

# Federal Perkins Loan Borrower Rights and Responsibilities

*Please review this information, and keep it with your financial aid records for future reference.*

As a Perkins Loan borrower, you have certain rights and responsibilities which are summarized in this document. For complete details of these rights and responsibilities, please refer to your Federal Perkins Loan Master Promissory Note.

All Federal Perkins Loan funds you receive must be used exclusively for educational expenses. University of Western States is your Perkins Loan lender. Your Perkins Loans are serviced by ECSI. Please note that you must, without exception, report any of the following changes and/or information to ECSI, 181 Montour Run Rd., Coraopolis, PA 15108; phone (888) 549-3274; fax (866) 291-5384:

- if you withdraw or are dropped from UWS
- if you transfer to another school
- if you drop below half-time enrollment status
- if your and/or your parents' address and/or phone number changes
- if your name and/or Social Security Number changes
- if you become eligible for a deferment or cancellation as described below
- if you become ineligible for a deferment and/or cancellation that has been granted

Perkins loans are awarded to students on the basis of financial need; the combination of Perkins loans and all other need-based aid cannot exceed your financial need, as calculated in accordance with federal student aid regulations. The annual maximum undergraduate Perkins loan is \$5500, and the lifetime undergraduate limit is \$11,000 for students who have completed less than two years of undergraduate work. The annual maximum graduate Perkins loan is \$8000, and the lifetime graduate limit is \$60,000.

When you graduate, you must complete an "exit interview" with the Financial Aid Office. This may be completed online or in person; the Financial Aid Office will provide the necessary information to you as you approach graduation. If you withdraw, transfer, or reduce your academic credits below half-time status, you must arrange to complete an exit interview by contacting the Financial Aid Office.

You may be eligible to consolidate your Perkins loan with other federal student loan debt when you graduate, withdraw, or drop below half-time status. Consolidating all of your federal student loans into a single new consolidation loan may simplify the repayment process. You may consolidate your federal student loans with any lender who participates in the federal consolidation loan program.

You are responsible for repaying your loan in full in accordance with the terms of your Promissory Note, even if you do not complete your degree or are dissatisfied with your academic experience. Statements will be provided to you by ECSI. Failure to receive a statement does not exempt you from payment. There is no statute of limitations on federal loans. You may prepay your loan at any time without penalty. It is your responsibility to keep records of your loan until the debt has been paid in full. Your outstanding loan balance will be reported to a national credit bureau at least annually.

The interest rate on your Perkins Loan is 5% for the life of the loan. No interest is charged while you are enrolled at least half-time in a program leading to a degree or certificate, and for the first 9 months after you graduate, leave school, or drop below half-time enrollment status. If you fail to repay your loan as agreed, penalty charges will be assessed and the total loan may become due and payable immediately, without notice, and legal action could be taken against you. Furthermore, in the event of loan default, you will be required to pay all reasonable costs of collection and fees.

You may apply for a forbearance, deferment, or cancellation on your loan. During an approved forbearance period, payments of principal and interest, or principal only, may be postponed or reduced. Interest continues to accrue while your loan is in forbearance; you are not liable for any interest that might otherwise accrue while your loan is in deferment. If you meet the eligibility requirements for a full cancellation of your loan, UWS may cancel up to 100 percent of the outstanding principal loan amount. Please contact ECSI to obtain the necessary forms for your deferment, forbearance, or cancellation request.

Deferments: You may be eligible for a deferment for certain conditions if you meet federal criteria; for example, attendance in college, graduate fellowship study, certain types of public service (including Peace Corps volunteerism), failure to find full-time employment, and during times of economic hardship as defined by the school. If you have been granted an economic hardship deferment for a Stafford loan, you may be granted a Perkins loan deferment if you provide documentation of your deferment status to

the school. You are NOT eligible for a deferment while serving in a medical internship or residency program. For assistance, contact ECSI.

**Forbearance:** You may be eligible for a forbearance of principal and interest or principal only under certain conditions, including periods of military service. You may also apply for a forbearance if your total monthly Title IV (federal student loan) debt burden equals or exceeds 20% of your total monthly gross income. For additional information on forbearance options, you may contact ECSI.

**Cancellations:** If you meet certain conditions, you may be eligible to have up to 100% of your original principal Perkins loan amount cancelled. You must perform qualifying service requirements for cancellation. Areas of qualifying service include the following: 1) Teaching in a specific high-need area, or to a specific high-need population, or in a specific high-need subject; 2) providing early intervention services provided to infants and toddlers with disabilities in a public or other publicly supervised nonprofit program, 3) working as a law enforcement or corrections officer, 4) working as a nurse or medical technician providing health care services, 5) working for an eligible child or family service agency that provides services to high-risk children from low-income communities and the families of such children; 6) working as a staff member of a Head Start program, 7) performing military service as a member of the Armed Forces in certain circumstances; or 8) performing qualifying service as volunteer under either the Peace Corps Act or the Domestic Volunteer Service Act of 1973 (ACTION programs). For specific information on all cancellation provisions, please refer to your Master Promissory Note. Necessary forms for requesting cancellation may be obtained by contacting ECSI.

**Discharges:** Your obligation to repay this loan may be partially or totally discharged if you die or become totally and permanently disabled. If you are unable to complete your program because the school closes while you are enrolled, you may be eligible for discharge. Under certain conditions, your loan may be discharged in bankruptcy.

**Department of Defense repayment:** If the borrower of a Federal Perkins or Stafford loan services as an enlisted person in the U.S. Army, the Army Reserves, or the Army National Guard, the Department of Defense will repay a portion of the loan. For more information, contact an Army recruiting office. This is a recruitment program and does not pertain to an individual's prior service.

**Approximate Monthly Payment Chart:** This chart provides an estimate of the monthly payment required to repay your Perkins loan in the required repayment period at 5% interest. Interest is included in the monthly payment amount. The minimum monthly payment is \$40.

Total loan amount	Monthly payment (estimated)	Number of payments
\$500	\$40	13
\$1000	\$40	27
\$2000	\$40	57
\$5000	\$53.03	120
\$7500	\$79.55	120
\$10,000	\$106.07	120
\$15,000	\$159.10	120