

THE REPAYMENT OF YOUR PERKINS LOAN

This guide has been prepared to help you understand your rights and obligations in repaying your loan. This is vital information to read and follow to prevent DEFAULT.

The type of Perkins Loan you borrowed is located in the top right corner of your promissory note (PERK##). The type of Perkins Loan you borrowed is dependent on the Perkins Loan regulations in effect at the time you borrowed the funds.

CONSOLIDATION -- Perkins loans are eligible for consolidation. You should consider the advantages and disadvantages before consolidating your loans. Perkins loans typically have more deferments and cancellations available than consolidation loans.

GRACE PERIOD -- The period of time between graduation (or ceasing to be enrolled at least half time as a regular student) and the beginning of loan repayment. Perkins Loans have a 9-month grace period. You are not required to make payments during the grace period. Any payments made during the grace period before interest accrues will be applied toward principal.

POST DEFERMENT GRACE PERIOD -- After some deferments there is an additional grace period of six months during which no payments are due as in the grace period described above.

INTEREST RATE -- The interest rate on the Perkins Loan is 5% per year. Interest is computed on the unpaid principal balance. Any extra payments you make toward principal will reduce the amount of interest you will pay over the life of the loan.

EXIT COUNSELING & YOUR REPAYMENT SCHEDULE

Federal regulations require you to complete an exit counseling session on your loans prior to your departure from MU or if your enrollment at MU drops to less than half-time. During an exit counseling session you will receive 2 copies of a "Rights & Responsibility Checklist" for your loan(s). One copy is for your own records and the other copy stamped "Hold on transcripts" must be signed, dated and returned to our office. A hold is placed on any transcript requests until our office receives a signed "Rights & Responsibility Checklist" for your loan(s) and a completed "Personal Data Sheet" to satisfy your exit counseling requirement at MU.

During your exit counseling you will be given a repayment schedule for each of your loans. The top section of each repayment schedule indicates the type of loan, original principal balance, beginning due date and installment amount. The number of payments is listed down the left-hand side in the first column. The last number in the column indicates the number of months you have to repay this loan. The due dates are listed to the immediate right of the payment number. All payments are due on the 1st of each month.

The total amount of interest that you will pay over the life of your loan depends on the date payments are received. The total amount of interest shown on the bottom of your repayment schedule assumes that payments are received according to the repayment schedule on the 1st of day of every month.

THE BILLING PROCESS

Once your loan enters repayment you will be sent a billing statement monthly. Bills are computed on the **15th** of the month and all payments are due on the **1st** of each month, approximately 2 weeks later.

Failure to submit your payment by the due date may result in late charges being assessed to each loan.

Your billing statement has 3 parts. The top part is to be returned with your payment. The middle part provides information about your loans including the amount due. The middle part also contains the "message" section, which prints messages about each of your loans. The bottom portion of your billing statement is used to report address and name changes to our office. It is also used to request deferment if you are performing an activity that will qualify for deferment or partial loan cancellation.

A return envelope is included with your billing statement. When you use this envelope you are sending your payment to a bank that processes the payments for us (also known as a "lockbox").

A payment is required each month. If you wish to make a payment in an amount other than what is billed, then it must be sent directly to our office in 15 Jesse. The lockbox processing facility cannot direct payments towards specific loans. Payments received are first applied to the amount billed. Any extra payments will be applied to principal and **not** to future payments unless sent to 15 Jesse Hall with a note specifying how to apply.

A check returned to us as unpaid or a rejected ACH (*EasyPay*) transaction will be assessed a \$20.00 service charge.

YOU ARE RESPONSIBLE FOR MAKING YOUR LOAN PAYMENT EACH MONTH EVEN IF YOU DO NOT RECEIVE A BILL. The status of all loan accounts is reported to a national credit bureau monthly. If you are current on your loan payments you will establish a good credit history. However, if you are past due on your loan payments, the delinquency is reported to the credit bureau and it will effect your ability to take out other loans such as a mortgage or car loan. It will also effect your ability to get credit cards.

DEFERMENT/CANCELLATION

A **DEFERMENT** is an authorized period of time during which payments may be delayed and interest does not accrue. Any payments made during this period will be applied to principal. To qualify for deferment you must be performing the specific activity and your account must be in current status. You must notify our office if you feel you qualify for one of the types of deferment. You can notify us in writing by completing the bottom portion of your billing statement or by sending us a note stating the activity you are performing and the time period for that activity. Once our office receives your notification and approves it, your account is put in "**deferment.**" If more information is required before your account can be placed in deferment we will send you a form requesting more information. Prior to the end of the deferment period, we will send you a form applicable to the type of deferment you requested. This is called a "deferment form." The deferment form must be completed and certified by the appropriate official (such as your school's registrar) to verify that you were performing the qualifying activity. **The certified deferment form must be received in our office by the due date to finalize your deferment.** Certified deferment forms must be completed every 6 months or annually depending on the type of deferment. Certified deferment forms for student status must be completed each semester.

If you cease to perform the activity for which your account was deferred, you must notify the Student Loan Collections office immediately! Your loan will only qualify for deferment for the period that you were doing the qualifying activity.

Under certain conditions you may have a portion of your loan canceled annually. **CANCELLATIONS** are based on the type of Perkins loan you owe and the type of activity you are engaged in. You must notify our office if you feel you qualify for one of the types of cancellations. You can notify us by completing the bottom portion of your billing statement or by sending a note stating the activity you are performing and the time period for that activity. Once our office receives your notification we will send you a form entitled "Request for Benefit on National Direct Student and Perkins Loans." This form must be certified by your employer and returned to us so we may determine your eligibility for the cancellation. If approved, a deferment will be processed on your Perkins loan(s) for the period on the form. Your account must be current before we can process a deferment. A deferment is how we delay billing while you are employed in an activity that will qualify for cancellation. Prior to the end of the deferment period, we will send to you the cancellation form to have the qualifying year certified for cancellation. Cancellations are processed once the qualifying year has been completed and certification has been received from your employer. Along with the cancellation section of the form, you will need to complete the deferment section of the form if you are planning to continue employment in the same position for an additional year. This process of deferments and cancellation must be repeated each year for cancellation of your loan which allows us to insure that all criteria for cancellation have been met and comply with federal regulations.

To qualify for a cancellation based on employment, you must be employed full-time for a complete and continuous 12-month period. The 12-month period can be under different employers, but there can be no break in employment. In the case of cancellation for employment as a teacher, employment must be for a complete academic year. If you cease to perform the employment activity for which your account was deferred you must notify the Student Loan Collections office immediately! You do not qualify for the cancellation if you do not complete a full 12 months of employment. However, you may receive deferment for the qualified period.

You cannot receive cancellation for any employment activity performed **BEFORE** the date your loan was disbursed or **DURING THE SAME PERIOD** for which your loan was disbursed.

If it is determined that you do qualify, you will receive cancellation at a specific percentage of the original principal borrowed plus all the interest that accrued during the year. The table on the back lists the cancellations as well as the percentage of principal that may be canceled each year.

Failure to submit deferment and cancellation forms by the due date may result in late charges and negative credit bureau reporting. If we do not receive the certified forms in our office by the due date, the "deferment" is removed from your account and you will be billed for all the previous months that had been "deferred." Your account would immediately be considered extremely past due. Because we report all loan accounts to a credit bureau monthly, your account would be reported to a credit bureau as extremely past due.



YOUR OBLIGATIONS... GUIDE TO PREVENTING DEFAULT

The key to preventing default is COMMUNICATION!!

1. It is your responsibility to repay your loan in accordance with the repayment schedule. Payments are due on the 1st day of each month.
2. All loans, whether current or past due, are reported to a national credit bureau monthly beginning with the date of disbursement.
3. It is your responsibility to inform the University of Missouri-Columbia, Student Loan Collections Office immediately of any change in name, address, telephone number, or social security number. This may be done by noting any changes on your billing statement, calling our office, or sending it in writing to our office (name changes must be in writing). **Changing your address with one office of the University does not assure that all offices will receive this information.**
4. Contact our office **IMMEDIATELY** when you cannot make a payment. Our trained collection staff will work with you. However, **YOU HAVE TO CONTACT US IN ORDER FOR US TO HELP YOU!**
5. Should you miss two payments, your loan will be considered in default. Your loan can be "accelerated" and sent to a collection agency. "Accelerated" means your loan becomes due in full and you would no longer be entitled to make monthly payments. You would also lose your right to deferments and cancellations. You would have to pay the collection agency's commission on your loan. You could be taken to court and would have to pay all attorney fees and court costs. Your loan could be assigned to the U.S. Department of Education (DOE). DOE can garnish your wages and take your income tax refund.
6. MU will not release a transcript for any borrower, who is past due on loan payments, has incomplete exit counseling paperwork, and/or a loan assigned to the U.S. Department of Education.
7. There is no statute of limitations on student loans, which means that we can pursue collection of your student loan until you pass away!
8. Failure to follow deferment or cancellation guidelines explained in your promissory note and this brochure may result in denial of deferment and cancellation privileges.



Loan Rehabilitation is available to borrowers of NDSL/Perkins loans who have defaulted. The borrower must contact the Student Loan Collections Office to request rehabilitation. A defaulted loan will be considered rehabilitated after the borrower makes 12 consecutive on-time monthly payments, **in an amount determined by the Student Loan Collections Office of the University of Missouri-Columbia.**

Benefits on rehabilitated loans include: removal of prior default from credit history, loan returns to regular repayment status, the balance of benefits/privileges of original promissory note is regained, collection costs are capped at 24% (if applicable), and Title IV eligibility is re-established. An Agreement for Rehabilitation must be negotiated, approved, and executed before the loan can be rehabilitated.



CANCELLATIONS for ALL PERKINS loans*
Death of the borrower - certified copy of the death certificate is required for cancellation. 100% cancellation.
Total and permanent disability - borrower is unable to work and earn money because of an impairment that is expected to continue indefinitely or result in death. Physician certification and documentation is required. 100% cancellation.
Military service in an area of hostility that qualifies for special pay under Section 310 of Title 37 of the U.S. Code. 12.5% canceled each qualifying year. Maximum 50% cancellation.
Peace Corp or Action Agency volunteer. 15% cancellation 1 st and 2 nd yr.; 20% 3 rd and 4 th yr. Maximum 70% cancellation.
Employed as a full time staff member in the educational part of a Headstart program. 15% cancellation each year up to a maximum of 100% cancellation.
Full time teacher in a low-income school district or with handicapped children in a public or other non-profit elementary or secondary school. 15% cancellation 1 st and 2 nd yr.; 20% 3 rd and 4 th yr.; 30% 5 th yr. Maximum 100% cancellation.
Employed as a law enforcement corrections officer. (For Perkins Loans made on or before 11/29/90, cancellation effective 10/07/98). Borrower must be employed by a local, state, or federal agency that is publicly funded and its activities pertain to crime prevention, control, or reduction or to the enforcement of criminal law. Agencies that are primarily responsible for enforcement of civil, regulatory, or administrative laws are ineligible. The borrower must be a full-time employee of an eligible agency and a sworn officer or person whose principal responsibilities are unique to the criminal justice system and are essential in the performance of the agency's primary mission. 15% cancellation 1 st and 2 nd yr.; 20% 3 rd and 4 th yr.; 30% 5 th yr. Maximum 100% cancellation.
CANCELLATIONS for ALL PERKINS loans,* however, for Perkins loans made before 07/23/92, the following cancellations are effective 10/07/98.
Employed as a licensed practical nurse, registered nurse, or other individual who is licensed by the appropriate state agency to provide nursing services. Employed as an allied health professional (working in fields such as therapy, dental hygiene, medical technology, or nutrition) who is certified, registered, or licensed by the appropriate state agency in the state in which he or she provides health care services. 15% cancellation 1 st and 2 nd yr.; 20% 3 rd and 4 th yr.; 30% 5 th yr. Maximum 100% cancellation.
Full time employee of an eligible public or private nonprofit child or family service agency who is providing or supervising the provision of services to high-risk children who are from low-income communities. High-risk children are under the age of 21, and are at risk for abuse or neglect, have serious emotional, mental, or behavioral disturbances, live in placements outside their homes or are involved in the juvenile justice system. 15% cancellation 1 st and 2 nd yr.; 20% 3 rd and 4 th yr.; 30% 5 th yr. Maximum 100% cancellation.
Full time teacher in a public or other non-profit elementary or secondary school in the fields of mathematics, science, foreign languages, or bilingual education or in any other field of expertise that is determined by the state education agency to have a shortage of qualified teachers in that state. Majority of classes must be taught in the borrower's field of expertise. 15% cancellation 1 st and 2 nd yr.; 20% 3 rd and 4 th yr.; 30% 5 th yr. Maximum 100% cancellation.
Full time special education teacher of infants and toddlers (up to and including 2 years of age) and children and youth (age 3–21 inclusive) in a public or other non-profit elementary or secondary school system. Disabilities include mental retardation; hearing, speech, or visual impairment; orthopedic impairment; or serious emotional disturbance. 15% cancellation 1 st and 2 nd yr.; 20% 3 rd and 4 th yr.; 30% 5 th yr. Maximum 100% cancellation.
Full time professional provider of early intervention services given to infants and toddlers (birth up to and including 2 years) who are handicapped. Handicapped infants and toddlers are individuals who need early intervention services because they are experiencing developmental delays in physical, language and speech, psycho-social or cognitive development or in self-help skills or they have a physical or mental condition that will cause a developmental delay. The services are provided in a program under public supervision and at no cost (except where a sliding scale of fees is used). Qualifying services are: family training, counseling, and home visits; speech services; psychological services; occupational and physical therapy; case management services; medical services for diagnostic or evaluation purposes only; early identification screening and assessment; and health services that are necessary so that the infant or toddler can benefit from other early intervention services. 15% cancellation 1 st and 2 nd yr.; 20% 3 rd and 4 th yr.; 30% 5 th yr. Maximum 100% cancellation.

* The above descriptions are a brief summary of cancellations available. More restrictions may apply.

DEFERMENTS for PERKINS 01, 02, 05, 10
3 yr. limit - active military duty; Peace Corp. volunteer; officer on full-time active duty in the U.S. Public Health Service; "action" volunteer; volunteer in a tax exempt organization
3 yr. limit – temporarily totally disabled or caring for a disabled dependent (spouse, child, or parent)
2 yr. limit – internship for professional recognition; residency
1 yr. limit – mother of preschool children entering work force at less than \$1.00 over minimum wage
6 mo. limit – pregnant or caring for newborn or adopted child, and not enrolled or employed, but enrolled within previous 6 months at least half time
DEFERMENTS for ALL PERKINS loans. However, for Perkins 01, 02, 05, 10, the following deferments are effective 10/07/98.
3 yr. Limit – economic hardship, must meet qualifications regarding income and federal loan debt level (also available to Peace Corp volunteers)
3 yr. limit – unemployed but seeking full time employment
No limit – enrolled in course of study that is part of a graduate fellowship program (may not be in a medical internship or residency)
No limit – engaged in graduate or post-graduate fellowship supported study outside the U.S. (may not be in a medical internship or residency)
No limit – enrolled in course of study that is part of a rehabilitation program for disabled individuals
DEFERMENTS for PERKINS loans disbursed after 06/30/01
3 yr. limit - effective 07/01/06 if you are called to active duty due to war or other qualified military operation or national emergency.
DEFERMENTS for ALL PERKINS loans
No limit – enrolled as a regular student at least half time

The Student Financial Aid Ombudsman Office is available to all NDSL and Perkins Student Loan borrowers who are unable to resolve a dispute with their loan holder. The toll-free phone number is (877) 557-2575. The website is <http://sfahelp.ed.gov/>.

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Student Loan Collections
15 Jesse Hall
Columbia, MO 65211-1020
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Web address: <http://muloans.missouri.edu>
E-mail address: muloans@missouri.edu
Office Hours: 8:00 to 5:00

YOUR RIGHTS AND RESPONSIBILITIES IN THE REPAYMENT OF YOUR PERKINS LOAN



If you have a disability and need this publication in an alternate format, please contact us. Reasonable efforts will be made to accommodate your needs.