

SCHEDULE 2

Part I

Terms of Loans

1. In the loan agreement:

“APR” means the annual percentage rate of charge calculated under the Consumer Credit (Total Charge for Credit) Regulations 1980(1);

“course” means the course of study on which the borrower was registered when his eligibility for the loan was confirmed by the HEI and includes a different course at the same HEI if the borrower would have been eligible for a loan on that course and he transfers to it without a break in study;

“deferment level” means 85% of the lender’s estimate of average monthly earnings of all full-time employees in Great Britain for the January when the level will apply based on figures published by the Office for National Statistics, or if that Office ceases to publish relevant figures, any other published figures;

“disability related benefits” means long term incapacity benefit or short term incapacity benefit at the higher rate, severe disablement allowance, disability living allowance, industrial injuries benefit and disability working allowance, all payable under the Social Security Contributions and Benefits Act 1992(2), or the Social Security Contributions and Benefits (Northern Ireland) Act 1992(3), or the amount of any disability premium and severe disability premium included in the applicable amount in calculating the income support payable under the Income Support (General) Regulations 1987(4), or the Income Support (General) Regulations (Northern Ireland) 1987(5), or any other statutory disability related benefit which replaces any of those benefits and which the lender gives the borrower details of;

“disability related costs” means one twelfth of any expenditure which the lender accepts that a borrower who is in receipt of a disability related benefit will have to pay because of his disability during the 12 months following the relevant month;

“gross income” means income from all sources before deduction for or relief from tax or other statutory charge, but not including any disability related benefits, and less any disability related costs;

“HEI” means the Higher Education Institution which the borrower is attending for his course;

“lender” means the Student Loans Company Limited and any person to whom that Company may transfer its rights and obligations under the loan agreement;

“relevant month” means the month before the month in which the borrower asks for deferment;

“RPI rate” means the percentage increase between the retail prices all items indices published by the Office for National Statistics for the two months of March immediately preceding the 1st September on which the interest rate is changed or, if that retail prices index is not published, another index which reflects price increases which the lender gives the borrower details of;

(1) S.I.1980/51 as amended by S.I. 1985/1192 and S.I. 1989/596

(2) 1992 c. 4, amended by Social Security (Incapacity for Work) Act 1994 c. 18), sections 1 to 3, 5, 6, 8 to 11 and Schedules 1 and 2

(3) 1992 c. 7, amended by the Social Security (Incapacity for Work) (Northern Ireland) Order 1994 (S.I. 1994/1898 (N.I. 12)), Articles 3 to 5, 7, 8, 10 to 12 and Schedules 1 and 2

(4) S.I. 1987/1967 (see Parts III and IV of Schedule 2); the relevant amending regulations are S.I. 1988/663, 1988/2022, 1989/1678, 1991/1559, 1991/2742, 1993/1150, 1993/2119, 1994/2139, 1994/3061, 1995/482, 1995/516, 1997/543

(5) S.R. 1987 No. 459 (see Parts III and IV of Schedule 2), the relevant amending regulations are S.R. 1988 Nos. 146 and 431, S.R. 1989 No. 395, S.R. 1990 No. 387, S.R. 1992 No. 6, S.R. 1993 Nos. 218 and 373, S.R. 1994 Nos. 327 and 474, S.R. 1995 Nos. 67, 86 and 367 and S.R. 1997 No. 113

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“student loan” means a loan made by the Student Loans Company Limited under the Education (Student Loans) (Northern Ireland) Order 1990 (as amended) or the Education (Student Loans) Act 1990 (as amended).

2. Interest will be calculated daily on the amount of the loan outstanding and will be added to the loan monthly and form part of it until the loan is repaid in full. The lender will continue to charge interest on any overdue payments both before and after judgment and during any period when the borrower does not have to make repayments, including any period of deferment.

3. The interest rate for the period between 1st September and the following 31st August will be the daily rate which results in an APR equal to the RPI rate. The lender will tell the borrower what the new rate is each year.

4. The borrower must make the first repayment in the April after he completes or leaves his course unless—

- (a) the borrower defers repayments under paragraph 9;
- (b) the lender cancels the borrower’s loan under paragraph 12; or
- (c) paragraph 13 applies.

5. The number of monthly repayments will be 60, or 84 if the borrower has 5 or more student loans when his first repayment is due. The lender will tell the borrower the date in each month on which repayments are due.

6. If the borrower shows the lender that he receives a disability related benefit and that because of his disability he is unfit for full-time work and is not likely to be fit for at least the next 3 years the number of monthly repayments will be 120, including any repayments already made.

7. The lender will work out the monthly repayment amount for each year by adding to the principal balance as at 1st September (or 1st April in the case of the first repayment amount) the amount of interest which will after taking account of repayments accrue over the remaining period of the loan at the current rate and dividing the total by the number of repayments then unpaid. The first monthly repayment amount will be fixed for 5 months beginning in April and from then on each monthly repayment amount will be fixed for 12 months beginning in September.

8. The borrower can at any time prepay any or all of the loan without penalty. If he wants to repay the loan in full he can ask the lender for a written statement telling him the exact amount he needs to repay. If he makes a prepayment of part of the loan the lender will not change the borrower’s monthly repayment amount until the September which follows the prepayment.

9. Each year the lender will tell the borrower the new deferment level for the period between 1st September and the following 31st August. The borrower can defer making repayments of the loan if—

- (a) the lender has not already asked him to repay the loan in full; and
- (b) he can show—
 - (i) that his gross income for the relevant month is not more than the deferment level; and
 - (ii) if the lender asks, that his gross average monthly income during the 3 months immediately following the relevant month will not or is unlikely to be more than the deferment level.

10. Each deferment period will last for 12 months beginning on a date the lender tells the borrower. This date will be not more than three months before or two months after the date the lender accepts the borrower’s deferment application. The borrower can end the deferment period at any time. To do this he must tell the lender in writing when to start collecting payments from his bank account.

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11. If the borrower can defer making repayments under paragraph 9 and he can show the lender that he gets a disability related benefit and that his gross monthly income during the 36 months immediately following the relevant month will not or is unlikely to be more than the deferment level, the deferment period will last for 36 months.

12. The lender will cancel the borrower's liability to repay the loan if the borrower—

- (a) dies;
- (b) is not behind on any repayments under any agreement for a student loan and—
 - (i) was under the age of 40 when his last agreement for a student loan was made and he reaches the age of 50 or when the last agreement for a student loan has been outstanding for not less than 25 years, whichever is the sooner; or
 - (ii) was aged 40 or older when his last agreement for a student loan was made and he reaches the age of 60; or
- (c) can show the lender that he gets a disability related benefit and because of his disability is permanently unfit for work.

13. If after the borrower has completed or left his course, he takes another student loan in relation to a further course of study, the lender will not ask him to make any more repayments under the loan agreement until he begins to repay that student loan. The number of repayments will then be the same as for the new loan.

14. Unless the lender agrees otherwise the lender will collect the borrower's monthly repayments by direct debit. If the borrower's account changes he must give the lender a new direct debiting instruction.

15. If the borrower does not make a repayment under the agreement when it is due, the lender may ask him to repay the loan in full immediately. The lender may do this even if the borrower's obligation to make other repayments is currently deferred.

16. The lender may allow the borrower to make a repayment late or to miss all or part of a repayment without waiving or altering the rights against him.