment. Be aware that if you consolidate a Perkins loan cancellation benefits will be lost. The U.S. Department of Education provides information regarding consolidation at <http://www.loanconsolidation.ed.gov/>.

### ***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 nine 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/](http://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/Perkins 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 503-725-3440 option 3 or 503/725-3125, toll free: 1-800-547-8887 ext.3408 or ext. 3125. Our e-mail address is: [loans@pdx.edu](mailto:loans@pdx.edu).