

# Student Loan Repayment Brochure

## Purdue University



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**PURDUE**  
UNIVERSITY

Revised Fall 2006

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## The Importance of Repaying Your Student Loan

Repayment of your loans serves as the main source of funding to assist current students in achieving a college education – just as you were assisted by former borrowers who met their loan obligations. Most student loans are obligations you have to the federal government. Although you will be remitting payments to a university, bank or loan servicer, it is the federal government to whom you are ultimately responsible in many loan programs.

In accepting a student loan to attend school, you legally accept the responsibility to repay the obligation. The obligation is legally binding even if you have not completed your program of study, are unable to obtain employment upon completion of studies, or are otherwise dissatisfied with or do not receive the educational or other services that you purchased from the school. The manner in which you manage this responsibility is important for a number of reasons. First and foremost, it can affect your credit for many years to come. A good payment history on your student loan can serve as an excellent reference for future home mortgages, automobile loans and major credit cards. Likewise, a poor payment history can deter your eligibility for future credit. Meeting your loan obligations in a timely manner can prevent a loan default, which can add additional costs to you in the form of collection agency fees and legal fees.

This booklet will discuss some of the basic student loan issues, remind you of the federal regulations governing federal programs, and serve as a convenient future reference guide. By taking the time to make yourself aware of your obligations now, you can avoid misunderstandings and potential trouble at a later time.

If you have questions regarding your rights and responsibilities in a particular loan program, contact the **lender** of that loan. Please refer to, **KEEP IN TOUCH WITH YOUR LENDER**, on page 10, for telephone and address information.

## The Exit Interview

As a student loan recipient, federal regulations require you to contact your lenders and attend an exit interview if you are leaving the University. The purpose of the interview is to inform you of your rights and obligations for repayment of your loan and to review your loan portfolio. Purdue conducts interviews each semester for those borrowers graduating that semester. Students who do not return to Purdue, and have not attended an interview session, will be mailed loan repayment information. The borrower is responsible for acknowledging receipt of the interview material by returning signed loan documents to the University Collections Office. Failure to return this material will result in academic records being encumbered, and re-entry into the University being denied.

**If you have attended a regional campus of Purdue, and received a Perkins, Nursing, or Purdue University Loan from a regional campus, an interview must be conducted with the regional campus at the time you leave that campus. The loan will then be sent to the University Collections Office at the West Lafayette campus, which will be responsible for billing and collection activities for each regional campus obligation.**

## Contact All Your Lenders

It is the borrower's responsibility to contact EACH lender when there is a change in **enrollment status** at any school, including: 1) change in full-time and half-time status; 2) graduation; 3) withdrawal. Your enrollment status determines when each type of loan goes into repayment. At Purdue, contact the University Collections Office regarding Perkins, Health Professions, Nursing and private Purdue Loans. For all other loans, contact your bank or loan servicer. Phone information for lenders commonly used by Purdue students is provided on page 10 in **"Keep In Touch With Your Lenders"**.

It is the borrower's responsibility to contact EACH lender when a **billing address changes** once a loan has entered repayment status. **Your lenders do not receive change of address information from the university. Likewise, address changes made at other offices within the university do not change billing information for loans serviced by the University Collections Office.**

It is the borrower's responsibility to contact EACH lender when there is a **name change. Legal documentation must be provided with each name change. This could be a copy of the marriage license or proper court documentation.**

It is the borrower's responsibility to contact EACH lender when he/she enters or leaves a status that qualifies for either loan **deferment or loan cancellation benefits.**

If you have not heard from your lender, do not assume that all necessary information has been provided. If your lender does not have correct and current information, your loan may be in default by the time you are contacted.

## Loan Agencies

There are a number of different agencies besides your original lender that you may deal with during loan repayment:

- 1. Billing Service:** Many lenders use a billing service to mail bills and collect loan payments on their behalf. Purdue University does NOT use such a service for the Perkins, Health Professions, Nursing and private Purdue Loans it awards and collects. For Stafford and Direct Loans, please contact your lender for information on who services their loans.
- 2. Secondary Market:** Often banks will sell student loans on the secondary market. If your loan is sold, your lender will notify you. You are required to repay the new holder of your promissory note — the terms of the original loan are unchanged.
- 3. Collection Agency:** Lenders use collection agencies to find missing borrowers and to restore loans to a paying status with delinquent borrowers. The borrower is required to pay the collection agency fee. The Department of Education (Perkins, Stafford, Plus and Direct Loans) and the Department of Health and Human Services (Nursing and Health Professions Loans) require lenders to refer loans to agencies for collection if borrowers fail to keep their accounts on a current basis with regular monthly payments. Purdue Loans are also referred to collection agencies for non-payment.
- 4. Department of Education Ombudsman:** This office works with student loan borrowers informally to help resolve loan disputes between the school or lender and the borrower. The office helps borrowers having problems with the following loans: Direct Loans (Subsidized, Unsubsidized, PLUS and Direct Consolidation Loans); Federal Family Education Loans (Subsidized, Unsubsidized Stafford Loans, PLUS, and FFEL Consolidation Loans); Guaranteed Student Loans, SLS Loans, and Perkins Loans. The Ombudsman customer Service Line is 1-877-557-2575. The Web Site is: <http://ombudsman.ed.gov> or <http://sfahelp.ed.gov>. Mailing address is: Office of the Ombudsman, Student Financial Assistance, U.S. Department of Education, 830 First St., NE, Mailstop #5144, Washington, DC 20202-5144.

## Your Repayment Schedule

Each of your lenders will provide you with a repayment schedule for your loans that will specify when your first payment is due, the number and amount of monthly payments, and applicable interest information for each loan. Upon request by the borrower, Perkins lenders are required to coordinate a minimum monthly repayment amount based on Perkins Loan payments due other institutions. Your lenders will also provide you with a monthly billing statement or a coupon book.

The University Collections Office will provide repayment schedules at the time of your exit interview for the loans it services (Perkins, Health Professions, Nursing and Purdue Loans). Loans are normally scheduled for repayment close to the minimum payment allowed by the terms of the promissory note. You will receive monthly billing statements once the loan enters repayment. Borrowers with multiple loans from Purdue will receive **a consolidated billing** statement for all loans in repayment. Payment may be made with one check. Payments must be received in the University Collections Office by the 15<sup>th</sup> of each month. You should allow adequate time for mail delivery based on the state or country from which payment is mailed. Federal loan programs require a late charge to be assessed on payment not received by the due date. An administrative charge will be assessed for checks returned unpaid by financial institutions.

## Grace Periods

Under most loan programs, you will be allowed a grace period between the time you leave school and the time you begin repayment. Refer to your promissory note for the length of your grace period. It may vary from loan to loan. This is to allow you time to get established in a new job and a new living situation. Interest on the loan will not accrue until the end of the grace period. The grace period is also indicated on your repayment schedule by the date that interest begins to accrue on your loan. Any payment made during the grace period is interest-free. Typical grace periods are: Perkins Loans (6-9 months); Health Professions Loans (12 months); Nursing Loans (9 months); Purdue Loans (generally 6 months); Stafford Loans (6 months).

## Credit Bureau Reporting

As of June 23, 1992, federal regulations require that institutions report Federal Perkins Loans to national credit bureaus at the time of disbursement of the loan. Likewise, the Department of Health & Human Services requires reporting loan activity to national credit bureaus. Purdue policy follows these practices in reporting information on Purdue Loans. Information is reported from the time of disbursement until the loan is paid in full. Trade lines (loans being reported) will stay on your credit report for seven (7) years from the date of last activity. Such reporting can be **beneficial or detrimental** for you in obtaining future credit for home mortgages, automobile financing and credit card approvals, depending on the payment history you establish on loan obligations.

## Deferments & Cancellations

If you qualify for one of the deferments or cancellations in a given loan program, you need to contact your lender for required forms to complete. To receive deferment, cancellation or forbearance benefits, you must make a **written request to the lender** and must submit to the lender any documentation the lender requires to prove your eligibility for these benefits. You are responsible for submitting the appropriate requests on time, and **may lose your benefits if you fail to file your request on time**. At the back of this brochure are tables which list the deferment and cancellation benefits available in various loan programs.

## Prepayment Can Save You Money

Prepayment is making a larger payment than the regular scheduled payment amount. No student loan program imposes penalties for prepayment. If you pay more than the minimum monthly payment, you will be charged less interest during the life of the loan. Because interest is always charged on the unpaid balance each month, the faster you reduce your balance, the less interest you will be charged.

Prepayment should not be confused with **paying installments ahead of schedule**, and requesting not to be billed during the months that you have paid ahead. Such a request needs to be in writing at the time you make the advanced payments. For example: In June you make payments that would normally be due for June, July and August. You request that billing cease until the next regular schedule payment is due; i.e, billing resumes in September.

## What to do if You Can't Make Your Loan Payments— Communication is Key to Successful Repayment

If you cannot make your loan payments, **DO NOT IGNORE THE SITUATION!** You cannot run away from your financial problems, so you need to consider your alternatives and make long-range financial plans. It is your responsibility to inform the lender of changes that affect your ability to repay a loan. Normally, lenders are willing to make suitable arrangements to assist borrowers in meeting loan repayment responsibilities during periods of financial hardship. The federal government has legislated deferments into the loan programs to help borrowers in such situations, provided the borrower works with the lender to grant such deferments or forbearance. Contact your lender to make suitable payment arrangements during these times. **IF YOU DO NOTHING**, the lender will assume you are merely ignoring the obligation, the loan will enter default, and you may suffer the negative consequences discussed later in **“Penalties for Nonpayment”**.

**Debt Management Counseling:** In addition to information contained in this brochure, suggested resources to aid borrowers in managing educational debt include Loan Consolidators (page 9) and Consumer Credit Counseling Agencies (found in most telephone book yellow pages).

## You are Responsible for Repayment

It is the borrower's responsibility to contact lenders when circumstances change that affect the repayment of a loan (refer to page 4, **CONTACT ALL YOUR LENDERS**). Failure to receive a repayment schedule or billing statement does not negate a borrower's responsibility to make payments when due. Your failure to contact lenders puts you at risk of being declared in default if you do not make payments on time. Postal service is not always perfect. Names and addresses change. Once a loan enters repayment status, you will become accustomed to when loan bills should be received. When billings are not received in a reasonable amount of time, contact your lender.

## **Hardship Deferment/Forbearance**

If for any reason you are not able to make a payment on time, contact your lender and explain your situation. If you can demonstrate to the lender that you are willing but unable to pay, based on a full financial disclosure that the lender will require, you may be granted forbearance (hardship) deferment. During this period you may be allowed to postpone payments or make lower payments. The interest continues to accrue during forbearance and the lender may require you to make interest-only payments.

## **Penalties for Nonpayment**

If you fail to make an installment payment when due, or to meet other terms of the promissory note, your loan can be considered in default. Because the penalties can be severe, it is in your best interest to do everything you can to avoid default. Whether the default was the result of a misunderstanding or the inability to pay because of financial hardship, you must contact your lender or guarantee agency to prevent or cure a loan default.

Loan delinquencies are reported to national credit bureaus and can result in denial of credit cards, car loans, home mortgages, or other types of loans.

You will be assessed late charges provided for in promissory notes for late payment on all federal loan programs. In many cases, late charges will be charged each month that you are delinquent and will continue to be assessed until your account becomes current. Review your promissory notes closely to determine what fees are involved.

Delinquency will result in an encumbrance placed on your academic records. Requests for transcripts or re-entry into any campus of Purdue University will be denied until the encumbrance is cleared.

If you have a Purdue Loan which required a cosigner, that cosigner will be financially liable for the loan if it becomes delinquent.

Your loan may be assigned to a collection agency, you may be sued in court, and your wages could be garnished from your paycheck. In addition to being required to pay the outstanding balance in full, you may be required to pay collection agency fees, court costs, and attorney fees, depending on the loan program.

You can lose eligibility for financial aid at any school; you can also lose eligibility for deferments on federal loans at other schools or agencies; you can lose your rights to receive partial cancellation of your loan for service performed in various employment situations.

An institution has the option of calling the full balance of a loan immediately due and payable (loan acceleration). This option can be even more severe if your account is placed with a collection agency and you are forced to pay the agency's contingency fee. For loans serviced by Purdue University, these fees can range from 30% of the amount of the loan placed with the agency up to 50% if the account goes into litigation through the courts.

An institution can assign its rights to your Perkins Loan to the United States of America. The Department of Education will report your defaulted loan to national credit bureaus, place a lien on your federal tax refunds until the obligation is paid in full, deny you future federal financial assistance including educational financial aid, FHA home financing, and other forms of federal financial assistance. The government will also refer your account for collection with outside agencies.

## **Perkins Loan Rehabilitation Program**

For Perkins loan borrowers, a Rehabilitation program was established in Reauthorization 1998, effective 7/1/2000, for defaulted borrowers to cure the default status. This requires 12, on-time, consecutive monthly payments, as determined by the institution. Borrowers are entitled to rehabilitate a Perkins loan only once. The benefits of successful completion are:

- the borrower will be returned to regular repayment status
- the first payment of the 12 consecutive monthly payments required for rehabilitation will be treated at the first payment of a new repayment schedule (not to exceed 10 years)
- credit bureaus will be instructed to remove the default from the borrower's credit history.
- borrower will no longer be considered ineligible for Federal student financial assistance because of the default.

## **Debt Management**

Managing your student loan debt is essential to making regularly scheduled payments, avoiding default and protecting your credit rating. There are a number of web sites available to assist you in successfully managing your student loan debt.

One site the University Collections Office has found to be particularly beneficial is provided by a lender not associated with Purdue University called Access Group. Their site is located at:

[www.accessgroup.org/students/repayment/index.htm](http://www.accessgroup.org/students/repayment/index.htm)

**NOTE:** While most of the information provided at this site is general in nature and would be applicable to most student loans, some of it is specific to Access Group or specific loan programs and would not apply to loans made through Purdue University. For specific information about the Perkins, Health Profession or Purdue loans you received at Purdue University, contact us via the address, phone number or e-mail listed on the front of this brochure.

## **National Student Loan Data System (NSLDS)**

NSLDS is the U.S. Department of Education's central database for student aid. You can use the web site to make inquiries about your Title IV loans. This would include outstanding loan balances, loan statuses, and disbursements. You can access the web site at [www.nsls.ed.gov](http://www.nsls.ed.gov) or call Toll-free at 1-800-4-Fed-Aid.

## **Loan Consolidation**

Loan consolidation enables a borrower with student loans from different lenders to obtain one loan, with one interest rate and repayment schedule. Consolidation loans are intended for those who need greater flexibility in repaying their student loans, or who seek to increase their monthly disposable income. The following loan programs can be consolidated:

- Federal Perkins Loans
- Federal Stafford Loans (subsidized and unsubsidized)
- Federal Supplemental Loans (SLS)
- Federal PLUS Loans (Parent Loans made after October 16, 1986)
- Health Professions Student Loans (HPSL)
- Nursing Student Loans
- Private institutional loans CANNOT be included in a Federal Loan consolidation.
- There are some consolidators who have private institutional loan consolidation programs. Please contact the university collections office for information on these programs.

### **Advantages of Loan Consolidation:**

- Extended repayment period up to 30 years
- Lower monthly payment amount
- Convenient, single monthly payment
- May help protect your credit rating
- No prepayment penalty

### **Disadvantages of Loan Consolidation:**

- Extended repayment period adds to total interest expense
- Interest rate may be higher than rate for original loans
- Possible loss of cancellation or deferment benefits

### **Eligibility for Loan Consolidation:**

To be eligible for loan consolidation, a borrower

- must be in a grace period or in repayment status on all loans being consolidated
- if in default, must have made satisfactory arrangements to repay the defaulted loan, and
- must not have another consolidation loan application pending

Generally, a borrower submits a consolidation loan application to a lender holding at least one of the loans to be consolidated. If none of those lenders agree to consolidation, the borrower may apply to any other lender participating in the consolidation loan program.

### **Loan Consolidation for Married Couples:**

For consolidation loan applications received on or after July 1, 2006, married couples can no longer consolidate their eligible student loans in a joint FFEL or Direct Consolidation Loan.

### **Applying for Consolidation:**

Borrowers with eligible loans should contact their lender for information about applying for a consolidation loan. For most borrowers, this will be the lender of their FFEL (Stafford) loans.

## Keep in Touch With Your Lenders

### 1. Federal Perkins (NDSL), Health Professions, Nursing & Purdue Loans:

For deferment or cancellation inquiries, address or name changes, or payment information:

University Collections Office

Schleman Hall of Student Services, Room 350

475 Stadium Mall Drive

West Lafayette, IN 47907-2050

Email: [uco@purdue.edu](mailto:uco@purdue.edu)

Web: [www.purdue.edu/uco](http://www.purdue.edu/uco)

Fax: (765) 494-9154

Phone: (765) 494-5350

(800) 926-4979

### 2. Bank Loans: Federal Stafford, PLUS, SLS:

Many of the major lenders Purdue University uses are serviced by Sallie Mae. You can contact Sallie Mae at 1-800-272-5543. The **Purdue Financial Aid Office** may also be able to help with information on other lenders. The Financial Aid Office can be reached by phone at (765) 494-0998 or by e-mail at [facontact@purdue.edu](mailto:facontact@purdue.edu)

Federal Perkins Loan Deferment Provisions

(Revised for changes by Dept. of Ed. 10/7/98)

	Federal Perkins/ National Direct disbursed on or after 7/1/93	Federal Perkins disbursed before 7/1/93 and on or after 7/1/87	National Direct disbursed before 7/1/93 and on or after 10/1/80	National Direct disbursed before 10/1/80	National Defense
Half-time enrollment	No limit*	No limit*	No limit*	No limit	No limit
Less than half-time enrollment	N/A	N/A	N/A	N/A	3 years**
Rehabilitation training	No limit*	No limit note 13	No limit note 13	No limit note 13	No limit note 13
Graduate fellowship study <sup>1</sup>	No limit*	No limit note 13	No limit note 13	No limit note 13	No limit note 13
Eligible internship or residency program	N/A	2 years <sup>2*</sup>	2 years <sup>3*</sup>	N/A	N/A
Inability to secure full-time employment ***	3 years*	3 years note 13	3 years note 13	3 years note 13	3 years note 13
Economic hardship <sup>4</sup>	3 years*	3 years note 13	3 years note 13	3 years note 13	3 years note 13
Hardship as determined by school	see footnote 14	No limit**	No limit**	No limit**	No limit**
Law enforcement/correction officer	see footnote 5*	yes note 5,13	yes note 5,13	yes note 5,13	yes note 5,13
Peace Corps/ACTION program volunteer	see footnote 5*	3 years*	3 years*	3 years	3 years
Service eligible for cancellation	see footnote 5	yes note 5,13	yes note 5,13	yes note 5,13	yes note 5,13
Full-time volunteer for tax-exempt organization in service comparable to Peace Corps or ACTION	N/A	3 years*	3 years*	N/A	N/A
U.S. Armed Services <sup>6*,15*</sup>	see footnote 5*	3 years*	3 years*	3 years	3 years
Officer in Commissioned Corps Of U.S. Public Health Service	N/A	3 years*	3 years*	N/A	N/A
National Oceanic and Atmospheric Admin. (NOAA)	N/A	3 years*	N/A	N/A	N/A
Nurse/medical technician providing health services	see footnote 5*	yes note 5,13	yes note 5,13	yes note 5,13	yes note 5,13
Temporary total disability or care for temporarily totally disabled spouse/dependent <sup>7</sup>	N/A	3 years*	3 years <sup>7*</sup>	N/A	N/A
Pregnancy, care of newborn or newly adopted child <sup>8</sup>	N/A	6 months*	N/A	N/A	N/A
Mother of pre-schooler working or returning to work <sup>9</sup>	N/A	1 year*	N/A	N/A	N/A
Employment in Head Start Program	see footnote 5*	N/A	N/A	N/A	N/A
Teacher in designated low-income school	see footnote 5*	N/A	N/A	N/A	N/A
Teacher of special education,including teacher of infants,toddlers, children, or youth with disabilities <sup>10</sup>	see footnote 5*	yes note 5,13	yes note 5,13	yes note 5,13	yes note 5,13
Provider of early intervention services <sup>11</sup>	see footnote 5*	yes note 5,13	yes note 5,13	yes note 5,13	yes note 5,13
Teacher of mathematics, science, foreign languages bilingual education, or other field of expertise determined by state education agency to have a shortage of qualified teachers	see footnote 5*	yes note 5,13	yes note 5,13	yes note 5,13	yes note 5,13
Provider or supervisor of provision of services to high-risk children from low-income communities and their families <sup>12</sup>	see footnote 5*	yes note 5,13	yes note 5,13	yes note 5,13	yes note 5,13

\* Principal need not be paid, and interest does not accrue.

\*\* Principal and interest may be deferred, but interest continues to accrue.

\*\*\* Borrower must be actively seeking full-time employment.

1. A deferment request from a borrower enrolled in a graduate or post-graduate fellowship-supported program outside of the U.S. is approved until the completion of the fellowship period.
2. The internship program must require that the borrower have a bachelor's degree before being admitted. In addition, the program must be required by a state licensing agency for certification for professional practice or service, or the program must lead to a postgraduate degree or certificate from a postsecondary school, hospital, or health-care facility.
3. The internship program must require that the borrower have a Bachelor's degree before being admitted. The program must be required by the state licensing agency for certification for professional practice or service.
4. A borrower is considered to have an economic hardship if the borrower;
  - a. Is working full-time but earning an amount that does not exceed (the greater of):
    - 1) The federal minimum wage, or
    - 2) An amount equal to 100% of the poverty line for a family of two as determined according to Section 673(2) of the community service Block Grant Act, OR
  - b. Meets other regulatory criteria which takes into account the borrower's debt-to-income ratio as a primary factor.
5. Deferment is for a period in which borrower is engaged in service eligible for Federal Perkins Loan Cancellation.
6. Military service must be in an area that qualifies for hazardous duty pay.
7. Applies to borrower care of spouse only. Does not allow deferment for the care of temporarily totally disabled dependent.
8. Borrower must not be attending an eligible postsecondary institution or be gainfully employed. Deferment must begin within 6 months after the borrower ceased to be enrolled at least half-time at an eligible institution.
9. Borrower's salary must not be more than \$1 over the minimum hourly wage rate.
10. Infants, toddlers, children, and youth with disabilities are defined in Section 602(2) of the Individuals with Disabilities Education Act.
11. Must be employed in a public or nonprofit program under public supervision. A qualified professional provider of early intervention services is defined in Section 672(2) of the Individuals with Disabilities Education Act.
12. Must be employed in public or nonprofit child or family services agency. High-risk children are defined as individuals under the age of 21 who: are low-income; have been or are at risk of being abused or neglected; have serious emotional, mental, or behavioral disturbances; reside in placement outside of their homes; or are involved in the juvenile justice system. Low-income communities are defined as those communities in which there is a high concentration of children eligible to be counted under Chapter I of Title I of the Elementary and Secondary Act of 1965.
13. Deferment cannot precede 10/7/98.
14. Hardship was replaced by Forbearance. Forbearance became effective by regulation July 1, 1995 on money borrowed July 1, 1993 and after.
15. Effective July 1, 2006, 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.

Cancellation Criteria	Federal Perkins/ National Direct made on or after 7/23/92	Federal Perkins made on or prior to 7/23/92	National Direct made prior to 7/23/92	National Defense
Total or permanent disability or death of borrower	100%	100%	100%	100%
Full-time employment in Head Start Program <sup>1</sup>	100%	100%	100%	N/A
Full-time law enforcement or correction officer <sup>2</sup>	100%	100% <sup>3</sup>	100% <sup>3</sup>	100% <sup>3</sup>
Full-time teaching in low-income school eligible for funding under Chapter 1 of the Education Consolidation and Improvement Act of 1981 <sup>4,5</sup>	100%	100%	100%	100% <sup>4</sup>
Full-time special education teacher, including teacher of infants, toddlers, children, or youth with disabilities <sup>4,7</sup>	100%	note 15 100%	note 15 100%	note 15 100%
Provider of early intervention services in a public or Nonprofit program under public supervision <sup>2,8,14</sup>	100%	note 15 100%	note 15 100%	note 15 100%
Full-time teacher of handicapped student in a public or nonprofit elementary/secondary school	N/A	100% <sup>4</sup>	100% <sup>4</sup>	100% <sup>6</sup>
Full-time teacher of mathematics, science, foreign languages, bilingual education, or any field of expertise determined by the state education agency to have a shortage of qualified teachers <sup>4</sup>	100%	note 15 100%	note 15 100%	note 15 100%
Full-time employment in a public or private non-profit child or family service agency <sup>2,9</sup>	100%	note 15 100%	note 15 100%	note 15 100%
Nurse or medical technician Providing health-care services <sup>2,14</sup>	100%	100% note 15	100% note 15	100% note 15
Peace Corps or ACTION program volunteer <sup>10</sup>	70%-Fed. Perkins N/A-Natl. Direct	70% note 15	70% note 15	70% note 15
Service in U.S. Armed Force	50% <sup>11</sup>	50% <sup>11</sup>	50% <sup>11</sup>	50% <sup>12</sup>
Full-time teaching in public/nonprofit/elementary/secondary school, institution of higher education or overseas Department of Defense elementary/secondary school	N/A	N/A	N/A	50% <sup>13</sup>

1. Cancellation rate is 15% per year. Must be employed in a professional capacity in the educational part of a Head Start Program.
2. Cancellation rate is 15% per year for first and second years; 20% per year for third and fourth years; and 30% for fifth year.
3. Until 10/7/98 applied only to loans made on or after 11/29/90; benefit extended to older loans on 10/7/98 for service beginning 10/7/98.
4. Cancellation rate is 15% per academic year for the first and second years; 20% per academic year for the third and fourth years; and 30% for fifth academic year.
5. The school must be listed in the Federal Register. If borrower teaches at a school that does not qualify as a low-income school in a subsequent year, the borrower remains eligible for loan cancellation as long as the borrower continues to teach full-time at the school.
6. Cancellation rate is 15% per academic year.
7. Infants, toddlers, children, and youth with disabilities are defined in Section 602 (a)(1) and 672(1) of the Individuals with Disabilities Education Act.
8. A qualified professional provider of early intervention services is defined in Section 672 (2) of the Individuals with Disabilities Education Act.
9. 100% of the borrower's time must be spent providing service only to high-risk children (individuals under the age of 21) from low-income communities. Services may be provided to adults who are family members of the children, but any services provided to adults must be secondary to those provided to the children. An elementary or secondary school system or a hospital is not an eligible employing agency.
10. Cancellation applies to all Federal Perkins Loans, National Direct Loans, and National Defense Loans for service performed on or after 10/17/98. Cancellation rate is 15% per year for first and second years, and 20% per year for third and fourth years.
11. Military service must be in an area that qualifies for hazardous duty pay. Cancellation rate is 12.5% per year of qualifying service.
12. Cancellation rate is 12.5% per year of consecutive service.
13. Cancellation rate is 10% per academic year.
14. See page 14 of this brochure for clarification of eligible professions and agencies.
15. Cancellation benefit for service performed on or after 10/7/98.

# Clarification of Specialized Professions Eligible For Perkins Loan

## Cancellation Benefits (Refer to Perkins Loan Cancellation Chart Page 13)

### (1) Medical Technician

**Defined:** An allied health professional (working in fields such as therapy, dental hygiene, medical technology, nutrition, etc) who is certified, registered, or licensed by the appropriate state agency in the state in which he or she provides health care services; an allied health professional is someone who assists, facilitates, or complements the work of physicians and other specialists in the health care system.

#### Examples of Medical Technician eligible for cancellation:

- anesthesiology assistant
- blood bank technology
- cardiovascular technologist
- cytotechnology
- diagnostic medical sonography
- emergency medical services
- medical illustration
- medical laboratory technology
- nuclear medicine technology
- occupational therapy
- physical assistant practice
- respiratory therapy
- surgical technology
- radiological technology

This list is not exclusive. It would also include other healthcare providers that are certified by the state.

### (2) Qualified Professional Provider of Early Intervention Services

A qualified professional provider of early intervention services is defined in Section 672(2) of the Individual with Disabilities Education Act. Developmental services are those that:

- are provided under public supervision.
- are provided at no cost except where federal or state law provides for a system of payments by families, including a schedule of sliding fees.
- are designed to meet a handicapped infant's or toddler's developmental needs in any one or more of the following areas: physical development; cognitive development; language and speech development; psychosocial development; or self-help skills.
- meet the standards of the state.
- include: family training, counseling, and home visits
  - special instruction
  - speech pathology and audiology
  - occupational therapy
  - physical therapy
  - psychological services
  - case management services
  - medical services only for diagnostic or evaluation purposes
  - early identification, screening, and assessment services
  - health services necessary to enable the infant or toddler to benefit from the other early intervention services
- are provided by qualified personnel, including special educators, speech and language pathologists and audiologists, occupational therapists, physical therapists, psychologists, social workers, nurses, and nutritionists.
- are provided in conformity with an individualized family service plan adopted in accordance with Section 677 of the Individuals with Disabilities Education Act.

## Federal Family Education Loan Programs-Deferments

Deferment Type	Time Limit	Stafford and SLS Loans			PLUS Loans				Consolidation Loans	
		Pre 7/1/87 Borrower	New <sup>1</sup> Borrower 7/1/87 to 6/30/93	New <sup>2</sup> Borrower 7/1/93	Loans Before 8/15/83	Pre 7/1/87 Borrower	New <sup>1</sup> Borrower 7/1/87 to 6/30/93	New <sup>2</sup> Borrower 7/1/93	Pre 7/1/93 Borrower <sup>8</sup>	New Borrower 7/1/93 <sup>9</sup>
In-School: Full Time	None	•	•	•	•	•	•	•	•	•
In-School: Half Time <sup>7</sup>	None		•	•			•	•	•	•
Graduate Fellowship	None	•	•	•	•	•	•	•	•	•
Rehabilitation Training	None	•	•	•	•	•	•	•	•	•
Teacher Shortage	3 Years		•							
Internship/Residency Training	2 Years	•	•		•					
Temporary Total Disability <sup>3</sup>	3 Years	•	•		•	•	•		•	
Armed Forces Public Health Services <sup>4</sup>	3 Years	•	•		•					
National Oceanic and Atmospheric Administration Corps <sup>4</sup>	3 Years		•							
Peace Corps, ACTION Program and Tax-Exempt Organization Volunteer	3 Years	•	•		•					
Unemployment	2 Years	•	•		•	•	•		•	
Unemployment	3 Years			•				•		•
Parental Leave <sup>5</sup>	6 Months	•	•							
Mother Entering/ Reentering Work Force	1 Year		•							
Economic Hardship	3 Years			•				•		•
In-School: Full Time <sup>6</sup>	None				•	•	•			
In-School: Half Time <sup>6</sup>	None				•	•	•			
Rehabilitation Training <sup>6</sup>	None				•	•	•			

<sup>1</sup> "New Borrower" 7/1/87 to 6/30/93: A borrower whose first FFELP loan was made on or after July 1, 1987, and before July 1, 1993, or who had an outstanding balance on a loan obtained on or after July 1, 1987, and before July 1, 1993, when he or she obtained a loan on or after July 1, 1993, or who had no outstanding balance on a Federal Consolidation loan made before July 1, 1993, that repaid a loan first disbursed before July 1, 1987.

<sup>2</sup> "New Borrower" 7/1/93: A borrower whose outstanding FFELP loans were all made on or after July 1, 1993, and when his or her first FFELP loan was made on or after July 1, 1993, had no outstanding FFELP loans that were made before July 1, 1993.

<sup>3</sup> A deferment may be granted during periods when the borrower is temporarily totally disabled or during which the borrower is unable to secure employment because the borrower is caring for a dependent (including the borrower's spouse) who is temporarily totally disabled.

<sup>4</sup> Borrowers are eligible for a combined maximum of 3 years of deferment for service in NOAA, PHS, and Armed Forces.

<sup>5</sup> A parental leave deferment may be granted to a borrower in periods of no more than 6 months each time the borrower qualifies.

<sup>6</sup> Deferment for parent borrower during which the dependent student for whom the parent obtained a PLUS loan meets the deferment eligibility requirements.

<sup>7</sup> A borrower who received a Federal Consolidation loan before July 1, 1993, that repaid a loan made before July 1, 1987, or who had an outstanding balance on a FFELP loan obtained prior to July 1, 1987, when the Federal Consolidation loan was obtained, is eligible for in-school deferment only if the borrower attends school full time.

<sup>8</sup> A borrower with a Federal Consolidation loan made before July 1, 1993, or a borrower who receives a Consolidation loan on or after July 1, 1993, who has any outstanding FFELP loan(s) at the time of consolidation that was first disbursed before July 1, 1993.

<sup>9</sup> A borrower who receives a Federal Consolidation loan made on or after July 1, 1993, who has no outstanding FFELP loans at the time of consolidation that were made on or before July 1, 1993.

## Purdue Loan Program Deferment & Cancellation Provisions

General Funds*	Fund 1160	Fund 1203	Fund 1219	Fund 1223	Fund 1225	Funds 1254 1255 1256	Fund 1247	Fund 6175	Fund 6477
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### Deferments\*\*:

Student at Purdue (at least 6 hours)	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes
Student at Purdue University (less than 6 hours)	No	No	No	No	No	No	No	Yes	Yes
Student at another University (full-time enrollment required)	Yes	Yes	Yes	Yes	No	No	Yes	No	No
Military (maximum of 3 years)	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes
Peace Corps (maximum of 3 years)	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes
VISTA (maximum of 3 years)	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes
Industrial Leave (maximum of 3 years)	No	No	No	No	No	Yes	No	No	No
Post Doctoral Appointment (maximum of 2 years)	No	No	No	No	No	Yes	No	No	No
Hardship (maximum of 1 year)	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes

\*\* Interest accrues during periods of deferment except for student status at Purdue Campuses - (Lafayette, Calumet, Ft. Wayne, N. Central)

### Cancellations:

Permanent/Total Disability or Death of Borrower	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Engineering, Computer, Science faculty	No	No	No	No	No	Yes**	No	No	No
Graduation with CHE Degree	No	No	No	No	No	No	100%	No	No

\* fund numbers are provided on Purdue Loan repayment schedules

\*\* rate is 25% per year; maximum cancellation is 100% for qualified employment

# Health Professions & Nursing Student Loan Deferments & Cancellations

(for loans awarded after November 3, 1988)

	Health Professions Loans	Nursing Loans
<b>Deferments:</b>		
Student (grace period not expired)		
Full-time in Health Professions School	unlimited	
At least half-time in Nursing program		unlimited
Student (grace period has expired)		
Full-time in Health Professions School	unlimited	
Advanced Professional Training		
Full-time in Health Professions School	unlimited	
Full-time in Nursing program		10 years
Half-time in Nursing program		unlimited
Educational Activity (full-time)	2 years	
Fellowship Program	2 years	
Military	3 years	3 years
Peace Corps	3 years	3 years
National Oceanic & Atmospheric Admin Corps	3 years	3 years
Public Health Service	3 years	3 years
Forbearance (interest accrues & is included in 10-year repayment period)	yes	yes

## Cancellations:

Permanent & Total Disability	yes	yes
Death	yes	yes

## Sample Loan Repayment Schedule

Loan Amount	Number of monthly payments	Monthly Payments 2%	Monthly Payments 3%	Monthly Payments 4%	Monthly Payments 5%	Monthly Payments 7%	Monthly Payments 8%	Monthly Payments 9%
\$2,000	36	\$57.29	\$58.16	\$59.05	\$59.94	\$61.75	\$62.67	\$63.60
\$2,625	48	\$56.95	\$58.10	\$59.27	\$60.45	\$62.86	\$64.08	\$65.32
\$3,000	72	\$44.25	\$45.58	\$46.94	\$48.31	\$51.15	\$52.60	\$54.08
\$4,000	108	\$40.50	\$42.31	\$44.16	\$46.07	\$50.03	\$52.07	\$54.17
\$5,000	120	\$46.01	\$48.28	\$50.62	\$53.03	\$58.05	\$60.66	\$63.34
\$6,000	120	\$55.21	\$57.94	\$60.75	\$63.64	\$69.67	\$72.80	\$76.01
\$7,000	120	\$64.41	\$67.59	\$70.87	\$74.25	\$81.28	\$84.93	\$88.67
\$8,000	120	\$73.61	\$77.25	\$81.00	\$84.85	\$92.89	\$97.06	\$101.34
\$9,000	120	\$82.81	\$86.90	\$91.12	\$95.46	\$104.50	\$109.19	\$114.01
\$10,000	120	\$92.01	\$96.56	\$101.25	\$106.07	\$116.11	\$121.33	\$126.68
\$12,000	120	\$110.42	\$115.87	\$121.49	\$127.28	\$139.33	\$145.59	\$152.01
\$15,000	120	\$138.02	\$144.84	\$151.87	\$159.10	\$174.16	\$181.99	\$190.01
\$17,000	120	\$156.42	\$164.15	\$172.12	\$180.31	\$197.38	\$206.26	\$215.35
\$20,000	120	\$184.03	\$193.12	\$202.49	\$212.13	\$232.22	\$242.66	\$253.35
\$22,500	120	\$207.03	\$217.26	\$227.80	\$238.65	\$261.24	\$272.99	\$285.02
\$26,000	120	\$239.23	\$251.06	\$263.24	\$275.77	\$301.88	\$315.45	\$329.36
\$30,000	120	\$276.04	\$289.68	\$303.74	\$318.20	\$348.33	\$363.98	\$380.03
\$35,000	120	\$322.05	\$337.96	\$354.36	\$371.23	\$406.38	\$424.65	\$443.37
\$40,000	120	\$368.05	\$386.24	\$404.98	\$424.26	\$464.43	\$485.31	\$506.70
\$45,000	120	\$414.06	\$434.52	\$455.60	\$477.29	\$522.49	\$545.97	\$570.04
\$50,000	120	\$460.07	\$482.80	\$506.23	\$530.33	\$580.54	\$606.64	\$633.38

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