



Perkins Entrance Counseling

Student Name: _____ **SSN:** _____

Please read the following information at the end of each topic you will find a set of questions to answer. You must answer all questions before signing the form on the last page.

Topic 1: What is a Federal Perkins Loan?

It is important that you understand the Perkins Loan Program, including the terms of your loan and your responsibility for repaying the loan.

Your promissory note will contain your rights and responsibilities. You may need to complete a promissory note for each loan period, though your school may use a Master Promissory Note for multiple loans.

The MPN:

- Is a binding legal agreement you sign to indicate your commitment to repay your student loan(s);
- May be used for multiple loans up to 10 years, if your school uses the multi-year feature; and
- Makes the borrowing process easier for borrowers and schools alike.

You may be required to sign a new MPN if your school does not use the multi-year feature. If you would feel more comfortable completing and signing a new MPN each time you borrow, you may do so. Using the single-year feature, you will sign one MPN for every loan that you obtain.

The multi-year feature of the MPN will be revoked after the earliest of the following dates:

- The date your school receives your written notice that no further loans may be distributed under the note;
- 12 months after the date you sign the MPN if there have been no disbursements during this 12 month period; or
- 10 years from the date you sign the MPN.

Your school also may revoke the terms of the MPN in situations such as bankruptcy. Your school may require that you confirm the loan package or each loan disbursement.

Under the Perkins loan program, the school makes the loan to the student borrower. A Federal Perkins Loan is a low-interest (5 percent) loan for both undergraduate and graduate students with exceptional financial need. Your school is your lender. The loan is made with government funds with a share contributed by the school. You must repay this loan to your school, or to the billing service engaged by your school as its agent to administer billing and collection functions.

- This is a need-based loan.
- This loan may be used only for educational expenses.
- Interest on the loan does not accrue while you are in school, during your grace period, or during authorized periods of deferment.
- The interest rate is fixed at 5 percent.
- You can be enrolled less than half time to qualify, at the discretion of the institution.
- Repayment begins nine months after you are no longer enrolled on at least a half-time basis.
- Minimum monthly payments required are \$40.

Question:

1. My Federal Perkins Loan is:

- Funded by the Federal Government and by Notre Dame College
- Has a minimum payment of \$40
- Due 9 months after I am no longer at least half-time
- All of the Above

Topic 2: Understanding Perkins Loan Borrowing

It is important to remember that loans must be repaid; even if you:

- Do not complete your education,
- Are not employed upon completion of your studies, or
- Feel that the education you received did not meet your expectations.

Always Borrow Conservatively!

Maximum Perkins Annual Loan Amounts Undergraduate \$5,500 Graduate \$8,000 Aggregate Loan Limits for Federal Perkins Loans (cumulative total for all schooling) Undergraduate \$27,500 Graduate \$60,000

Maintain Satisfactory Academic Progress: To be eligible for federal financial aid, you must maintain satisfactory academic progress toward a certificate or degree. Each school must publish a standard for evaluating satisfactory academic progress that must contain a maximum time frame for program completion and a minimum quality standard, such as grade point average. Please obtain and review a current copy of your school's standards.

Withdrawals and Refunds: It is very important that you contact the appropriate offices at your school (such as the financial aid office, registrar, and business office) if you decide to withdraw prior to completing your program of study.

The law specifies the amount of financial assistance you earn each academic year and how your school determines your eligibility. If you withdraw, the school uses a specific formula to calculate how much aid you've earned to that point. If you received less assistance than the amount that you earned, you will be able to receive those additional funds. If you received more assistance than you earned your school must return excess funds in a specific order. Contact your school if you want more information about their published refund policy.

Question:

2. I must repay my Federal Perkins Loan even if:

- I do not complete my education.
- I am not employed upon completion of my studies
- I am not satisfied with the quality of my studies
- All of the Above

Topic 3: Repayment

Once you are out of school, you will have to pay back the loan. It is important that you know your total loan amount, the repayment amount, and develop a budget and stick to it. This will keep you from accumulating large debts and help you manage your student loan payments when you have finished school.

Several things occur after you leave school or drop below half-time attendance. First, you are granted a **grace period**--a period of time (nine months) when you don't have to make payments. (Of course, you can prepay your loans any time you want, without penalty.) During the grace period, no interest accrues on your loan.

What if you re-enroll in school? It depends on when you do it. If you re-enroll at least half-time during this grace period--and you file for deferment--you get another nine-month grace period the next time you drop below half-time. If you re-enroll after the grace period, however, your next grace period will only be six months.

If you have a loan in grace and are ordered to active duty, you are eligible to have one or more military extensions of the grace period, for up to three years. This includes the time necessary to resume enrollment at the next available enrollment period. If you are called to active duty during the initial grace period, a new nine-month initial grace period can be granted upon completion of the excluded period.

When the time comes to begin loan repayment the Federal Perkins Loan usually is set at a minimum monthly payment of \$40. The payment amount may be higher depending on your loan balance. The maximum repayment period is 10 years.

Loan Amounts and Monthly Payments

Below is a chart with sample loan amounts and monthly payments based on an interest rate of 5 percent:

Amount borrowed	Monthly payment amount	Number of payments	Total amount paid
1,500	\$40	41	\$1,640.00
3,500	\$40	109	\$4,362.00
5,500	\$58.34	120	\$7,000.80
6,500	\$68.94	120	\$8,272.80
7,500	\$79.55	120	\$9,546.00
8,500	\$90.16	120	\$10,819.20
10,000	\$106.07	120	\$12,728.40
12,500	\$132.58	120	\$15,909.60
15,000	\$159.10	120	\$19,092.00
20,000	\$212.13	120	\$25,455.60
27,500	\$291.68	120	\$35,001.60
60,000	\$636.39	120	\$76,366.80

Questions

3.) To adequately prepare for repayment of my student loan, I should:

- Prepare a budget and stick to it
- Know my total loan and the repayment amount
- Both A and B
- Consider filing for bankruptcy

4.) The grace period on a Federal Perkins Loan is:

- An initial nine-month grace period
- Twelve months
- A six-month grace period, if I used up my initial nine-month grace period prior to returning to school
- A or C

Topic 4: Discharge and Cancellation

You may be eligible to request a partial cancellation of your Federal Perkins Loan if you work or perform a service as one of the following:

- Teacher in a public or other nonprofit elementary or secondary school. The teaching must be in a school serving low-income students, or in a field of expertise, including mathematics, science, foreign languages, bilingual education, or any other field of expertise where the State education agency determines that there is a shortage of qualified teachers.
- Teacher in special education for infants, toddlers, children or youth with disabilities, in a public or other nonprofit elementary or secondary school system.
- Full-time staff members in a prekindergarten or child care program that is licensed or regulated by the state.
- Full-time speech language pathologists with a master's degree working exclusively in Title I schools.
- Librarians with a master's degree in library science who are employed in a school served under Title I of the ESEA, or a public library serving a Title I school.
- Full-time faculty members at a tribally controlled university.
- Nurse, medical technician, or allied health professions.
- Full-time firefighters.
- Full-time employee in a 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 and the families of these children.
- Full-time qualified professional provider of early intervention services in a public or other nonprofit program under public supervision by the lead agency as authorized in section 632(5) of the individual with Disabilities Act.
- Law enforcement, public prosecutor, public defender, or corrections officer.
- Full-time staff member in a Head Start program.
- A member of the Armed Forces in an area of hostilities that qualifies for special pay under section 310 of Title 37 of the United States Code.
- Volunteer under the Peace Corps Act or the Domestic Volunteer Service Act of 1973 (ACTION programs).

If you serve as an enlisted person in certain specialties of the U.S. Army, the Army Reserves, the Army National Guard, or the Air National Guard, the U.S. Department of Defense may, as an enlistment incentive, repay a portion of your Federal Perkins Loan. Note that this is not a cancellation. If you think you qualify, contact your recruiting officer. AmeriCorps service may provide education awards to help Finance College or help pay back student loans. Contact AmeriCorps at (800) 942-2677 or www.americorps.gov for more information.

Finally, if you become totally and permanently disabled, or if you die, your loan obligation will be cancelled. Loan cancellation due to disability requires certification from a physician and is subject to a conditional period of three years.

5. I may be eligible for cancellation of my Federal Perkins Loan if the following occurs:

- I am in the top 5% of my class
- I work as a law enforcement or corrections officer
- I drop out of school
- Both B and C

6. If I become permanently disabled:

- My loan may be cancelled following a three-year conditional period
- My loan will be cancelled automatically
- My parents must repay the loan
- My spouse must repay the loan

Topic 5: Solutions for Repayment Problems

Your school understands that you may experience financial difficulty and offers options that temporarily reduce or suspend your monthly payment. If you are experiencing financial difficulty you should contact your school or its billing service immediately for assistance in handling your student loan payments.

A **deferment** is a period of time during which your lender temporarily suspends your regular payments. If your loans were made on or after July 1, 1993, you may be eligible for the following deferments:

- At least half-time enrollment at an eligible school
- Graduate fellowship program
- Rehabilitation training program
- Military service
- Unemployment
- Economic hardship
- Service eligible for partial loan cancellation (outlined in the previous topic)

Refer to your promissory note for specific deferment provisions. Additional deferment provisions are available for loans made before July 1, 1993.

Interest is not charged during deferment periods. Your school must determine your eligibility for any of these deferments. In order to receive a deferment, you must request a deferment form from your school or its billing service, complete the form with all required documentation, and return it promptly to your school or its billing service.

Forbearance is a period of time during which your school temporarily reduces or suspends your regular payments. You may request a forbearance if you are willing but unable to make your full payments. You are responsible for the interest that accrues during the forbearance period. You must contact your school or its billing service to request forbearance.

7. When I've been granted a deferment, it means:

- I am responsible for paying the accrued interest during the deferment period
- My regular monthly payment is temporarily suspended
- My school has determined my eligibility for a deferment
- Both A and B
- Both B and C

8. If I am experiencing financial difficulty:

- I should contact Notre Dame College's Office of Student Accounts
- I don't need to do anything-Notre Dame College will know I am having problems
- I can request another grace period from Notre Dame College
- I should file for bankruptcy

Topic 6: Delinquency and Default

Notify your school immediately if you have difficulty making a payment. Failure to pay all or part of an installment payment when due or to make alternative arrangements with your school (or its billing service) may result in late charges. Your school (or its billing service) is required to report your past-due status to a national credit bureau and to initiate collection actions against you if you fail to make timely payments. In addition, your school (or its billing service) has the option to file a lawsuit against you. You must start paying back your loan nine months after you are no longer enrolled in school at least half time. Failure to do so will put you in default.

Defaulting on your student loan can result in:

- Damage to your credit rating, which could impact your ability to borrow (for example, you may be denied a car loan);
- Referral of your account to a collection agency;
- Collection costs;
- Garnishment of your wages;
- Withholding of your state or federal Treasury payments (including federal tax refunds, Social Security benefits, etc.);
- Civil lawsuit, including court costs and legal expenses;
- Loss of deferment and forbearance entitlements and flexible repayment options;
- Loss of eligibility for further financial aid; and
- Suspension of your professional license.

If you default, you may be eligible for the loan rehabilitation program. Once a loan is rehabilitated, the school will instruct the credit bureau to remove the default from your history and return your account to regular repayment status. You will also regain the balance of benefits and privileges of the promissory note as applied prior to the default. Rehabilitation can only be granted once per loan.

For more information

To monitor all of your federal student loan debt, you may access the National Student Loan Data System (NSLDS) on line at www.nsls.ed.gov or call toll-free 1-800-999-8219. You will need your federal PIN number to view your loan history. Please note that this website does not list your alternative or private student loans.

For Help with a Dispute or Problem

The Federal Student Aid (FSA) Ombudsman works with student loan borrowers to resolve loan disputes and problems informally. The goal is to find creative alternatives for borrowers who need help with their federal loans. You can reach the FSA Ombudsman at: Office of the Ombudsman United States Department of Education 4th Floor UCP-3/MS 5144 830 First Street NE Washington DC 20202 Toll-free phone: 1-877-557-2575 Internet: <http://fsahelp.ed.gov> or <http://ombudsman.ed.gov>

9. if I default on my Federal Perkins Loan, Notre Dame College or University Accounting Services may:

- Report me to national credit bureaus
- Do Nothing
- File a lawsuit against me
- Both A and C

10. Who do I have to contact if I have a problem making payments on my Federal Perkins Loan

- The bank from which I borrowed my Federal Stafford loan
- Notre Dame College
- The Department of Treasury
- The U.S. Department of Education

Please Sign Below:

Student Signature

Date