

Information for Students and Borrowers Affected by Military Mobilizations

The U.S. Department of Education provides assistance to students and borrowers who are affected by military mobilizations for a period of more than 30 days. Members of the National Guard or Ready Reserves who are called up for active duty and active-duty members of the Armed Forces who are reassigned to duty stations may receive help with their federal student loans. The following information applies to students and borrowers who have one or more of the following types of federal financial aid: Federal Perkins Loans, Federal Family Education Loan Program loans (Federal Stafford, Federal PLUS, Federal SLS, Federal Consolidation), Federal Direct Loan Program loans (Direct Stafford, Direct PLUS, Direct Consolidation).

IN SCHOOL OR IN-SCHOOL DEFERMENT?

— Your current in-school or in-school deferment status may be extended for up to 3 years during your active-duty service, including the time necessary to return to school during the next regular enrollment period, if you plan to re-enroll after your return from active-duty service.

- Check with the Registrar at your school and ask about the school's process for dropping classes, receiving a refund, and re-enrolling when you return.
- Check on other school policies for students affected by military mobilization.
- Contact your loan holder (lender, school, and/or U.S. Department of Education) to request a military extension of your in-school deferment or in-school status.

LOANS IN GRACE PERIOD? — Your in-grace status may be extended for up to 3 years during your active-duty service. Stafford Loans have a 6-month grace period that begins the day after you leave school or drop to less than half-time enrollment. Perkins Loans have a 9-month grace period. No payments are required during the grace period.

- Contact your loan holder about a military extension of your grace period
- If your loan was in grace when you were ordered to active duty, you will receive another full grace period in the future.

LOANS IN REPAYMENT? — You may be eligible for a military forbearance of up to 15 months during your active-duty service. Although you are responsible for paying any accrued interest on your loans during the forbearance, you

can arrange to have the interest on FFELP or Direct Loans added to the principal (capitalized). Your initial forbearance request does not have to be in writing or include documentation, but you will need documentation and a written agreement to extend the forbearance. Forbearance can be requested by you (the borrower), a member of your family, or another reliable source. In some cases, you may also be eligible for deferments.

- Contact the holder of your loans for information on requesting a military forbearance.
- Ask about an economic hardship deferment if your family income is reduced because of you or your spouse's military service.
- Ask about a military deferment if you have any outstanding FFELP loans made before July 1, 1993.
- If you have Perkins Loans, you may qualify for cancellation of up to 50% for full-time active duty service in an area of hostilities or an area of imminent danger. The cancellation rate for every complete year of qualifying service is 12.5% of the original principal loan amount plus any interest that accrued during the year.

LOANS IN DEFAULT? — The holder of your loan will cease all collection activities for the expected period of your military service. Collection activities must resume no later than 30 days after the end of your period of military service.

- Contact the holder(s) of your loan(s)
- Notify your holder(s) that you are affected by a military mobilization.

General Tips

MAKE A LIST OF ALL STUDENT LOANS — Use these sources to locate the holders of your loans.

- Access the National Student Loan Data System (NSLDS) online at www.nslds.ed.gov. You will need a PIN to view your loan record. You can use the same PIN you received if you completed the FAFSA on the Web. You can also visit the PIN Registration Site at <http://pin.ed.gov> if you have forgotten your PIN or want to request one. (Requesting a PIN takes about 48 hours.)
- Access the National Student Clearinghouse LoanLocator at <http://www.nslc.org/> if you have FFELP loans.
- Call the U.S. Department of Education's information hotline at 1-800-4 FED-AID.

ASK ABOUT REQUIRED FORMS AND DOCUMENTATION — Check with loan holder(s) for details.

- Written statement from your commanding officer or personnel officer?
- Copy of official military orders?
- Copy of active-duty military identification?
- Updated address or address of a friend or relative who can contact you (for future mailings with information about your loan)?
- Other? _____

Other Considerations

Institutional Charges and Refunds

Many schools will provide either a refund of tuition, fees, and other institutional charges or a credit in a comparable amount against future charges for students who must withdraw as a result of a military mobilization. Most schools will also offer flexible re-enrollment options for affected students.

Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA)

Under the SSCRA, military reservists who are called to active duty may qualify for any or all of the following: reduced interest rate on mortgage payments or credit card debt; protection from eviction if rent is \$1,200 or less; and delay of all civil court actions, such as bankruptcy, foreclosure or divorce proceedings. Interest on all debts incurred before active duty begins (e.g., credit cards, mortgages, car loans) is limited to 6% during the period of military service. The Higher Education Act exempts FFELP loan interest rates from provisions of the SSCRA. These provisions do not occur automatically; service members must request them in writing.

Bob Stump National Defense Authorization Act (Public Law 107-314)

The Stump Act is effective with respect to interest on forbearances granted to borrowers who are serving on active duty in fulfillment of a first enlistment in the Armed Forces on or after 10/01/03. No information is currently available on how the U.S. Department of Defense and the U.S. Department of Education plan to implement the provisions of this Act.

Higher Education Relief Opportunities for Students (HEROES) Act of 2003 (Public Law 108-76)

The HEROES Act authorized the Secretary of Education to waive or modify any statutory or regulatory provision applicable to the title IV student financial assistance programs (e.g., Federal Pell Grants, Federal Perkins Loans, FFELP Loans, Federal Direct Student Loans) as the Secretary deems necessary in connection with a war or other military operation or national emergency. These waivers are intended to ensure that recipients of Title IV aid are not placed in a worse position financially because of their status as affected individuals and to avoid inadvertent, technical violations or defaults. No information is currently available on how the U.S. Department of Education plans to implement the provisions of this Act.