



HOW TO[®]

Understand Your Loan's Grace Period

Are you planning on dropping below half-time student status, leaving school or graduating soon, but don't know when you will have to make your first payment? For all federal student loans the first payment is due following the expiration of your loan's grace period. In this edition of *the Bruin Dollars and Sense™ How To Series®*, we hope to give you a better understanding of loan grace periods and when you will be required to begin sending payments.

A **grace period** is defined as an allotted amount of time during which you are not expected to make payments on your student loans after initially leaving school or dropping below half-time status. The two most common types of student loans that offer a grace period are the **Federal Stafford Loan** and the **Federal Perkins Loan**.

Federal Stafford Loan Grace Period

Regardless of whether you received subsidized or unsubsidized funds, your Stafford Loan has a six-month grace period. If you allow your six-month grace period to elapse after leaving school, your Stafford Loan will not be eligible to receive a new grace period in the future. However, if you interrupt your initial grace period by going back to school, enroll in enough units to maintain at least half-time status in a qualifying course of study and file the appropriate student deferment form, you will be allotted another six-month grace period.

Many students who have received loans through the Federal Stafford Program question whether or not they are eligible for a new grace period following the conclusion of a deferment, such as an unemployment or economic hardship deferment. For Stafford borrowers the answer is simply no. Once your grace period expires, you will not be issued an additional grace period.

Federal Perkins Loan Grace Period

Upon leaving school your Federal Perkins Loan has a nine-month grace period. If you interrupt that grace period by going back to school, enroll in enough units to maintain at least half-time status in a qualifying course of study and file the appropriate student deferment form, you will be allotted another nine-month grace period. Furthermore, terms and conditions of the Federal Perkins Loan state that even if you allow the entire nine-month grace period to expire and then return to school, you will again be awarded a six-month grace period at the time you exit. Another benefit of the Federal Perkins Loan is that every time you qualify for deferment, regardless of the type you receive (student, economic hardship, unemployment, etc.), you will always be granted a minimum six-month grace period following the end of the deferment.

Do loans other than Stafford and Perkins receive grace periods?

A variety of loans are available to students, such as Regents Loans, Primary Care Loans, as well as Dental and Health Profession Student Loans. The terms and conditions of these loans differ from one loan to another. To find out how long the grace period of a specific loan would be, please follow the steps listed in the section marked "How do I find out how long my loan's grace period is?"

Is there a grace period following forbearance?

Forbearance means a temporary cessation of payment due to the inability to pay. Neither Stafford, nor Perkins Loans receive a grace period following forbearance. For a better understanding of forbearance, please review the *Bruin Dollars and \$ense™ Glossary*.

How do I find out how long my loan's grace period is?

You can find out how long the grace period is on any loan by doing the following:

- ▶ **STEP 1:** Read your loan promissory note. Among the terms and conditions listed in the note you will find details concerning the grace period associated with your loan. If you have misplaced your promissory note, go to step two.
- ▶ **STEP 2:** Contact the holder of your loan promissory note. The holder of your promissory note, known as the lender, will be able to provide you with this information.

If you are having trouble remembering who your lender is, utilize the *Bruin Dollars and \$ense™ How To Find Your Loans®*. By locating your loans, you will be able to confirm the name of the lender who holds your loan and obtain a copy of your promissory note.

When is my first payment due?

The billing frequency of the Stafford Loan and the Perkins Loan are completely separate.

Stafford Loans are on a monthly billing cycle. The first payment on your Stafford Loan will be due the very next month that follows the conclusion of your six-month grace period. For example, if your grace period ends in the month of December, your first payment will be due in January.

Federal Perkins Loans are on a quarterly billing cycle. After your nine-month grace period expires, the billing cycle starts and interest begins accruing. You will not be expected to make that first payment until the end of the first quarter of the billing cycle. For example, if your grace period ends in December, your first payment will be due in March.

If your grace period has nearly expired and you have not received any billing statement from your lender, contact your lender immediately! Doing so will insure that your lender has your current contact information and provide you the time to make your payment on or before the due date.

UCLA attempts to provide up-to-date information in our Bruin Dollars and \$ense™ How To Series®. Please be aware that the content of this document is based upon information that was correct at the time of publication. All information pertaining to and gathered from both UCLA and other sources is subject to change without notice.

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