

FEDERAL PERKINS LOAN MASTER PROMISSORY NOTE

OMB No. 1845-0074 Form Approved Expiration Date 09/30/2018

Section A: Borrower Section

1. Name (last, first, middle initial) and Permanent Address (street, city, state, zip code)	2. Social Security Number
	3. Date of Birth (mm/dd/yyyy)
	4. Home Area Code/Telephone Number
	5. Driver's License Number (List state abbreviation first)

Section B: School Section

6. School Name & Address (street, city, state, zip code) George Fox University 414 N Meridian St. Box 6068 Newberg, OR 97132	7. Annual Interest Rate 5%
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[Any bracketed clause or paragraph may be included at option of institution]

Terms and Conditions: (Note: Additional Terms and Conditions follow on subsequent pages)

APPLICABLE LAW - The terms of this Federal Perkins Loan Master Promissory Note (hereinafter called the Note) and any disbursements made under this Note shall be interpreted in accordance with Part E of Title IV of the Higher Education Act of 1965, as amended (hereinafter called the Act), as well as Federal regulations issued under the Act. All sums advanced under this Note are subject to the Act and Federal regulations issued under the Act.

REPAYMENT - I am obligated to repay the principal and the interest that accrues on my loan(s) to the above-named institution (hereinafter called the School) over a period beginning 9 months (or sooner if I am a Less-Than-Half-Time Borrower) after the date I cease to be at least a half-time student at an institution of higher education or a comparable School outside the United States approved by the United States Department of Education (hereinafter called the Department) and ending 10 years later, unless I request in writing that my repayment period begin sooner. I understand that the School will report the amount of my installment payments, along with the amount of this loan to at least one national credit bureau. Interest on this loan shall accrue from the beginning of the repayment period. My repayment period may be shorter than 10 years if I am required by my School to make minimum monthly payments. My repayment period may be extended during periods of deferment, hardship, or forbearance and I may make graduated installments in accordance with a schedule approved by the Department. I will make my installment payments in equal monthly, bimonthly, or quarterly installments as determined by the School. The School may round my installment payment to the next highest multiple of \$5. [I will make a minimum monthly repayment of \$40 (or \$30 if I have outstanding Federal Perkins Loans made before October 1, 1992 that included the \$30 minimum payment option or outstanding National Direct Student Loans) in accordance with the Minimum Monthly Payment Section of the Terms and Conditions contained on the reverse side of this document.]

LATE CHARGES - The School may impose late charges if I do not make a scheduled payment when due or if I fail to submit to the School on or before the due date of the payment, a properly documented request for any of the forbearance, deferment, or cancellation benefits as described below. No late charges may exceed 20 percent of my monthly, bimonthly, or quarterly payment. The School may add the late charges to principal the day after the scheduled payment was due or include it with the next scheduled payment after I have received notice of the charge, and such notice is sent before the next installment is due.

FORBEARANCE, DEFERMENT, OR CANCELLATION - I may apply for a forbearance, deferment, or cancellation on my loan. During an approved forbearance period, payments of principal and interest, or principal only, may be postponed or reduced. Interest continues to accrue while my loan is in forbearance. During an approved deferment period, I am not required to make scheduled installment payments on my loan. I am not liable for any interest that might otherwise accrue while my loan is in deferment. If I meet the eligibility requirements for a cancellation of my loan, the institution may cancel up to 100 percent of the outstanding principal loan amount. Information on eligibility and application requirements for forbearances, deferments, and cancellations is provided on pages 2 through 4 of this Note. I am responsible for submitting the appropriate requests on time, and I may lose my benefits if I fail to file my request on time.

DEFAULT - The School may, at its option, declare my loan to be in default if (1) I fail to make a scheduled payment when due; (2) I fail to submit to the School, on or before the due date of a scheduled payment, documentation that I qualify for a forbearance, deferment, or cancellation; or (3) I fail to comply with the terms and conditions of this Note or written repayment agreement. The School may assign a defaulted loan to the Department for collection. I will be ineligible for any further federal student financial assistance authorized under the Act until I make arrangements that are satisfactory to the School or the Department to repay my loan. The School or the Department shall disclose to credit bureau organizations that I have defaulted and all other relevant loan information. I will lose my right to defer payments and my right to forbearance if I default on my loan. The School or the Department may accelerate my defaulted loan. Acceleration means that the School or the Department demands immediate payment of the entire unpaid balance of the loan, including principal, interest, late charges, and collection costs. I will lose my right to receive cancellation benefits for service that is performed after the date the School or the Department accelerated the loan.

CHANGE OF STATUS - I will inform the School of any change in my name, address, telephone number, Social Security Number, or driver's license number.

AUTHORIZATION: - I authorize the School, the Department, and their respective agents and contractors to contact me regarding my loan request or my loan(s), including repayment of my loan(s), at the current or any future number that I provide for my cellular phone or other wireless device using automated telephone dialing equipment or artificial or pre-recorded voice or text messages.

PROMISE TO PAY: I promise to pay the School, or a subsequent holder of the Note, all sums disbursed under the terms of this Note, plus interest and other fees which may become due as provided in this Note. **I understand that multiple loans may be made to me under this Note.** I understand that by accepting any disbursements issued at any time under this Note, I agree to repay the loans. I understand that each loan is separately enforceable based on a true and exact copy of this Note. I understand that I may cancel or reduce the amount of any loan by not accepting or by returning all or a portion of any disbursement that is issued. If I do not make any payment on any loan under this Note when it is due, I promise to pay all reasonable collection costs, including attorney fees, court costs, and other fees. I will not sign this Note before reading the entire Note, even if I am told that I am not required to read it. I am entitled to an exact copy of this Note. This loan has been made to me without security or endorsement. My signature certifies I have read, understand, and agree to the terms and conditions of this Note.

I UNDERSTAND THAT I MAY RECEIVE ONE OR MORE LOANS UNDER THIS MASTER PROMISSORY NOTE AND THAT I MUST REPAY SUCH LOANS.

Borrower's Signature

Date

Terms and Conditions (cont.)

DISCLOSURE OF LOAN TERMS - I understand that under this Note, the principal amount that I owe, and am required to repay, will be the sum of all disbursements issued unless I reduce or cancel any disbursements. The School will determine whether to make any loan under this Note after my loan eligibility is determined. At or before the time of first disbursement for each loan, a disclosure statement will be provided to me identifying the amount of the loan and any additional terms of the loan. I may decline a loan or request a lower amount by contacting the School. Any disclosure statement I receive in connection with any loan under this Note is hereby incorporated into this Note.

LOAN REHABILITATION - If I default on my Federal Perkins Loan, and that loan has not been reduced to a judgment as a result of litigation against me, I may rehabilitate my defaulted loan by requesting the rehabilitation and by making a voluntary, on-time, monthly payment, as determined by the School, each month for nine consecutive months. If I successfully rehabilitate my defaulted Federal Perkins Loan, I will again be subject to the terms and conditions and qualify for any remaining benefits and privileges of this Note and the default will be removed from my credit history. **I understand that I may rehabilitate a defaulted Federal Perkins Loan only once.** After my loan is rehabilitated, collection costs on the loan may not exceed 24 percent of the unpaid principal and accrued interest as of the date following the application of the ninth consecutive payment. If I default on my rehabilitated loan, the cap on collection costs is removed.

ASSIGNMENT - A loan made under this Note may be assigned by the School only to the United States, as represented by the United States Department of Education. Upon assignment, the provisions of this Note that relate to the School will, where appropriate, relate to the Department.

HARDSHIP REPAYMENT OPTIONS - Upon my written request, the School may extend my repayment period (1) for up to an additional 10 years if I qualify as a low-income individual during the repayment period; or (2) for the period necessary beyond my 10 year repayment period if, in the School's opinion, prolonged illness or unemployment prevent me from making the scheduled repayments. Interest will continue to accrue during any extension of a repayment period.

If I am required by the School to make a minimum monthly payment on my loan, the School may also permit me to pay less than the minimum monthly payment amount for a period of not more than one year at a time if I experience a period of prolonged illness or unemployment. However, such action may not extend the repayment period beyond 10 years.

GRACE PERIODS - Unless I am a Less-Than-Half-Time Borrower, I will receive an initial nine-month grace period before the first payment of my Federal Perkins Loan must be made. After the close of an authorized deferment period, I will receive a post-deferment grace period of 6 months before my payments resume. Interest does not accrue during the initial grace period or during the post-deferment grace period. The nine-month initial grace period for Federal Perkins Loans does not include any period up to three years during which I am called or ordered to active duty for more than 30 days from a reserve component of the Armed Forces of the United States, including the period necessary for me to resume enrollment at the next available enrollment period. I must notify the school that made my loan of the beginning and ending dates of my service, and the date I resume enrollment. If I am in my initial grace period when called or ordered to active duty, I am entitled to a new nine-month initial grace period upon completion of the excluded period.

If I am a Less-Than-Half-Time Borrower with outstanding Federal Perkins Loans, my repayment period begins when the next scheduled installment of my outstanding loan is due. If I am a Less-Than-Half-Time Borrower with no other outstanding Federal Perkins Loans, my repayment begins the earlier of: 9 months from the date my loan was made, or 9 months from the date I became a less-than-half-time student, even if I received the loan after I became a less-than-half-time student.

PREPAYMENT - I may prepay all or any part of my unpaid loan balance, plus any accrued interest, at any time without penalty. Amounts I repay in the academic year in which the loan was made and before the initial grace period has ended will be used to reduce the amount of the loan and will not be considered a prepayment. If I repay amounts during the academic year in which the loan was made and the initial grace period has ended, only those amounts in excess of the amount due for any repayment period shall

be considered a prepayment. If, in an academic year other than the academic year in which the loan was made, I repay more than the amount due for an installment, the excess funds will be used to repay principal unless I designate it as an advance payment of the next regular installment.

MINIMUM MONTHLY PAYMENT - If required by the School, I will make a minimum monthly payment in the amount of \$40 (or \$30 if I have outstanding Federal Perkins Loans made before October 1, 1992 that included the \$30 minimum payment option or outstanding National Direct Student Loans) or its bimonthly or quarterly equivalent. If the total monthly payment amount on this loan and any outstanding Federal Perkins Loans I may have is less than the minimum monthly payment amount established by the School, the School may still require a minimum monthly payment amount. A minimum monthly payment amount will combine my obligation on this and all my outstanding Federal Perkins Loans, unless I have received loans with different grace periods and deferments. At my request and if I am eligible, the school may combine this minimum monthly payment amount with all my outstanding Federal Perkins Loans including those made at other schools. Under these circumstances the portions of the minimum monthly payment that will be applied to this loan will be the difference between the minimum monthly payment amount and the total amounts owed on a monthly basis on my other Federal Perkins Loans. If each school holding my outstanding Federal Perkins Loans exercises the minimum monthly payment amount option, the minimum monthly payment amount will be divided among the Schools in proportion to the loan amount advanced by each school if I request this treatment from each School.

FORBEARANCE - Upon making a properly documented written or oral request to the School, I am entitled to forbearance of principal and interest or principal only, renewable at intervals of up to 12 months for periods that collectively do not exceed three years, under the following conditions: If my monthly Title IV loan debt burden equals or exceeds 20 percent of my total monthly gross income; if the Department authorizes a period of forbearance due to a national military mobilization or other national emergency; or if the School determines that I qualify due to poor health or for other reasons, including service in AmeriCorps. Interest accrues during any period of forbearance.

DEFERMENTS - To apply for a deferment, I must request the deferment from the school. My request does not have to be in writing, but the School may require that I submit supporting documentation to prove my eligibility for a deferment. I may defer making scheduled installment payments and will not be liable for any interest that might otherwise accrue (1) during any period that I am enrolled and attending as a regular student in at least a half-time course of study at an eligible School (if the School obtains student enrollment information showing that I qualify for this deferment, the School may grant the deferment without my request providing the School notifies me and gives me the option to cancel the deferment); (2) during any period that I am enrolled and attending as a regular student in a graduate fellowship program approved by the Department; engaged in graduate or post-graduate fellowship-supported study outside the US; enrolled and attending a rehabilitation training program for disabled individuals approved by the Department; or engaged in public service that qualifies me to have part or all of my loan canceled; (3) for a period not to exceed three years during which I am seeking but unable to find full-time employment; (4) for a period not to exceed three years, for up to one year at a time, during which I am experiencing an economic hardship as determined by the School. I may qualify for an economic hardship deferment for my Federal Perkins Loan if I provide my school with documentation showing that I have been granted such a deferment under the William D. Ford Federal Direct Loan or Federal Family Education Loan program for the period of time for which I am requesting an economic hardship deferment for my Federal Perkins Loan. If I am serving as a volunteer in the Peace Corps, I am eligible for an economic hardship deferment for my full term of service. An economic hardship deferment based on service as a Peace Corps volunteer may not exceed the lesser of three years or my remaining period of economic hardship eligibility; (5) , during any period when I am 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 these terms are defined in 34 CFR 674.34(h) of the Perkins Loan Program regulations) and, for an additional 180-day period following the demobilization date for my service; and (6) for at least a 30-day period, for up to 13 months following the conclusion of my active duty military service and initial grace period or until I return to enrolled student status, whichever is earlier, if I am a member of the National Guard or other reserve component of the Armed Forces of the

Terms and Conditions (cont.)

United States or a member of such forces in retired status (as these terms are defined in 34 CFR 674.34(i)(2)) and I was enrolled in a program of instruction at the time I was called to active duty, or within six months prior to the time I was called to active duty. Active duty does not include active duty for training or attendance at a service school or employment in a full-time, permanent position in the National Guard unless I am reassigned from that position to another form of active duty service.

I may continue to defer making scheduled installment payments and will not be liable for any interest that might otherwise accrue for a six-month period immediately following the expiration of any deferment period described in this section.

I am not eligible for a deferment while serving in a medical internship or residency program.

CANCELLATIONS - Upon making a properly documented written request to the School, I am entitled to have up to 100 percent of the original principal loan amount of this loan canceled if I perform qualifying service in the areas listed in paragraphs A through K below. Other cancellation percentages apply if I perform qualifying service in the areas listed in paragraphs L and M, as explained in those paragraphs. Qualifying service must be performed after the enrollment period covered by the loan.

A. Teaching • a full-time teacher in a public or other nonprofit elementary or secondary school or in a school or location operated by an educational service agency that has been designated by the Department in accordance with the provisions of section 465(a)(2) of the Act as a school with a high concentration of students from low-income families. An official Directory of designated low-income schools and locations operated by educational service agencies is published annually by the Department. • a full-time special education teacher in a public or nonprofit elementary or secondary school system, including a system administered by an educational service agency; or • a full-time teacher, in a public or other nonprofit elementary or secondary school system who teaches mathematics, science, foreign languages, bilingual education, or any other field of expertise that is determined by the State Department of Education to have a shortage of qualified teachers in that State.

B. Early Intervention Services • a full-time qualified professional provider of early intervention services in a public or other nonprofit program under public supervision by a lead agency as authorized by section 632(5) of the Individuals with Disabilities Education Act. Early intervention services are provided to infants and toddlers with disabilities.

C. Law Enforcement or Corrections Officer • a full-time law enforcement officer for an eligible local, State, or Federal law enforcement agency; or • a full-time corrections officer for an eligible local, State, or Federal corrections agency.

D. Nurse or Medical Technician • a full-time nurse providing health care services; or • a full-time medical technician providing health care services.

E. Child or Family Service Agency • a full-time employee of an eligible public or private non-profit child or family service agency who is directly providing or supervising the provision of services to high-risk children who are from low-income communities and the families of such children.

F. Attorneys Employed in a Defender Organization • a full-time attorney employed in a defender organization established in accordance with section 3006(g)(2) of title 18, U.S.C.

G. Firefighters • a full-time firefighter for a local, State or Federal fire department or fire district.

H. Tribal College or University Faculty • a full-time faculty member at a Tribal College or University, as that term is defined in section 316 of title 20, U.S.C.

I. Librarian • a full-time librarian who has a master's degree in library science and is employed in an elementary or secondary school that is eligible for assistance under part A of title I of the Elementary and Secondary Education Act of 1965, or who is employed in a public library that serves a geographic area that contains one or more such schools.

J. Speech-Language Pathologist • a full-time speech-language pathologist who has a master's degree and who is working exclusively with schools that are eligible for assistance under title I of the Elementary and Secondary Education Act of 1965.

K. Service in an Early Childhood Education Program • a full-time staff member in the educational component of a Head Start program, or a full-time staff member in a pre-kindergarten or child care program that is licensed or regulated by the State. The program must be operated for a period comparable to a full School year and must pay a salary comparable to an employee of a local educational agency.

Cancellation Rates - For each completed year of service under paragraphs A, B, C, D, E, F, G, H, I, and J a portion of this loan will be canceled at the following rates:

- 15 percent of the original principal loan amount for each of the first and second years; • 20 percent of the original principal loan amount for each of the third and fourth years; and • 30 percent of the original principal loan amount for the fifth year.

For each completed year of service under paragraph K (Service in an Early Childhood Education Program), a portion of this loan will be canceled at the rate of 15 percent of the original principal loan amount .

L. Military Cancellation - Upon making a properly documented written request to the School, I am entitled to have up to 100 percent of the principal amount of this loan canceled for qualifying service performed after the enrollment period covered by the loan as: • a member of the Armed Forces of the United States in an area of hostilities that qualifies for special pay under section 310 of Title 37 of the United States Code.

Cancellation Rate - For each completed year of service under the Military Cancellation provision. This loan will be canceled at the following rates: • 15 percent of the original principal loan amount for each of the first and second years; • 20 percent of the original principal loan amount for each of the third and fourth years; and • 30 percent of the original principal loan amount for the fifth year.

M. Volunteer Service Cancellation - Upon making a properly documented written request to the School, I am entitled to have up to 70 percent of the original principal loan amount of this loan canceled for qualifying service performed after the enrollment period covered by the loan as: • a volunteer under the Peace Corps Act; • a volunteer under the Domestic Volunteer Service Act of 1973 (ACTION programs).

Cancellation Rate - For each completed year of service under the Volunteer Service Cancellation provision, a portion of this loan will be canceled at the following rates:

- 15 percent of the original principal loan amount for each of the first and second 12-month periods of service; and • 20 percent of the original principal loan amount for each of the third and fourth 12-month periods of service.

DISCHARGES - My obligation to repay this loan may be partially or totally discharged for the reasons specified in paragraphs A, B, C, and D below.

A. Death - In the event of my death, the School will discharge the total amount owed on this loan.

B. Total and Permanent Disability - Upon making a properly documented written request to the U.S. Department of Education, the total amount owed on this loan may be discharged if the Department determines that I am totally and permanently disabled as defined in the Act and I meet certain other requirements.

C. School Closure - Under certain conditions, my total liability will be discharged, including refunding any amounts I have already paid on the loan, if I was unable to complete the program in which I was enrolled because my School closed.

Terms and Conditions (cont.)

D. Bankruptcy - Under certain conditions, my loan may be discharged in bankruptcy. In order to discharge a loan in bankruptcy, I must prove undue hardship in an adversary proceeding before the bankruptcy court.

Disclosure of Information

STUDENT LOAN OMBUDSMAN - If I dispute the terms of my Federal Perkins Loan in writing to my School, and my School and I are unable to resolve the dispute, I may seek the assistance of the Department of Education's Student Loan Ombudsman. The Student Loan Ombudsman will review and attempt to informally resolve the dispute.

Notice About Subsequent Loans Made Under This Master Promissory Note

This Note authorizes the School to disburse multiple loans during the multi-year term of this Note upon my request and upon the School's determination of my loan eligibility.

Subsequent loans may be made under this Note for the same or subsequent periods of enrollment at this School. The School, however, may, at its discretion, close this Note at any time and require me to sign a new Note for additional disbursements. I understand that if my School chooses to make subsequent loans under this Note, no such loans will be made after the earliest of the following dates: (i) the date the School receives my written notice that no further loans may be disbursed under this Note; (ii) twelve months after the date of my signature on this Note if no disbursement is made during such twelve-month period; or (iii) ten years after the date of my signature on this Note, or the date the School receives this Note.

Any amendment to the Act governs the terms of any loans disbursed on or after the effective date of such amendment, and such amended terms are hereby incorporated into this Note.

Important Notices

Privacy Act Notice

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authority for collecting the requested information from and about you is §461 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1087aa *et seq.*) and the authorities for collecting and using your Social Security Number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the Federal Perkins Loan (Perkins) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the Perkins Program, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case by case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions efficiently to submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

Financial Privacy Act Notice

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), the U.S. Department of Education will have access to financial records in your student loan file maintained by the lender in compliance with the administration of the Federal Perkins Loan Program.

Paperwork Reduction Notice

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0074. Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the information collection. The obligation to respond to this collection is required to obtain or retain benefit (Higher Education Act of 1965, as amended (20 U.S.C. 1087dd)). **If you have any comments or concerns regarding the status of your individual submission of this form, please contact your lender directly.**

Welcome to Student Loan Entrance Interview Counseling

Before you take out a student loan, you are required by federal regulation to complete this student loan entrance interview counseling session.

Things You Need to Know

Now that you're taking out a student loan, it's important to brush up on the details of your Perkins student loan. Among the most important points:

1. **You MUST pay back your loan.** That is true no matter what your circumstances -- even if you don't finish school, you don't get a job after leaving school, or your education didn't meet your expectations. If you pay on time, you build a good credit history, which makes it easier for you to borrow money in the future. If you don't pay, however, you will face serious consequences.
2. **Your school is your lender for Perkins loans -- so keep them informed.** Stay in close touch with the financial aid professionals there. Contact them, or their billing service, with any changes in your name, address, phone, employment situation, etc.
3. **Staying informed can make a big difference.** Keep your records accurate and organized, so you can resolve problems more easily. Know the amount of your student loan payments -- and when they begin. Read all information carefully. Keep copies of any promissory notes you sign: they tell you the total amounts borrowed, and the names and addresses of the institutions from which you borrowed.
4. **It helps to develop a budget now.** This helps you manage your debt. It also prepares you to manage your student loan payments when you're done with school.

Now, **please read the rest of this counseling session.** An entrance interview is a federal requirement for anyone taking out a student loan. Reading this session fulfills the requirement.

What Is a Federal Perkins Loan?

A Federal Perkins Loan is a low-interest (five percent) loan for both undergraduate and graduate students with exceptional financial need. The loan comes from government funds, with a share contributed by the school. **As a result, your school -- or its billing service -- is your contact for everything about your Federal Perkins Loan.**

Federal Perkins Loans have certain deferment and cancellation privileges. Deferments help delay payments on your loan. Cancellations provide a way to have a portion (or all) of the loan and accrued interest reduced such that you will not have to pay that amount. Deferments and cancellations require that you complete and submit forms to the school on a timely basis. Deferments must be submitted either every term or upon each new event. Cancellations must be submitted annually.

All of the rights and responsibilities available to you under the Federal Perkins Loan Program are documented in the **Promissory Note**(sample in PDF will open in a new window). You may contact your school and request a copy of your signed promissory note. Deferments and cancellations are granted based on your promissory note provisions. You can **review a list** of possible deferments, including the conditions under which each deferment can be granted.

What Happens After I Leave School?

Several steps take place after you leave school or drop below half-time attendance. **First, you get a grace**

period -- a period of time (nine months) when you don't have to make payments. (Of course, you can repay your loans any time you want, without penalty.) During the grace period, no interest is added to 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 (for more information about deferments, see below) -- 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.

During the grace period, the school or its billing service will send you a repayment schedule, which tells you the interest rate, payment amounts, and payment methods. The methods may include:

1. *ACH* (Automated Clearing House) -- an automatic deduction each month from your checking or savings account. You'll save money by not writing a check or paying postage.
2. *Billing statements* -- sent each month as a convenient reminder.
3. *Coupon books* -- you receive a supply of coupons to send in with your monthly payments.

One month after the grace period, your first payment is due. The Federal Perkins Loan usually carries a minimum monthly payment of \$40; your payment may be higher, depending on your loan balance. The maximum repayment period is 10 years. Your school may be on a quarterly payment cycle. In this case, your minimum quarterly payment (due every 3 months) is \$120.

Test Your Understanding?

After you have read the text above, you may answer the questions below. You will not be permitted to continue until you have successfully answered **all** questions below.

1. Whom do I contact if I have questions about the terms and conditions of my loan?
 - A. My school or its billing service
 - B. A local lender
 - C. United States Department of Education - Student Financial Aid
 - D. My parents
2. My lender for my Federal Perkins Loan is:
 - A. My school or schools
 - B. The federal government
 - C. The same bank as for my Stafford Loan
 - D. My state guarantor
3. The interest rate on my Perkins Loan is:
 - A. 8.25%
 - B. 5.00%
 - C. Variable
4. During my grace period I will receive the following information from my school or its billing service:
 - A. A repayment schedule
 - B. Interest rate information
 - C. Payment methods available
 - D. All of the above
5. What is the maximum length of time I have to pay back my unconsolidated loan?
 - A. Five years

- B. Ten years or \$40/month, whichever results in a larger payment
 - C. No limit as long as I pay the loan interest
 - D. As my income allows
6. After I leave school or drop below half-time attendance, my first payment is due:
- A. Immediately
 - B. After an initial nine-month grace period
 - C. After a six-month grace period, if I used up my initial nine-month grace period prior to returning to school
 - D. B or C
7. If I miss one payment and therefore may be in default, I should:
- A. Do nothing
 - B. Contact my school or billing service for payment arrangements or rehabilitation
 - C. Consider bankruptcy since it is my only option
8. If I can't make my payments, I should:
- A. Contact my school or its billing service
 - B. Hire an attorney
 - C. Verify eligibility for deferment or forbearance
 - D. Do nothing, and wait for them to contact me
 - E. A and C
9. If I qualify for Perkins Loan cancellation:
- A. My loans are automatically cancelled
 - B. I must file the cancellation form annually
 - C. I can just stop paying my loan
 - D. My school or its billing service will know to contact me
10. Consolidating my Perkins Loan will:
- A. Shorten my repayment term
 - B. Take away my eligibility for Perkins Loan cancellation
 - C. May increase the total amount of interest I pay if repayment is extended beyond 10 years
 - D. Both B & C

FEDERAL PERKINS LOAN PROGRAM STATEMENT OF RIGHTS AND RESPONSIBILITIES

In order to complete your entrance interview, you must read and acknowledge the information below.

1. The school is the holder of my Promissory Note and I must, without exception, contact the school (or its billing service).
 - a. If I withdraw from school.
 - b. If I change my name.
 - c. If my telephone number changes.
 - d. If I transfer to another school.
 - e. If my address changes.
 - f. If I drop below half-time status.
 - g. If my Social Security Number changes.
 - h. If my expected graduation date changes.
 - i. If my driver's license number changes.
2. An Exit Interview is required when I graduate, withdraw, or drop below half-time status from

the school. I must arrange for an interview by calling the school. Failure to comply can result in an administrative hold being placed on my diploma, transcripts, and registration status.

3. My first payment will be due ten (10) months from the time I cease to be at least a half-time student.
4. My minimum payment will be \$40.00 per month, unless the amount I borrowed exceeds \$3,750. The maximum length of time for repayment of all loans is ten (10) years.
5. The interest rate will be 5% per annum on the unpaid principal balance. Interest will begin to accrue nine (9) months after I cease to be enrolled as at least a half-time student with my first payment due the following month.
6. I may be eligible to receive a partial loan cancellation for certain types of services performed (refer to Promissory Note). I am required to inform the school (or its billing service) of such status in writing in a timely manner.
7. I may request that payments on my loan(s) be deferred based on provisions stated in my Promissory Note. I must inform the school (or its billing service) of such status in writing in a timely manner.
8. If I cannot pay on time, I must contact the school's student loan office (or its billing service) to make arrangements. I will be charged late fees or penalty charges for each month I fail to make an installment when due or to comply with other terms of my promissory note or written repayment agreement.
9. If I fail to repay my loan as agreed, the total balance may become due and payable immediately.
10. If my loan goes into default, I will no longer be eligible to receive further financial aid. My loan could be sent to an outside collection agency and legal action could be taken against me. I will be responsible for all costs of collections as stipulated in my Promissory Note. (Default is when you fail to make an installment when due or to comply with other terms of your promissory note or written repayment agreement.) A defaulted loan may be assigned to the U.S. Government for collection. If you default you may lose your benefits for deferment and cancellation.
11. I will promptly answer any communication from the school regarding my loan.
12. I may prepay the entire balance, or any portion thereof, at any time without penalty.
13. I realize that aggregate loan limits are \$27,500.00 for an undergraduate and \$60,000.00 for a graduate or professional student and the maximum I may borrow in any given year is \$5,500.00 for an undergraduate and \$8,000.00 for a graduate or professional student. The amount is at the discretion of the financial aid director.
14. I authorize the school to contact any school which I may attend to obtain information concerning my student status, year of study, dates of attendance, graduation or withdrawal, my transfer to another school, or my current address. This authorization is in effect until my loan is paid in full.
15. I understand that default on any loan(s) will be reported to national credit bureaus.
16. I understand that I may consolidate my Federal Loans.

If during your repayment you develop student loan problems that can't be resolved through the lender or guarantee agency, you may want to contact either of the following at the **US Department of Education**:

Federal Student Aid (FSA) Ombudsman helps resolve disputes and solves other problems with federal student loans.

- U.S. Department of Education
FSA Ombudsman Group
P.O. Box 1843
Monticello, KY 42633
Phone: 1-877-557-2575
Fax: 1-606-396-4821
Website: <https://studentaid.ed.gov/sa/repay-loans/disputes/prepare/contact-ombudsman>
E-mail: fsaombudsmanoffice@ed.gov

National Student Loan Data System (NSLDS) is the central database for student aid and provides information about all of your Title IV loans.

- Phone: 1-800-4-FED-AID
Website: <http://www.nsls.ed.gov/>

Some additional information to help you pay back your loan: Salary and Budget Calculator and Student Loan Information.

As of August 14, 2008 Changes Affecting the Federal Perkins Loan were put into place. For more information, please read this Addendum.

- By checking this box, I accept the terms outlined in the Rights and Responsibilities presented above.

Reference Information

You must complete your information, provide your next of kin, and supply two people as references.

Student Information

Social Security Number:

First Name:

Middle:

Last:

Permanent Address:

Permanent City/State/Zip:

Permanent Phone:

Local Address:

Local City/State/Zip:

Local Phone:

Date of Birth:

Driver's License: State: Number:

Cell Phone:

Personal Email:

School Email:

Next Of Kin

This should be the name of someone related to you who would always know how to contact you in the event of an emergency.

First Name:

Middle:

Last:

Address:

City/State/Zip:

Home Phone:

Work Phone:

Permanent Email:

Relationship:

First Reference

This should be the name of someone who would know how to contact you. Do not use someone who lives at one of the addresses above.

First Name:

Middle:

Last:

Address:

City/State/Zip:

Home Phone:

Work Phone:

Permanent Email:

Relationship:

Second Reference

This should be the name of someone who would know how to contact you. Do not use someone who lives at one of the addresses above.

First Name:

Middle:

Last:

Address:

City/State/Zip:

Home Phone:

Work Phone:

Permanent Email:

Relationship:

By checking this box, I agree that for all purposes related to the servicing of this loan, including collection of delinquent payments and related discussions of all loss mitigation programs designed to assist the borrower in curing the delinquency, I administer my written consent to be contacted on all phone numbers given on this application, whether mobile phone, work phone or residential phone.