

Perkins

Repayment and Grace Period

When borrowing a Federal Perkins Loan, you won't have to start making payments right away when leaving school. Federal Perkins Loans have a **fixed APR of 5%** and a nine-month grace period that starts the day after you stop attending at least half-time (this may be sooner if you are a less than half time borrower). You are not required to make payments during your grace period (you might have longer than nine months if you're on active duty with the military). Once you are ready to begin repayment on your Federal Perkins Loan(s), the school will as a regular practice, set you up on a standard repayment plan (Federal Perkins Loans offer only one repayment option). The repayment period may be extended during periods of deferment, hardship, or forbearance. You must contact your school or loan provider to discuss or apply for deferment and forbearance options.

Forbearance, Deferment and Loan Discharge/Forgiveness

One way to have your payments postponed is through a **deferment**. A deferment is a period of time during which your lender temporarily suspends your regular payments. Deferments are not automatic; you must apply and be approved for deferment. The most common reasons for deferment include:

- Returned to school for at least half-time attendance
- Loss of a job or inability to find a job
- Economic hardship
- Graduate fellowship program
- Rehabilitation training program
- Military service
- Refer to your promissory note for specific deferment provisions.

If you are having difficulty repaying your loan but do not qualify for a deferment, you may request a **forbearance** from your lender or servicer. Forbearance is the temporary postponement or reduction in your payment. It may extend the time it takes to repay your loan. Interest continues to accrue during the forbearance, causing the total loan amount to increase. You must contact your lender/holder to request forbearance. Most forbearance is discretionary - it is completely up to your school to grant one. Some possible reasons for forbearance include:

- Poor health
- Loan payment that exceeds 20 percent of your total monthly gross income
- Circumstances such as a local or national emergency, military mobilization, or natural disaster;
- Serving in a position that may qualify you for loan forgiveness, partial repayment of your loan, or a national service educational award.

You may be eligible for loan **discharge/forgiveness** if you meet the federally mandated requirement. If you are eligible for loan discharge, your student loan will be forgiven, and you will not have to repay the loan. **GENERALLY, FEDERAL STUDENT LOANS MAY NOT BE DISCHARGED OR CANCELLED DUE TO BANKRUPTCY.** Possible reasons for student loan discharge include:

- Total and permanent disability
- Death
- School closure
- Bankruptcy
- False certification
- Identity Thief
- Certain areas of the teaching or child care professions.
- Certain Public Service Employees
- Survivors of victims of the September 11, 2001, attacks

Loan Repayment Programs--There are certain programs that help borrowers repay loans. These include but are not limited to:

- AmeriCorps service program (www.americorps.org or (800) 942-2677) and
- Serving as an enlisted person in the National Guard or Reserve programs (contact your recruiter for information).

Consequences of Default

If you fail to repay your student loan, you will be considered to be in default and the following may result:

- Loss of deferment and forbearance options.
- Loss of further federal or state student financial aid (grants or loans).
- Loss of professional license.
- A negative credit notation to national credit reporting bureaus.
- Possible seizure of federal/state income tax refunds and lottery winnings.
- Possible wage garnishment.
- Loss of eligibility for certain state or federal jobs.
- The entire unpaid balance of loan(s) including accrued interest immediately becomes due and payable in full.

For additional Terms and Conditions, please refer to the Federal Perkins Master Promissory Note

Stafford and Graduate PLUS

Repayment and Grace Period

Whether you have borrowed a **Stafford** loan through the William D. Ford Federal Direct Loan Program (DL) or the Federal Family Education Loan Program (FFEL); when you leave school you won't have to start making payments right away. Each Stafford (subsidized and unsubsidized) has a six-month grace period that starts the day after you stop attending at least half-time. You don't have to make payments during your grace period; however interest does continue to accrue on the unsubsidized loan.

- All Subsidized Loans for graduate borrowers and Unsubsidized Loans for graduate and undergraduate borrowers first disbursed on or after July 1, 2006 will have a fixed interest rate of 6.8%.
- The fixed interest rate for undergraduate Subsidized Stafford loans disbursed on or after July 1, 2008 was 6.0%. The rates will gradually reduce down to 3.4% over 4 years and will then return to 6.8%:
 - 6.0% loans with first disbursement on or after July 1, 2008, and before July 1, 2009
 - 5.6% loans with first disbursement on or after July 1, 2009, and before July 1, 2010
 - 4.5% loans with first disbursement on or after July 1, 2010, and before July 1, 2011
 - 3.4% loans with first disbursement on or after July 1, 2011, and before July 1, 2012
 - 6.8% loans with first disbursement on or after July 1, 2012

For **Graduate PLUS** Loans repayment begins 60 days after the loan is fully disbursed;

- The FFEL Grad-PLUS has a fixed interest rate of 8.5 percent.
- The William D. Ford Federal Direct Grad-PLUS has a fixed interest rate of 7.9 percent.

Once you are ready to begin repayment on your federal student loan(s), your lender or servicer will as a regular practice, set you up on a standard repayment plan. Keep in mind that during the course of repayment you may need to change repayment plans depending on your circumstances and the plan you have chosen. You must contact your loan provider to discuss, apply and/or change to alternative repayment options.

- **Prepayment (DL & FFEL)** - If you can afford it, you may "pre-pay" any part of your Federal Stafford or Grad-PLUS Loan anytime without penalty. To "pre-pay" means to make a payment while you're in school or during your grace period, or to pay more than your scheduled monthly payment. Pre-payments will be applied first to outstanding interest; if you don't have any outstanding interest, then the money will go directly to principal.
- **Standard repayment (DL & FFEL)** - *Fixed monthly payment to repay the loan in full within 10 years (not including periods of deferment or forbearance).* Monthly payments start at a minimum of \$50 and remain level. Your actual payments may be higher, depending on the amount you borrow.
- **Graduated repayment (DL & FFEL)** - Payments start out small (\$50, or total monthly interest) and increase over time. This option assumes that income will grow enough to cover the increasing loan payments. You'll pay more total interest over the life of the loan than under the standard plan, because your initial payments mainly go toward interest, not principal. You must repay the loan in full within 10 years (not including periods of deferment or forbearance).
- **FFEL ONLY - Income-Sensitive repayment** - The payment is adjusted annually based on your yearly income amounts. If you have a relatively low income and a high loan balance, payments may be based on a percentage of your gross monthly income. Your monthly payment must be at least enough to cover the interest that accrues each month. You'll pay more total interest over the life of the loan than under the standard plan, because your initial payments mainly go toward interest, not principal. You must repay the loan in full within 10 years (not including periods of deferment or forbearance).
- **DL ONLY - Income-Contingent repayment** - The monthly payment amount will be based on your annual income (and your spouses', if you are married), family size and the total amount of your Subsidized and Unsubsidized Loans. As your income changes, payments may change. If you do not repay your loan after 25 years under this plan, the unpaid portion will be forgiven. You may have to pay income tax on any amount forgiven. *Not available to PLUS borrowers.*
- **Extended-Fixed or Extended-Graduated repayment (DL & FFEL)** - To be eligible for either, you must be a new borrower on or after 10-7-1998 and the total outstanding loan amounts must be \$30,000 or more. Payments are either fixed or graduated. The life of the loan must not exceed 25 years. You'll pay more total interest over the life of the loan than under the standard plan, because your initial payments mainly go toward interest, not principal. *PLUS loan borrowers and consolidation loans are not eligible for this plan.*
- **Consolidation (DL & FFEL)** - This loan is designed to assist you with managing your debt. It is available only to students who are no longer in school. You may combine loan amounts from, FFEL / DL, other loans and lenders into one payment schedule using a fixed interest rate and longer repayment period (up to 30 years). This allows an extended repayment period and lower monthly payments. However, the interest rate and total cost of the loan may be greater. In addition to increasing your total cost of debt, you may **lose eligibility** for certain types of deferments if you consolidate. Carefully review your deferment eligibility before making the decision to consolidate. Under certain circumstances, your student loan, or a portion of your loan, may be cancelled, forgiven, or discharged. If you consolidate your loans, you may **lose eligibility** for certain cancellation or forgiveness programs. To apply for a Federal Consolidation Loan, your loans must be in a grace period or in repayment (including periods of deferment). **If you choose to waive your grace period, that waiver is permanent and cannot be rescinded.** If your loans are in default, you do have options if you want to consolidate. For

more information contact the current holder(s) of the loan(s).

Forbearance, Deferment and Loan Discharge/Forgiveness

Deferments

One way to have your payments postponed is through a deferment. A deferment is a period of time during which your lender temporarily suspends your regular payments. Deferments are not automatic; you must apply and be approved for deferment. The most common reasons for deferment include:

- Returned to school for at least half-time attendance
- Loss of a job or inability to find a job
- Economic hardship
- Rehabilitation training program
- Military service
- Graduate fellowship program

Refer to your promissory note for specific deferment provisions.

Forbearance

If you are having difficulty repaying your loan but do not qualify for a deferment, you may request a forbearance from your lender or servicer. Forbearance is the temporary postponement or reduction in your payment. It may extend the time it takes to repay your loan. Interest continues to accrue during the forbearance, causing the total loan amount to increase. You must contact your lender/holder to request forbearance. Most forbearance is discretionary - it is completely up to your loan holder to grant one. Some possible reasons for forbearance include:

- Poor health
- Loan payment that exceeds 20 percent of your total monthly gross income
- A rigorous residency program
- Exhausted your eligibility for an internship deferment
- Circumstances such as a local or national emergency, military mobilization, or natural disaster
- Serving in a position that may qualify you for loan forgiveness, partial repayment of your loan, or a national service educational award

Loan Forgiveness/Discharge

You may be eligible for loan discharge/forgiveness if you meet the federally mandated requirement. If you are eligible for loan discharge, your student loan will be forgiven and you will not have to repay the loan. GENERALLY, FEDERAL STUDENT LOANS MAY NOT BE DISCHARGED OR CANCELLED DUE TO BANKRUPTCY. Possible reasons for student loan discharge include:

- Total and permanent disability
- Death
- School closure
- Bankruptcy
- Unpaid refund and any accrued interest and other charges associated with the unpaid refund
- False certification
- Identity Theft
- Certain areas of the teaching or child care professions
- Certain Public Service Employees
- Survivors of victims of the September 11, 2001 attacks

Loan Repayment Programs - There are certain programs that help borrowers repay loans. These include but are not limited to:

- AmeriCorps service program (www.americorps.org or (800) 942-2677)
- Serving as an enlisted person in the National Guard or Reserve programs (contact your recruiter for information)

Consequences of Default

If you fail to repay your student loan, you will be considered to be in default and the following may result:

- Loss of deferment and forbearance options.
- Loss of further federal or state student financial aid (grants or loans).
- Loss of professional license.
- A negative credit notation to national credit reporting bureaus.
- Possible seizure of federal/state income tax refunds and lottery winnings.
- Possible wage garnishment.
- Loss of eligibility for certain state or federal jobs.
- The entire unpaid balance of loan(s) including accrued interest immediately becomes due and payable in full.

For additional Terms and Conditions, please refer to the Federal Master Promissory Note

Parent PLUS

Repayment and Grace Period

For PLUS loans made to parents that are first disbursed on or after July 1, 2008, the borrower has the option of beginning repayment on the PLUS loan either 60 days after the loan is fully disbursed or wait until six months after the dependent student on whose behalf the parent borrowed ceases to be enrolled on at least a half-time basis. They'll repay a FFEL PLUS Loan to a private lender or loan servicer. They'll repay their Direct PLUS Loan to the U.S. Department of Education's Direct Loan Servicing Center.

For PLUS Loans disbursed on or after July 1, 2006, the interest rate is fixed (at 7.90 for Direct PLUS Loans and 8.50 percent for FFEL PLUS Loans). For PLUS Loans disbursed between July 1, 1998 and June 30, 2006, the interest rate is variable and is determined on July 1 of every year. For 2009-2010, the variable rate for these PLUS Loans (in both the Direct and FFEL programs) is 3.28percent. Interest is charged on a PLUS Loan from the date of the first disbursement until the loan is paid in full.

Forbearance, Deferment and Loan Discharge/Forgiveness

PLUS **deferment** options are based on the parent borrower's eligibility. Principal and interest payments may be deferred while the parent borrower is:

- Attending school at least halftime.
- Unemployed (up to three years).
- Studying in an approved graduate fellowship or rehabilitation program for the disabled.
- Experiencing economic hardship (up to three years).

If the borrower is unable to make regular principal and interest payments, the lender may accept interest-only payments or the borrower may be able to defer payments with capitalized interest **forbearance**. Forbearance may be granted at the lender's discretion, but only in accordance with preset guidelines. If at any time during the repayment period a parent is unable to make a required payment, they should immediately contact the servicer to seek advice on obtaining a temporary cessation of payments. Forbearance will grant an extension of the principal and interest of the loan. Interest charges will be capitalized (added onto the principal of the loan) once the student begins repaying again. Forbearance May Be Granted for the Following Reasons:

- Unemployment
- Partial Disability
- Other documented hardship

Under certain conditions, a **discharge** (cancellation) releases your parents from all obligations to repay the loan. PLUS Loans can't be canceled for these reasons:

- The student didn't complete the program of study
- The student didn't like the school or the program of study
- The student didn't obtain employment after completing the program of study.

For more information about loan discharge or repayment: If your parents have a Direct PLUS Loan, they should contact the Direct Loan Servicing Center at 1-800-848-0979, or go to www.dl.ed.gov. If they have a FFEL PLUS Loan, they should contact the lender or agency holding the loan

Consequences of Default

Failure to repay a PLUS loan will be considered default and the following may result:

- Loss of deferment and forbearance options.
- A negative credit notation to national credit reporting bureaus.
- Possible seizure of federal/state income tax refunds and lottery winnings.
- Possible wage garnishment.
- Loss of eligibility for certain state or federal jobs.
- The entire unpaid balance of loan(s) including accrued interest immediately becomes due and payable in full.

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