



## **PALAU STUDENT LOAN PROGRAM**

### **Criteria and Conditions**

The purpose of Palau Student Loan Program is to lend money to assist financially those Palauan students who will be remaining in or returning to the Republic of Palau to serve the Republic and its citizens after completing their post-secondary education.

- 1.0 ELIGIBILITY.** To be eligible to apply for a loan, pursuant to the Palau Student Loan Program, an applicant must:
- (a) be a citizen of the Republic of Palau;
  - (b) be a high school graduate or have the educational equivalent thereto;
  - (c) be currently enrolled at an accredited post secondary institution or in receipt of an acceptance letter, affirming that the applicant has been unconditionally accepted for admission to an accredited post-secondary institution as a regular full-time student in a specific academic/technical program;
  - (d) have a cumulative GPA of not less than 2.0;
  - (e) submit an original official transcript(s) of the high school or any post-secondary institutions attended;
  - (f) submit a copy of his/her birth certificate to prove Palauan ancestry.
  - (g) submit a copy of a valid Palau passport as proof of citizenship.

Loan applicant must furnish to Palau National Scholarship Office the required documents on or before July 31 to be considered for a loan for the academic year beginning in August or September.

- 1.1 MAXIMUM AMOUNT OF LOAN.** Loans are limited to the following amounts for the cost of tuition and other fees, room and board, books, transportation, insurance and miscellaneous expenses: \$10,000.00 per academic year for undergraduate studies for a period for not more than five (5) academic years of study; and \$20,000.00 per academic year for graduate studies or professional study for a period of not more than three (3) academic years of study. (Students enrolled in a two-year college may receive PNSB financial assistance for a period of not more than three (3) years. Upon a showing of good cause and in consistent with the criteria set forth in these regulations, the board may authorize additional loan amounts that may exceed the maximum set forth in this section.

The total amounts of any loan is contingent upon the availability of funds and the merits of an application based on the criteria provided for in Section 1.3 below.

- 1.2 INTEREST ON LOAN.** No interest will accrue on loans issued herein until two (2) years after completion of the program for which the loan was issued, at which point, interest will accrue at the rate of 5% per year. Such interest shall not be compounded. However, in the event the loan is forfeited pursuant to section 1.7, interest shall begin accruing immediately at the rate of 5% per year.
- 1.3 SELECTION OF LOAN RECIPIENTS.** The Palau National Scholarship Board shall review each loan application, and based on the merits of the application and the availability of funds, determine whether to issue the loan. Determination of the merits of an application for a loan shall include the following:
- (a) the applicant's scholastic record, aptitude and financial need;
  - (b) Palau's need for professional personnel in the applicant's intended field of study; and
  - (c) the applicant's demonstrated intent to remain in or return to Palau for employment.

- 1.4 OBLIGATIONS OF LOAN RECIPIENTS.** The recipient of loan (hereinafter "Recipient") must fulfill the following obligations:
- (a) comply with all PNSB Regulations and Palau Student Loan Program criteria and conditions of the Scholarship Board as set forth in this manual;

- (b) maintain a cumulative GPA of not less than 2.0.
- (c) submit a copy of his/her grade report at the end of each semester/quarter.
- (d) by accepting the loan, the student agrees that the Scholarship Board, may obtain any or all information from his/her respective institution as needed to comply with the Scholarship Board regulations.
- (e) provide a copy of his/her degree within six (6) after completion of studies.

**1.5 PROMISSORY NOTE.** The Recipient shall execute a Promissory Note with the co-signer, who must reside in the Republic of Palau . The Promissory Note shall be in the form as shown in Exhibit A. The Recipient and the co-signer shall execute a separate promissory note for any amounts loaned pursuant to Section 1.6 below.

**1.6 CONDITIONS FOR RENEWAL OF THE LOAN.** A recipient may apply for additional amounts under this program to complete his/her studies (hereinafter “loan renewal”). To be eligible for a loan renewal, the Recipient must comply with the following:

- (a) submit his/her loan application by July 31 every year.
- (b) maintain his/her status as a regular full-time student at the institution.
- (c) maintain satisfactory academic standing in accordance with Section 1.4(b) of this regulation; and
- (d) comply with all regulations governing Palau Student Loan Program as referenced in this manual.

The decision to renew a loan, and the amount of any loan renewal, shall depend upon the availability of funds and the merits of an application, based on the criteria identified in Section 1.3 above. No loan shall be continued beyond a period of five (5) years for undergraduate studies or three (3) years of graduate/professional studies in the specific academic/technical degree program for which the original loan was granted except as provided for in Section 1.1. Eligibility is subject to PNSB Regulation Article IV Section 6.

A loan renewal includes an acknowledgment of previous loans.

**1.7 FORFEITURE OF LOAN.** Forfeiture of a loan shall result from any of the causes listed below, and any loan found to be forfeited shall be immediately due and payable on the terms set forth in the Promissory Note executed in accordance with receipt of the loan.

- (a) suspension or dismissal for academic deficiency, disciplinary reasons, or conviction of a felony.
- (b) withdrawal from the institution in anticipation of any action under (a), above, or for any other reason(s) not authorized by the Scholarship Board.
- (c) failure to maintain status as full-time student.
- (d) failure to maintain a cumulative GPA of 2.0 as provided in Section 1.4(b) above.
- (e) violation of other Scholarship Board regulations.
- (f) If loan recipient ceases his/her degree studies & fails to obtain his/her degree, he/she is required to pay back fifty percent (50%) of the total loan received within two (2) years.

**1.8 SERVICE CREDIT.** In accordance with the purpose for which these loans are being granted, a loan recipient may receive credit toward repayment of his/her loan as provided for in this Section.

- (a) If a recipient returns to the Republic, re-establish residency and notify PNSB of the same within sixty (60) days of their return, he/she will receive a fifteen percent (15%) immediate credit against his/her total awards.
- (b) If the recipient returns to Palau within (6) months after graduation or completion of his/her last term of school whichever is sooner, five percent of the total award he/she received will be credited against the student’s account. When he/she begins full-time employment in Palau, he/she will

receive Service Credit for the period beginning on the date of such employment. The recipient shall continue to receive Service Credit toward repayment of the principal on the loan, and (2) an amount equal to any unpaid interest on such principal, for each year thereafter that he/she remains employed full-time in Palau. All loan recipients are required to work in the Republic for the duration of three (3) years commencing no later than two (2) years after completion of his/her degree.

- (1) If the recipient wishes to temporarily terminate employment in Palau to continue his/her studies on a full-time basis at an accredited institution of higher education, he/she may appeal in writing to the Scholarship Board for authorization to do so. Should such permission be granted, the repayment obligation shall be deferred for the period authorized by the Scholarship Board for the recipient to continue his/her studies.
  - (2) If the recipient requires specialized training in his/her field, he/she may suspend or postpone his/her employment in Palau while undergoing such specialized training. Repayment of the loan will be deferred while recipient undergoes such training, provided that the training is verified by the director/authorized official of the training program on at least an annual basis.
  - (3) If the recipient ceases his/her employment in Palau for any reason other than that specified in (b)(1), or (b) (2) above, then he/she shall no longer be eligible for Service Credit and shall begin repayment of the outstanding balance on the loan plus the interest of 5% on the terms specified in the Promissory Note. In the event that the recipient subsequently recommences work full-time in Palau, then repayment of any outstanding loan amount due and owing at the time recipient recommences work in Palau shall be deferred during the time recipient continues to work full-time, and recipient shall be eligible for Service Credit as provided for in (b) above. However, if the recipient is in arrears with his/her repayment or has otherwise failed to meet the obligations set forth in the Promissory Note, then there shall be no deferment and he/she shall not be entitled to any Service Credit until he/she makes all payments due and owing under the Promissory Note.
- (c) If the recipient fails to return to Palau and begin employment within two (2) years and has not otherwise obtained authorization from the Scholarship board to do so, then he/she must begin repayment of the loan on the terms specified in the Promissory Note. If, prior to repaying the loan in full, the recipient commences full-time employment in Palau, then repayment of the remainder of the loan shall be deferred and he/she shall be entitled to Service Credit as provided for in Section (b) above. However, if the recipient is in arrears with his repayments or has otherwise failed to meet the obligations set forth in the Promissory Note, then there shall be no deferment and he/she shall not be entitled to Service Credit until he/she makes all payments due and owing under the Promissory Note.
- (d) It is the responsibility of the recipient to provide the scholarship Board with documentation of employment qualifying for Service Credit under this Section. The initial documentation must be submitted within six months after graduation, or if the recipient commences work in Palau, the first day of employment. Thereafter, documentation shall be submitted every twelve (12) months. Forms are available at the Palau National Scholarship Office.
- (e) For good cause and consistent with the purpose for which these loans are granted, the Scholarship Board may defer repayment of the loan under the Promissory Note or otherwise make accommodations for the receipt of Service Credit under this Section.
- (f) Five percent (5%) will be credited against a student's account when a student provides a copy of his/her diploma or certificate of completion.
- (g) Students who return to the Republic may receive credit for balances outstanding after their return.