

Fact About the Perkins Loan

This fact sheet summarizes your benefits under the Federal Perkins Loan Program.

The Federal Perkins Loan Program is a federally funded low-interest loan. The University of Rio Grande is the lender using funds from the government and/or payments collected from previous borrowers.

The interest rate on the Perkins Loan is five (5) percent, and repayment starts nine (9) months after a student leaves school, graduates, or drops to below half-time status.

If you are eligible and have accepted the Perkins Loan on your award letter, the Financial Aid Office will notify the loan coordinator and she/he will send you a letter when your paperwork is processed and ready for your signature.

The Promissary Note for Perkins Loans can be located [here](#).

Exit Interview Information

When a student graduates from the University of Rio Grande, the loan exit process will begin. The Loan Coordinator will produce and send an Exit Interview Packet to the student's permanent address. The student borrower must return a signed and dated copy of the Exit Interview Form, which shows the Repayment Schedule.

If a student stops attending the University of Rio Grande or transfers to another institution, you should contact the Loan Coordinator to make arrangements to complete the Perkins Loan Exit Interview. The telephone number is (740) 245-7232.

Pre-Payments

You may repay all or part of your unpaid loan balance, plus any accrued interest, at any time without penalty. Any amounts which the borrower repays 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 a borrower repays 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 award year in which the loan was made, the borrower repays more than the amount due for an installment, the excess will be used to repay principal unless the borrower designated it as an advance payment of the next regular installment.

Terms and Repayment

Interest will begin to accrue nine (9) months after a borrower graduates or ceases to be a half-time student at an annual percentage rate of five (5) percent based on the unpaid balance. Based

on the amount you borrowed you may be allowed up to ten years for repayment of your Federal Perkins Loan.

The University of Rio Grande contracts a loan service to collect their Federal Perkins Loans. That loan service is (E.C.S.I.):

Educational Computer Systems, Inc.
181 Montour Run Road
Coraopolis, PA 15108
1-800-437-6931
1-412-788-3900

E.C.S.I. will bill each loan in accordance with the terms of the signed promissory and repayment schedule. In the case of multiple Perkins Loan accounts, you may receive a consolidated statement.

Late Charges

The school will impose late charges if the borrower does not make a scheduled payment when due or if the borrower fails 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. 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.

Change of Status - the borrower is responsible for informing the loan coordinator of any change in name, address, telephone number, social security number, or driver's license number.

Forbearance

During an approved forbearance period payments of principal and interest, or principal only, may be postponed or reduced. Interest continues to accrue while your loan is in forbearance.

Deferments

A borrower can request to defer the repayment of a Federal Perkins Loan. To apply for a deferment of payments a borrower must complete a deferment form and submit the form to:

The Accounting Office
University of Rio Grande
P.O. Box 500 F-26
Rio Grande, Ohio 45674

A borrower may contact the school at 1 (740) 245-7232 or go to our loan service website which is www.ecsi.net. You will then go under borrowers tab, then documents, select forms and pick out the form that is right for you, now print out the form. You should complete the form and mail

it immediately upon receipt of the first bill after you are eligible to request deferment of payment.

Cancellations

The borrower is responsible for submitting the appropriate requests on time, and may lose this benefit if requests are not on time. Upon making a properly documented written request to the school, a borrower may be entitled to have up to 100 percent of the original principal loan amount of this loan canceled if the borrower performs qualifying service in the areas listed. Qualifying service must be performed after a borrower receives the loan.

- **Teaching** - a full-time teacher in a public or other nonprofit elementary or secondary school that has been designated by the Secretary in accordance with the provisions of section 465(a)(2) of the Act as a school with high concentration of students from low-income families. (You can find out which schools qualify by going to www.studentaid.ed.gov. Then go under repaying tab, next you should see a section called Cancellation and Deferment Options for Teachers. There will be a list of low-income schools by year, up to the most recent year available.
- **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.
- **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.
- **Nurse or Medical Technician** - a full-time nurse providing health care services; or a full-time medical technician providing health care services.
- **Child or Family Service Agency** - a full-time employee of an eligible public or private non-profit 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 such children.

Cancellation Rates

For each completed year of service under paragraphs A,B,C,D and E, a portion of this loan will be canceled at the following rates:

- 15% of the original principal loan amount for each of the first and second years;
- 20% of the original principal loan amount for each of the third and fourth years;
- 30% of the original principal loan amount for the fifth year.
- You will need to do the cancellation form each year for five (5) years to have your loan canceled.

For cancellations from Head Start, Military and Volunteer Service, please look at your promissory note for stipulations and cancellation rates.

Default

If a borrower defaults, it means you failed to make payments on your student loan according to the terms of your promissory note, the binding legal document you signed at the time you took out your loan. In other words, the borrower failed to make his/her loan payments as scheduled.

Your school, the financial institution that made or owns your loan, your loan guarantor, and the federal government all can take action to recover the money the borrower owes. Here are some consequences of default:

- National credit bureaus can be notified of your default, which will harm your credit rating, making it hard to buy a car or a house.
- You would be ineligible for additional federal student aid if you decided to return to school.
- Loan payments can be deducted from your paycheck.
- State and federal income tax refunds can be withheld and applied toward the amount you owe.
- You will have to pay late fees and collection costs on top of what you already owe.
- You can be sued.

The school or the department may accelerate a borrower's 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. The borrower will lose their right to receive cancellation benefits for service that is performed after the date the school or the department accelerated the loan.