



# EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

175 South Lake Ave, Suite 200, Pasadena, California 91101

Tel: (800) 821.5659

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[www.Edfed.com](http://www.Edfed.com)

## Perkins Loans

*By Shaileja Mammen*

Perkins Loans are federal loans awarded to undergraduate and graduate students with financial need. Such loans are financed with government funding and contributions from students' schools. Perkins Loans are granted by schools and must be repaid to students' educational institutions.

### **Who is eligible for a Perkins Loan?**

Undergraduates and graduates with financial need are eligible for Perkins Loans.

### **What interest rate is charged on a Perkins Loan?**

A Perkins Loan is a subsidized loan, and the interest for the period in which the student is in school and during the student's grace period (nine months after graduation) is paid by the government. A 5% interest rate applies to loans taken out by undergraduate or graduate students. No origination fees are charged on Perkins Loans.

### **What is the award limit?**

The maximum amount that can be awarded to an undergraduate is \$4,000 per year. A graduate or professional student may receive as much as \$6,000 per year. The cumulative limit for undergraduates is \$20,000, while the combined limit for undergraduate and graduate school loans is \$40,000.

### **Who disburses Perkins Loans?**

Schools act as the lenders for Perkins Loans. They draw from their own pools of funds and receive funding from the federal government. A Perkins Loan must be repaid to the school that granted it.

### **How long will repayment take?**

The repayment period for Perkins Loans is 10 years, and there are no default fees.

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## **Is it possible to defer repayment of Perkins Loans?**

Deferment of Perkins Loans is possible under certain conditions. For example, repayment may be deferred if the borrower is enrolled in courses at least half-time at a postsecondary educational institution, studying in an approved graduate fellowship program, or participating in an approved rehabilitation training program for the disabled. If the borrower is facing economic hardship, he or she may defer repayment for as long as three years.

## **Can payments be temporarily reduced or postponed?**

Yes. Payments on Perkins Loans can be temporarily reduced or postponed with the consent of the lender or the loan-servicing agency. Forbearance can be granted for periods of 12 months at a time for a maximum of three years. A written agreement is necessary to approve forbearance.

Mandatory forbearance is granted when a borrower is in a dental or medical residency or internship, the borrower's loan payment requires 20% or more of his or her monthly income, or repayments are made by the Department of Defense.

## **Can Perkins Loans be cancelled?**

Perkins Loans can be cancelled or forgiven in various situations. Not having defaulted on repayment is a pre-condition for cancellation or forgiveness of Perkins Loans.

Upon the death or permanent disability of the borrower, Perkins Loans are cancelled. Other situations in which Perkins Loans can be forgiven are as follows:

- if the borrower teaches in a designated low-income school or serves as a full-time teacher/professional with an institution providing services to the disabled or low-income groups
- if the borrower teaches a subject in a designated shortage area
- if the borrower serves in the U.S. Armed Forces or Peace Corps
- if the borrower becomes a nurse, medical technician, or law enforcement official

For details on permitted cancellation amounts and their corresponding conditions, you can refer to the [Perkins Discharge/Cancellation Summary](#).