

FORBEARANCE/ECONOMIC HARDSHIP/UNEMPLOYMENT DEFERMENTS

If you are unable to meet your regularly scheduled payments due to financial reasons, you may apply for a deferment.

Federal Perkins/Perkins/National Direct/National Defense/University Long-Term Student Loans

Economic Hardship Deferment

Principal and interest will not accrue during an economic hardship deferment.

Eligibility for an economic hardship deferment is based on the following requirements:

- 1.) You must have full-time employment;
- 2.) The combined monthly amount for your *federal* loan payments must exceed 20% of your monthly adjusted gross income or;
- 3.) Your gross income is below 150% of the poverty level applicable to your family size or;
- 4.) You have been granted an economic hardship deferment under either the FDSL or FFEL programs for the period of time for which you have requested an economic hardship deferment for your Federal Perkins/Perkins/National Direct/National Defense/University Long-Term Student Loan(s) or;
- 5.) You are receiving payment under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance.

Grace Period

Following an economic hardship deferment, you will receive an additional grace period of six months. Principal and interest will not accrue during the post deferment grace period.

Unemployment Deferment

Principal and interest will not accrue during an unemployment deferment.

You are eligible for an unemployment deferment if you are working part-time, but seeking full-time employment. Please note on your deferment application if you are seeking full-time employment.

Grace Period

Following an unemployment deferment, you will receive an additional grace period of six months. Principal and interest will not accrue during the post deferment grace period.

Forbearance

Interest will continue to accrue during forbearance. You will receive monthly bills for the accrued interest. Although you are not required to pay the interest each month, we recommend that you do to avoid facing a high interest payment at the end of the forbearance period. Forbearance offers no post deferment grace period and accrued interest cannot be capitalized.

Grace Period

Following forbearance, there is no post forbearance grace period.

Definition

Capitalization of Interest – The interest amount is added to the principal. Future interest would be calculated on the new (increased) principal amount.

Applying for the above mentioned forbearances /deferments

The following method of application is used for all of the above-mentioned forbearance/deferments. You must:

- 1.) Print and submit a hardship deferment application (*Information & Forms page*).
 - a. Include all of your income and expenses;
 - b. Sign and date the bottom of the application;
 - c. Add any information that may be relevant to our approval decision;
 - d. Provide supporting documentation for income and expenses listed on the application (e.g. pay stub, credit card statements, etc...);
 - e. Return the application to:

Office of Student Loans and Scholarships
108 Shields Building
University Park, PA 16802

Fax Number: (814) 865-6535

Once your deferment is reviewed, we will determine the deferment that best meets your needs and promptly send a letter notifying you of our decision. If you do not receive a response from our office within thirty (30) days of mailing the deferment form, please contact us at <http://www.studentloans.psu.edu>.