

**PERKINS LOAN
BORROWER RIGHTS AND RESPONSIBILITIES**

The Perkins Loan is a low-interest (5 percent) loan to help pay for your education after high school. These loans are for both undergraduate and graduate students and are made through the Eastern Connecticut State University’s Financial Aid Office. Preference is given to students with exceptional need, and no interest accumulates while you are in school.

LOANS MUST BE REPAID. At the end of a “grace” period you must begin repaying your loan. The grace period begins after you graduate, leave school, or cease attending at least half-time and is 6 months long if you have a previous Perkins Loan or 9 months if you are a new borrower.

The amount of each payment depends upon the size of your debt, but usually you must repay at least \$30 per month. In special cases (for example, if you’re unemployed or ill for a long period of time) you may be allowed to pay less than \$30 per month or extend your repayment period.

The following chart shows a typical monthly payment and total interest charges for three different 5 percent loans over a 10-year period.

<u>Total Loan Amount</u>	<u>Number of Payments</u>	<u>Monthly Payment</u>	<u>Total Interest</u>	<u>Total Repaid Charges</u>
\$ 4,500	120	\$ 47.73	\$1,227.60	\$ 5,727.60
\$ 9,000	120	\$ 95.46	\$2,455.20	\$11,455.20
\$18,000	120	\$190.92	\$4,910.40	\$22,910.40

If you don’t pay back your loan on time you will go into **default**. If you do, ECSU can require you to repay the entire amount immediately, including all interest and penalty charges. We can sue you to collect that amount and we can ask the Federal Government for help in collecting from you. We can notify credit bureaus of your default, and this will affect your future credit rating. Also, the Internal Revenue Service may withhold your income tax refund and apply it toward your loan.

Under certain conditions, you can defer repayment. However, deferments are not automatic. To obtain a deferment, you must first apply to the Connecticut State University (CSU) administrative unit, using a deferment request from which you must get from us. Sometimes your debt can be cancelled.

- A. You may **defer** repayment while you are attending an eligible school at least half-time.
- B. You may **defer** repayment for up to 3 years while you are:
 - A member of the U.S. Armed Forces, or a member of the Commissioned Corps of the U.S. Public Health Service.
 - A Peace Corps volunteer, a volunteer in ACTION programs such as VISTA, or a full-time volunteer in service comparable to that of the Peace Corps or ACTION.
 - An active duty member of the National Oceanic and Atmospheric Administration Corps.
 - Temporarily totally disabled or if you can’t work because a dependent of yours is temporarily totally disabled and you must care for him or her. (In either case, your doctor must certify that the disability is temporary and total.)
- C. You may **defer** repayment for up to 2 years while serving an eligible internship.
- D. If you’re a mother of pre-school age children, you may **defer** repayment for up to 12 months if you’re going to work or go to back to work at a salary that is no more than \$1.00 over the minimum wage. (New borrowers only)

- E. You may **defer** repayment because of extraordinary circumstances such as unemployment or prolonged illness. Unlike other deferments, however, interest will continue to accumulate.
- F. Your loan will be **cancelled** if you die or become totally and permanently disabled.
- G. Part of your loan will be **cancelled** for each complete academic year you're a full time teacher of handicapped children or for each complete academic year you teach full-time in a designated elementary or secondary school that serves low-income students. In both these cases, your entire loan will have been cancelled after the fifth consecutive year of teaching.
- H. Your loan will be **cancelled** for each year of full-time work in specified Head Start programs. After the seventh year, your entire loan will have been cancelled.
- I. Up to 70 percent of your loan can be **cancelled** for service as a Peace Corps or VISTA volunteer – 30 percent during the first two years; 40 percent during the next two years. (New borrowers only)
- J. If you serve as an enlisted person in certain selected specialties of the U.S. Army, the Army Reserves, or the Army National Guard, the Department of Defense will, as an enlistment incentive, repay a portion of your loan.

Prepayment: You can repay the entire balance and interest at any time without a prepayment penalty.

Important: To obtain a Perkins Loan you must sign a Promissory Note. It lists the conditions under which you are borrowing and the terms under which you agree to pay back the loan. The University will provide you with this when you sign your financial aid check.

Before your payment period begins, E.C.S.U. will inform you:

1. Where to send your payments, and where to write if you have any questions about your loan.
2. What your total debt (principal and interest) will be, and what your interest rate is.
3. When your first payment is due, and the number, frequency, and amount of all payments.
4. What fees you may expect during the repayment period.
5. About refinancing and consolidation options.
6. About your option to prepay your loan at any time without penalty.

When you leave E.C.S.U. we also must give you a photocopy of your promissory note.

I ATTEST THAT I HAVE READ AND UNDERSTOOD THE RIGHTS, RESPONSIBILITIES AND OPTIONS AVAILABLE TO ME UNDER THE PERKINS LOAN PROGRAM AND THAT I WILL ADHERE TO THEM. I HAVE RETAINED A COPY OF THIS DOCUMENT.

Signature

Date

Print Name

Eastern ID #

PLEASE RETURN A SIGNED COPY TO THE FINANCIAL AID OFFICE