

Loan Repayment Basics

Our students repay their loans successfully and you can too. You can read about how loan repayment works and then let our financial aid advisors know if you have questions about your loans. Contact us at any time for help with your repayment questions--while you are in school as graduation approaches. When you transfer and after you have completed your enrollment at the PCC. We know it's important for you to repay your loans as quickly and inexpensively as possible, and we are here to help.

Can I repay my loan while I am in school?

YES! While you are in school, we can help you make arrangements to repay your loan or cancel an upcoming disbursement of your loan if you no longer need it. Contact one of our financial aid offices and tell them the amount of the loan and the type of loan you would like to repay, reduce and /or cancel. PCC requires your request be made in writing so no phone or verbal requests please.

How much does a borrower repay each month?

The amount a borrower repays depends on how much is borrowed, the interest rate and over how many years the loan will be repaid. Put these amounts into the [Direct Loan Repayment Calculator](#) to get the amount of monthly repayment.

When do I have to start repaying my loan?

Most loans have a grace period before you have to start repayment. Your grace period begins the day after you leave school, graduate or drop below half-time enrollment. You do not have to begin making payments until your grace period ends. Perkins Loan and Federal Nursing Loan borrowers have a 9-month grace period; all other federal loans have a 6-month grace period.

Remember that Unsubsidized Stafford student loans require either monthly payment of the interest while you are in school or capitalization of the interest (this means you add it to the principal of the loan, which is a more expensive option than the monthly payments).

Are there different payment plans?

The Stafford Loan programs have different payment plans from which you can choose to repaying your loan. Generally, you will have from 10 to 30 years to repay your loan, depending on the repayment plan that you choose. Your monthly payment amount will be based on the amount you borrowed and the repayment plan choose. You may choose one of four repayment plans:

- **Standard Repayment Plan** - Fixed monthly payments for up to 10 years.
- **Extended Repayment Plan** - Fixed monthly payments for 12 to 30 years, depending on the total amount of your Stafford Loans.

- **Graduated Repayment Plan** - Payments that start off lower, and then gradually increase, usually every two years. You'll repay your loan in full within 12 to 30 years, depending on the total amount of your Stafford Loans.
- **Income Contingent Repayment Plan** - Your monthly payment is adjusted each year based on your annual income (and your spouse's income, if you're married), your family size, and the total amount of your Stafford Loans. After 25 years, any unpaid loan amount will be forgiven.
- **Income Based Repayment** is available starting July 1, 2009 for borrowers who have a partial financial hardship in that their monthly loan repayment under the Standard Repayment Plan would exceed 15% of the difference between the borrower's adjusted gross income and 150% of the poverty level adjusted for family size. If you meet this criterion, you could pay a monthly amount that would keep your payment to no more than the 15% in the calculation above. You have longer than 10 years to repay your loans under this plan. After 25 years in the plan, if you still owe a balance, some cancellation provisions may apply to your remaining debt.

You can change plans at any time. There's no penalty if you make payments before they are due or pay more than the amount due each month.

Where do I repay my loans?

If you have a Direct Stafford/Direct Loan Stafford loan, you repay your loan to the [Direct Loan Servicer](#) (a contractor that the government uses to collect repayment).

Your Perkins Loan or Nursing Loan is always repaid to the school that gave you the loan. If you received one of these loans from PCC and have questions, contact Doreen Hanna at 503-977-4439.

Loans taken out from a bank need to be repaid to that bank or the current holder of the loan. You should receive instructions from that bank.

Can I repay my loans with electronic repayment from my bank account?

Yes, and you'll save time and money doing that! The U.S. Federal government offers the option of having your Direct Loan Stafford payments automatically taken out of your bank account. This saves you the trouble of writing a check each month and ensures that your payment will always be made on time. Regular monthly payments can save your loan from default and collection fees.

What if I have trouble repaying my loans?

The government has a variety of ways to help you if you can't make your monthly loan payment. Although the details for each loan program vary, under some conditions you may receive a deferment or forbearance that allows you to temporarily stop making payments. For example, you may qualify for a deferment if you return to school at least half-time, are unemployed, are called to active duty in the military during a war, or are experiencing an economic hardship as

defined in federal regulations. If you don't qualify for a deferment but are temporarily unable to make loan payments for reasons such as illness or financial hardship, you may be granted forbearance and not have to make loan payments for a set period of time (see section on Deferments and Forbearance)

What happens if I default on my student loans and don't repay them?

If you fail to make a payment on time, you are considered delinquent on your loans. If you do not make a payment after a period of time (270 days), you are considered to be in default. Default has severe and long-lasting consequences including the following:

- The Department of Education can immediately demand repayment of the total amount due on the loan.
- The Department of Education or PCC will attempt to collect the debt and may charge you for the costs of collecting.
- The default will be reported to national credit bureaus. Your credit rating will be damaged which will make it difficult for you to make purchases such as a car or house.
- You are ineligible for Federal student aid.
- You are ineligible for deferments.
- The Internal Revenue Service can withhold your federal income tax refund.
- Your wages may be garnished.

If you are having trouble repaying your loans you can contact our office for help. We can help you understand your options and direct you to the Direct Loan Servicer or your former lender

Can my loan be discharged or forgiven?

You must repay your loan even if you do not complete or cannot find a job related to your program of study, or are unhappy with the education you paid for with your loan. However, you may have your loan discharged (forgiven so you don't have to repay it) if you have your loan discharged in bankruptcy, if you become totally and permanently disabled (additional conditions apply), or if you die. There are also some provisions for Public Service Loan Forgiveness, so You should check with the Lender or Servicer to see if you qualify. If you have a Perkins Loan and teach in a designated low-income school, you may qualify for loan forgiveness as well. Always check your promissory note for terms and conditions of possible loan forgiveness for any of your government loans.

A. National Student Loan Data System

www.nslds.gov

B. Calculators and interest rates

<http://www.direct.ed.gov/calc.ht>

C. Repayment plans

<http://www.direct.ed.gov/RepayCalc/dlindex2.html>

D. Deferment and Forbearance

<http://www.direct.ed.gov/postpone.html>