

# Federal Perkins Loan Rights and Responsibilities

This is a summary of your rights and responsibilities. For more details, review your Master Promissory Note or contact Bonnie Labowsky in the Delaware Valley University Office of the Bursar at 215.489.4525 or [bonnie.labowsky@delval.edu](mailto:bonnie.labowsky@delval.edu).

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## YOUR RESPONSIBILITIES

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**USE OF FUNDS:** You may only use your loan to pay authorized educational expenses.

**REPAYMENT:** You must repay your loan in the monthly installment amounts determined by Delaware Valley University (the University) and billed by Heartland ECSI. Your first payment is due one (1) month after your grace period ends. Though a monthly invoice will be mailed to you, you are responsible for paying your installments even if you do not receive a bill. You must repay your loan even if you did not complete your program, are unable to obtain employment, or are dissatisfied with the University's educational or other services.

**NOTIFICATION OF CHANGES:** As required by your Master Promissory Note, you are responsible for promptly notifying the University Office of the Bursar of the following:

**Name, address, phone number:** Any changes in your contact information. For a name change, written documentation is required.

**Enrollment:** If you drop below half-time, graduate, transfer to another college, or stop attending school.

**Financial difficulties:** If you are unable to make a required payment, contact the Office of the Bursar *before* the payment due date.

**Deferment, forbearance, cancellation, and discharge eligibility:** If you believe that you are eligible for deferment, forbearance, cancellation, or discharge of your loan before it is paid in full, you are responsible for contacting the University. You must complete any required application and provide all documentation requested by the University. Deferment, forbearance, and cancellation applications must be renewed periodically. If you no longer meet eligibility requirements, you must notify the University immediately.

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## POTENTIAL PENALTIES

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There are serious consequences if you fail to meet the obligations of your Master Promissory Note.

**CREDIT HISTORY:** The University is required to report the status of your loan to a credit reporting agency. For each late payment, your loan will be reported as past due. If you miss a total of five (5) payments, your loan will be reported as defaulted. It may be more difficult to obtain a job, apartment, car loan, or mortgage.

**LATE CHARGES:** Fees will be charged for late payments.

**LOAN DEFAULT AND ACCELERATION:** If you miss a total of five (5) payments, your loan may default and may be accelerated. Consequences of acceleration include:

**Unpaid balance due immediately:** The entire unpaid loan balance will become immediately due and payable.

**Collection fees:** Your account will be assigned to a collection agency, which will add collection fees of 30% to 40% to your loan balance.

**Loss of deferment, forbearance, and cancellation eligibility:** Loan privileges will be forfeited. You will not qualify for deferment or forbearance, and you will lose cancellation benefits for any qualifying service performed after the acceleration date.

**Ineligibility for additional federal loans:** You will not be eligible for any additional federal financial aid.

**Litigation:** The University has the right to take legal action to recover your loan balance plus attorneys' fees, court costs, and other related costs.

**Garnishment of wages and seizure of tax refunds by federal government:** If all other collection efforts fail, the University may assign your defaulted loan to the federal government, which has the right to garnish wages and seize tax refunds.

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## YOUR RIGHTS

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**GRACE PERIOD:** If you do not qualify for further deferment or forbearance, repayment of your loan will begin 9 months after your enrollment drops below half-time at the University. During the grace period, you are not required to make payments and no interest accrues.

**PREPAYMENT:** You may prepay all or part of your loan without penalty.

**DEFERMENT:** You may defer repayment of your loan under certain circumstances. During deferment, you are not required to make payments and no interest accrues. After each deferment, you are entitled to a 6-month grace period. Eligible circumstances include:

**In-school deferment:** Enrollment at least half-time in an eligible school for the purpose of obtaining an eligible degree or certificate.

**Graduate fellowship:** In a program approved by Department of Education.

**Rehabilitation training:** Enrollment in an eligible rehabilitation training program for disabled individuals.

**Seeking full-time employment:** Unable to obtain full-time employment.

**Economic hardship:** (1) Hardship deferment for Stafford, Direct, or PLUS loan for same time period; (2) Receive federal or state public assistance; (3) Income meets federal formulas; or (4) Peace Corps volunteer.

**Military service:** Active duty in US armed forces or qualifying National Guard duty in connection with war, national emergency, or military operation.

**13-month post-active duty:** Member of National Guard or Armed Forces Reserve or retired member of armed forces if enrolled in postsecondary school at time of, or within 6 months prior to, activation.

**Concurrent deferment/cancellation:** Employed in a position that qualifies for loan cancellation.

*(Continued on reverse side)*

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## YOUR RIGHTS (Continued)

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### Restrictions on Deferment:

- You must immediately report any change in deferment status to the University.
- Maximum deferment for unemployment or economic hardship is 3 years.
- In-school deferment ends when you graduate or enroll less than half-time.
- Defaulted loans are not entitled to deferment.

**FORBEARANCE:** If you are not entitled to a deferment, you may qualify for forbearance. Forbearance is a temporary postponement or reduction of payments or an extension of your repayment schedule. Interest continues to accrue during forbearance. Eligible circumstances include:

**Unemployment:** For an extended period.

**Low income:** If your income meets federal formulas.

**Poor health:** Prolonged illness.

### AmeriCorps service

**National emergency:** National military mobilization or other emergency, if authorized by Department of Education.

### Restrictions on Forbearance:

- Forbearance may be granted for up to 1 year at a time. Documentation is required for renewal.
- Total of all forbearance periods may not exceed 3 years (excludes extended repayment period for low-income individual).
- For a low-income individual, repayment period may be extended up to an additional 10 years.
- Defaulted loans are not entitled to forbearance.

**CANCELLATION:** You may qualify for forgiveness of up to 100% of your loan if you work full-time in an eligible position for an eligible employer.

**Elementary or secondary teacher:** (1) In a low-income school or educational service agency; (2) In a teacher shortage field; or (3) Licensed, certified, or registered by state agency as a special education teacher.

**Nurse or medical technician:** Certified, registered, or licensed by state agency and providing health care services directly to patients.

**Early intervention service provider:** To infants and toddlers with disabilities, in a non-profit program.

**Child or family services employee:** Providing or supervising services to high-risk children from low-income communities, in a non-profit agency.

### Tribal college faculty member

**Speech pathologist:** With a master's degree, working exclusively with Title I-eligible schools.

**Librarian:** With a master's degree, in a Title I-eligible school or public library that serves a local district with one or more Title I-eligible schools.

### Firefighter

### Law enforcement or corrections officer

### Public defender

**Active duty military:** In US armed forces in area of imminent danger or of hostilities.

**Early childhood educator:** In Head Start or licensed pre-kindergarten or child care program.

**Volunteer Service:** Peace Corps or AmeriCorps VISTA (limited to 70% cancellation)

### Cancellation Rates:

- 15% of original principal amount, plus accrued interest, for each of first and second years of service.
- 20% of original principal amount, plus accrued interest, for each of third and fourth years of service.
- 30% of original principal amount, plus accrued interest, for fifth year of service (excluding volunteer service, which is limited to 70% cancellation).

### Restrictions on Cancellation:

- Does not include service before loan was disbursed or during enrollment period covered by loan.
- There is no refund of payments made during a period for which you were eligible for cancellation but did not notify the University.
- Service increments of less than 12 months will not count toward cancellation.
- You are not entitled to cancellation if you received an AmeriCorps VISTA national service education award.
- Defaulted loans are not entitled to cancellation for qualifying service performed after acceleration.

**DISCHARGE:** The remaining balance of your loan may be discharged under the following circumstances:

**Total & permanent disability (nonveteran):** You must notify the Department of Education of your intent to apply for a TPD discharge and submit an application certified by an eligible physician or documentation of qualification for SSA benefits.

**Service-connected disability (veteran):** If the VA determines that you are unemployable due to a service-connected disability, you must submit a TPD discharge application to the Department of Education with documentation from the VA.

**Spouse of 9/11 victim:** If you are the spouse of an eligible public servant who died or became permanently and totally disabled due to injuries suffered in the September 11, 2001 terrorist attacks.

**Bankruptcy:** Federal student loans are not automatically discharged in bankruptcy. The court must specifically rule that a Perkins loan is discharged.

**Death:** A copy of the death certificate is required.

**LOAN REHABILITATION:** If you default on your loan, you may request rehabilitation. You must make nine (9) consecutive on-time monthly payments in an amount determined by the University. If a payment is missed or late, the University may allow you to restart the rehabilitation at its discretion. If the rehabilitation is successful, your loan privileges will be restored and the default will be removed from your credit history. If your loan defaults again after a successful rehabilitation, you will not be permitted to request another rehabilitation.

**LOAN CONSOLIDATION:** Your loan may be eligible for inclusion in a Direct Consolidation Loan, which allows you to combine multiple federal education loans into one loan. The result is a single monthly payment instead of multiple payments. For more information, visit <https://studentaid.ed.gov/sa/repay-loans/consolidation>.

**STUDENT LOAN OMBUDSMAN:** If you have a problem with your loan and the University is unable to resolve it, you may request assistance from the Department of Education's Student Loan Ombudsman at <https://studentaid.ed.gov/sa/repay-loans/disputes/prepare/contact-ombudsman>.