

Postponing Repayment

If you have trouble making your education loan payments, contact immediately the organization that services your loan. You might qualify for a deferment, forbearance, or other form of payment relief. It's important to take action before you are charged late fees. For Federal Perkins Loans, contact your loan servicer or the school that made you the loan. For FFELSM Loans, contact the lender or agency that holds your loan. For Direct LoansSM, contact the Direct Loan Servicing Center at www.dl.ed.gov or by calling 1-800-848-0979 or 1-315-738-6634. TTY users should call 1-800-848-0983.

- Deferment:** You can receive a deferment for certain defined periods. A deferment is a temporary suspension of loan payments for specific situations such as reenrollment in school, unemployment, or economic hardship. You don't have to pay interest on the loan during deferment if you have a subsidized FFEL or Direct Stafford Loan or a Federal Perkins Loan. If you have an unsubsidized FFEL or Direct Stafford Loan, you're responsible for the interest during deferment. If you don't pay the interest as it accrues (accumulates), it will be capitalized (added to the loan principal), and the amount you have to pay in the future will be higher. You have to apply for a deferment to your loan servicer (the organization that handles your loan), and you must continue to make payments until you've been notified your deferment has been granted. Otherwise, you could become delinquent or go into default.

- Military Service Deferment**

An active duty military deferment is available to borrowers in the FFEL, Direct Loan and Perkins Loan programs who are called to active duty during a war or other military operation or national emergency. This deferment is available while the borrower is 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 and, if the borrower was serving on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for the qualifying service.

- Post-Active Duty Student Deferment**

An FFEL, Direct Loan, or Perkins Loan borrower who is a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and is called or ordered to active duty while enrolled at least half-time at an eligible school, or within six months of having been enrolled at least half-time, is eligible for a deferment during the 13 months following the conclusion of the active duty service, or until the borrower returns to enrolled student status on at least a half-time basis, whichever is earlier.

- Economic Hardship Deferment**

A FFEL, Direct Loan, or Federal Perkins Loan borrower may qualify for an economic hardship deferment for a maximum of three years if the borrower is experiencing economic hardship according to federal regulations. The Loan Deferment Summary Chart shows Stafford Perkins Loan deferments for loans disbursed on or after July 1, 1993. For information on deferments for loans received before that date, Direct Stafford and PLUS Loan borrowers should contact the Direct Loan Servicing Center at **1-800-848-0979**. TTY users should call **1-800-848-0983**. Or, go online at www.dl.ed.gov. FFEL Stafford and PLUS Loan borrowers should contact their lender. For more information on deferments, contact your lender or the financial aid office at your school.

Loan deferment Summary chart

Deferment Condition	Stafford Loans		Perkins Loans
	Direct Loans ^{a,b}	FFEL Loans ^{a,c}	
At least <u>half-time</u> * study at a postsecondary school	YES	YES	YES
Study in an approved graduate fellowship program or in an approved rehabilitation training program for the disabled	YES	YES	YES
Unable to find full-time employment	Up to 3 Years	Up to 3 Years	Up to 3 Years
Economic hardship (includes Peace Corps Service)	Up to 3 Years	Up to 3 Years	Up to 3 Years

Engages in service listed under discharge/cancellation conditions	NO	NO	YES d
Active Military Duty while borrower is on active duty during a war or other military operation or national emergency and if the borrower was serving on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for the qualifying service	YES	YES	YES

a For PLUS Loans and unsubsidized Stafford Loans, only principal* is deferred. Interest continues to accrue.

b A Direct Loan borrower who had an outstanding balance on a FFEL Loan first disbursed before July 1, 1993, when the borrower received his or her first Direct Loan, is eligible for additional deferments.

c Applies to loans first disbursed on or after July 1, 1993, to a borrower who has no outstanding FFEL or Federal Supplemental Loans for Students (Federal SLS) loan on the date he or she signed the promissory note.* (Note that the Federal SLS Program was repealed beginning with the 1994–95 award year.) Different deferments are available for borrowers with pre-July 1, 1993, loan.

d More information on teaching and other types of service deferments and cancellations can be found online at www.FederalStudentAid.ed.gov. At the site, click on "Students, Parents and Counselors."

Forbearance: Forbearance is a temporary postponement or reduction of payments for a period of time because you are experiencing financial difficulty. You can receive forbearance if you're not eligible for a deferment. Unlike deferment, whether your loans are subsidized or unsubsidized, interest accrues, and you're responsible for repaying it. Your loan holder can grant forbearance in intervals of up to 12 months at a time for up to 3 years. You have to apply to your loan servicer for forbearance, and you **must** continue to make payments until you've been notified your forbearance has been granted.

Note to PLUS Loan borrowers: Generally, the same eligibility requirements and procedures for requesting a deferment or forbearance that apply to Stafford Loan borrowers also apply to you. However, since all PLUS Loans are unsubsidized, you'll be charged interest during periods of deferment or forbearance. If you don't pay the interest as it accrues, it will be capitalized (added to the principal balance of the loan), thereby increasing the amount you'll have to repay.

- **Other Forms of Payment Relief**

Although you're asked to choose a repayment plan when you first begin repayment, you might want to switch repayment plans later if a different plan would work better for your current financial situation. Under the Federal Family Education Loan ProgramSM, you can change repayment plans once a year. Under the Federal Direct Student Loan ProgramSM, you can change plans any time as long as the maximum repayment period under your new plan is longer than the time your Direct Loans have already been in repayment.

For additional information go to: <http://studentaid.ed.gov/PORTALSWebApp/students/english/difficulty.jsp>