

Federal Perkins Loan Annual Disclosure
2016-17 Academic Year

You are eligible to receive Federal Perkins Loan funds through September 30, 2017 under the Federal Perkins Loan Program Extension Act of 2015. The cumulative total of your Federal Perkins Loan advances are subject to the following terms and conditions of the Extension Act:

1. **The Extension Act of 2015:**

Congress enacted the Federal Perkins Loan Program Extension Act of 2015 on December 18, 2015. The Extension Act authorizes institutions of higher education to award new Perkins Loans to eligible students through **September 30, 2017**. The Extension Act amends key program provisions relating to student eligibility for receiving new loan funds, resulting in Perkins funds being available to a more limited pool of students. While retaining previously established institutional disclosure requirements, the Extension Act mandates additional disclosures prior to Perkins Loan disbursement. **To be eligible to receive a Perkins Loan, you must have reached the maximum annual Direct Subsidized Loan and Direct Unsubsidized Loan, borrowing limits for which you are eligible.**

2. **Use of Loan Funds:**

You may only use your loan funds to pay educational expenses at the institution that certified your loan eligibility. If you accept this loan, your eligibility for other student assistance may be affected.

3. **Loan Limits:**

The annual maximum Perkins loan an eligible undergraduate student may borrow is \$5,500 and an eligible graduate student may borrow up to \$8,000. The aggregate unpaid principal amount received by an undergraduate student may not exceed \$27,500 and \$60,000 for a graduate student.

4. **Enrollment Status:**

If you do not maintain an enrollment status of at least half-time, your loan will be exited and enter repayment. A halftime student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution which amounts to at least half of the workload of the applicable minimum requirement of a full-time student. If you plan to withdraw prior to program completion; you should notify your financial aid office so exit counseling can be provided.

5. **Repayment:**

Repayment and accrual of interest at an annual rate of 5.0% will begin following the expiration of your 9 month grace period. All payments and related correspondence are to be sent to Heartland ECSI 181 Montour Run Road, Corapolis, PA 15108 or EMU Student Loan Office 203 Pierce Hall, Ypsilanti, MI 48197. You must repay the full loan amount, all interest and all fees generally within ten (10) years. You must pay back your student loan, even if you do not graduate, you do not get a job, or your education did not meet your expectations. The minimum monthly repayment of this loan is \$40.00, but can be higher due to your cumulative balance. You may prepay this loan, make loan payments before they are required, or in amounts that are greater than required, at any time without penalty. There is a Department of Defense repayment program available for specified military service.

6. **Credit Bureau Notification:**

Your loan will be reported to one or more national credit bureaus on a monthly basis. Information will include the disbursement date, amount and repayment status of your loan.

7. **Default:**

Your loan will be considered in default after one missed payment, at which time late fees will be assessed and the delinquency reported to the national credit bureaus. In addition, your defaulted loan may be subject to referral to a collection agency, litigation, referral to Department of Education for collection, Eastern Michigan University will place a hold on your records resulting in transcripts being withheld and future registration within EMU denied.

8. **Collection Fees:**

A late payment fee may be charged for each individual scheduled payment that is missed at a rate not to exceed twenty percent (20.0%) of your fixed monthly scheduled payment per month late. If your delinquent account is referred to a collection agency or attorney for litigation, you will be responsible to repay the entire resulting penalty, collection and litigation costs.

9. **Consolidation:**

A Perkins Loan can be consolidated into a Direct Consolidation Loan if you include at least one Direct Loan or Federal Family Education Loan (FFEL) in the request. All Perkins Loans consolidated into the Direct Loan Program will be included in the unsubsidized portion of the Direct Consolidation Loan. Consideration should be given to both the advantages and disadvantages before consolidating your Perkins Loan.

Advantages of Direct Loan Consolidation:

- Longer repayment period; up to 30 years
- Single monthly payment
- Flexible repayment options

Disadvantages of Direct Loan Consolidation

- Loss of Perkins deferment, forbearance and cancellation benefits
- Potential loss of grace period
- Interest accrues on Direct Unsubsidized Loans during periods of deferment

10. **Cancellation:**

You may be entitled to have up to 100.0% of the original principal loan amount forgiven on your Perkins loan if you perform qualifying service in an eligible profession. Refer to your Federal Perkins MPN. You may also contact EMU Perkins Loan Office for more information, or visit the following website regarding cancellation benefits and eligibility: <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation#perkins>.*

11. **Repayment and Forgiveness Option Comparison:**

There are loan forgiveness provisions under both the Federal Perkins Loan program and the Direct Loan program. There are specific repayment and forgiveness benefits available to borrowers of the Direct Loan program that are not available to Perkins Loan borrowers. However, consolidation of a Perkins Loan into a Federal Direct Loan is possible. See No. 9.

Federal Perkins Loan Program:

- All or part of your loan may be cancelled for full-time employment in an eligible service field* (please refer to the website listed in No. 10 for list of employment fields eligible for cancellation benefits)

Federal Direct Loan Program:

- Income-Based Repayments
- Pay-As-You-Earn
- Public Service Loan Forgiveness

12. **Direct Subsidized Loan vs. Direct Unsubsidized Loan:**

Direct Subsidized Loan: The U.S. Department of education pays the interest on a subsidized loan while you are in school at least half time, during your 6 month grace period, and during periods of deferment. Subsidized loans are available to undergraduate students with financial need. Your school determines the amount you can borrow based on the year you are in school and whether you are a dependent or independent student.

2016-17 Direct Subsidized Loan Interest Rate:

3.76% fixed (Undergraduate Student)

Direct Unsubsidized Loan:

Unsubsidized loans are available to undergraduate and graduate students having no requirement to demonstrate financial need. You are responsible for paying the interest on an unsubsidized loan during all periods. If you do not pay the interest while you are in school, during grace periods, periods of deferment or forbearance, your interest will accumulate and be added to the principal amount of your loan. Your school determines the amount that you can borrow based on your cost of attendance and other financial aid you receive.

2016-17 Direct Unsubsidized Loan Interest Rate:

3.76% fixed (Undergraduate Student)

5.31% fixed (Graduate or Professional Student)