A Federal Perkins Loan is a low-interest (5%) loan for both undergraduate and graduate students with exceptional financial need. Your school is your lender. The loan is made with government funds with a share contributed by the school. You must repay this loan to your school, or to the billing service engaged by your school as its agent to administer billing and collection functions.

- This loan may be used only for educational expenses.
- Interest on the loan does not accrue while you are in school, during your grace period, or during authorized periods of deferment.
- The interest rate is fixed at 5 percent.

It is important to remember that loans must be repaid; even if you do not complete your education, are not employed upon completion of your studies, or feel that the education you received did not meet your expectations.

Maximum Perkins Annual Loan Amounts:
- Undergraduate $4,000
- Graduate $6,000

Aggregate Loan Limits for Federal Perkins Loans (cumulative total for all schooling):
- Undergraduate $20,000
- Graduate $40,000

To be eligible for federal financial aid, you must maintain satisfactory academic progress toward a certificate or degree. Each school must publish a standard for evaluating satisfactory academic progress that must contain a maximum time frame for program completion and a minimum quality standard, such as grade point average. Please obtain and review a current copy of your school's standards.

The law specifies the amount of financial assistance you earn each academic year and how your school determines your eligibility. If you withdraw during a payment period or period of enrollment, the amount of assistance that you have earned up to that point is determined by a specific formula. If you received less assistance than the amount that you earned, you will be able to receive those additional funds. If you received more assistance than you earned, the excess funds must be returned. The order in which unearned federal funds must be returned to the Title IV programs is: Unsubsidized Stafford Loans, Subsidized Stafford Loans, Unsubsidized Direct Stafford Loans, Subsidized Direct Stafford Loans, Perkins Loans, PLUS Loans, Direct PLUS Loans, Pell Grants, SEOG Program, and other Title IV grant and loan assistance programs. Please contact your school for more information about their published refund policy.

Several things occur after you leave school or drop below half-time attendance. First, you are granted a year(s) of forbearance--a period of time (nine months) when you don’t have to make payments. (Of course, you can repay your loans any time you want, without penalty.) During the grace period, no interest accrues on your loan.

What if you re-enroll in school? It depends on when you do it. If you re-enroll at least half-time during this grace period--and you file for deferment--you get another nine-month grace period the next time you drop below half-time. If you re-enroll after the grace period, however, your next grace period will only be six months.

If you have a loan in grace and are ordered to active duty, you are eligible to have one or more military extensions of the grace period, for up to three years. This includes the time necessary to resume enrollment at the next available enrollment period. If you are called to active duty during the initial grace period, a new nine-month initial grace period can be granted upon completion of the excluded period.

When the time comes to begin loan repayment the Federal Perkins Loan usually is set at a minimum monthly payment of $40. The payment amount may be higher depending on your loan balance. The maximum repayment period is 10 years.

You may be eligible to request a partial cancellation of your Federal Perkins Loan if you work or perform a service as one of the following:

- Teacher in a public or other nonprofit elementary or secondary school. The teaching must be in a school serving low-income students, or in a field of expertise, including mathematics, science, foreign languages, bilingual education, or any other field of expertise where the State education agency determines that there is a shortage of qualified teachers.

- Teacher in special education for infants, toddlers, children, or youth with disabilities, in a public or other nonprofit elementary or secondary school system.

- Nurse, medical technician, or allied health professions.

If you serve as an enlisted person in certain specialties of the U.S. Army, the Army Reserve, the Army National Guard, or the Air National Guard, the U.S. Department of Defense may, as an enlistment incentive, repay a portion of your Federal Perkins Loan. Note that this is not a cancellation. If you think you qualify, contact your recruiting officer. AmeriCorps service may provide education awards to help finance college or help pay back student loans. Contact AmeriCorps at (800) 942-2677 or www.americorps.org for more information.

If you become totally and permanently disabled, or if you die, your loan obligation will be cancelled. Loan cancellation due to disability requires certification from a physician and is subject to a conditional period of three years.

If you default, you may be eligible for the loan rehabilitation program. Once a loan is rehabilitated, the school will instruct the credit bureau to remove the default from your history and return your account to regular repayment status. You will also regain the balance of benefits and privileges of the promissory note as applied prior to the default. Rehabilitation can only be granted once per loan.

- Under the Perkins loan program, the school makes the loan to the student borrower.
- You can be enrolled less than half time to qualify, at the discretion of the institution.
- Repayment begins nine months after you are no longer enrolled on at least a half-time basis.

For Help with a Dispute or Problem: The Federal Student Aid (FSA) Ombudsman works with student loan borrowers to resolve loan disputes and problems informally. The goal is to find creative alternatives for borrowers who need help with their federal loans.

If your federal student loan problems can’t be resolved through the school or its billing service, you may want to contact the U.S. Department of Education Federal Student Aid (FSA) Ombudsman. They will collect documentation and work to resolve the situation with you. The Office of the Ombudsman can be contacted at: United States Department of Education, 4th Floor UCP-3/MS 5144, 830 First Street NE, Washington DC 20202. The phone number is (877) 557-2575 or web sfahelp.ed.gov OR www.ombudsman.ed.gov.