



The University of Mississippi

Office of Financial Aid

University, MS 38677

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Policy Name: Federal Perkins Loans Program

Purpose: This document contains the Office of Financial Aid's current policies and procedures for the Federal Perkins Loan.

Disclaimer: This policy is subject to change, without notice, in order to comply with administrative and regulatory requirements. All policies and procedures below are in accordance with the [Federal Student Aid Handbook](#).

Policy Contents:

- 4.0 Federal Perkins Loan Overview
- 4.1 Selection and Awarding of Students
- 4.2 Perkins Master Promissory Note (MPN)
- 4.3 Perkins Loan Program Termination

Definitions and Terms:

OFA – Office of Financial Aid
EFC – Expected Family Contribution
FAFSA – Free Application for Federal Student Aid
MPN – Master Promissory Note
UM – University of Mississippi

Note that the Federal Perkins Loan was indefinitely suspended on September 30, 2017 and is no longer a funding option. OFA cannot make any new loans.

The Federal Perkins Loan is a low-interest, long-term loan made to undergraduate students who demonstrate financial need in order to help pay for their cost of education. Although Perkins is a federal loan (which has been supplemented by an institutional match), UM is responsible for administering the loan program on our campus. Students repay their Perkins loan obligation directly to UM (and/or UM's loan servicing partner).

The maximum amount an undergraduate student may borrow is \$5,500 per award year. Loans may also be available in the summer based on the level of remaining funds. The loan carries a fixed interest rate of 5% and has no origination or guarantee fees.

Interest does not accrue on the loan for the student during:

- Periods of deferment (including enrollment at least half-time in college or career school, active duty military service, etc.)
- The nine-month grace period after the student ceases attendance on at least a half-time basis.

Perkins aggregate loan limits:

- **\$11,000** for any student who has not completed two academic years of undergraduate work.
- **\$27,500** for an undergraduate student who has completed two academic years and is pursuing a bachelor's degree.
- **\$60,000** for a graduate or professional student, including loans borrowed as an undergraduate student.

Repayment of Perkins loans does not begin until the student graduates or drops below half-time status. In cases of economic hardship, payments may be deferred, extended, or reduced. The loan is forgiven in cases of permanent disability or death. The student may be allowed up to 10 years to repay the Perkins Loan.

Certain professions and public service activities may qualify the borrower for future loan cancellation (including service in teaching, the Peace Corps, law enforcement, and nursing.) Perkins loans may also be consolidated with Federal Direct Loans for repayment purposes.

The OFA determines a student's Perkins loan eligibility based on information provided on the student's most recent FAFSA (see policy [“2.0 Student Eligibility for Federal Aid”](#)). Because Perkins loan funds are limited, it is recommended that students submit the FAFSA as early as possible to ensure full consideration.

Federal criteria requires an eligible Perkins loan recipient to:

- Be undergraduate students.
- Be United States citizens or eligible non-citizens.
- Not be in default of any federal student loan.
- Not have a Federal Pell Grant overpayment.
- Have a processed FAFSA on file with the OFA.
- Demonstrate financial need.
- Be making Satisfactory Academic Progress (see policy [“1.2 Satisfactory Academic Progress”](#)).
- Have Direct Loan eligibility amounts included in the calculation of undergraduate student's Perkins Loan amount, regardless of whether they actually borrow that full amount:
 - For newly eligible undergraduate students: be offered all Direct Subsidized and Unsubsidized Loan aid for which the student is eligible,
 - For current Perkins recipients: be offered all Direct Subsidized Loan aid for which the student is eligible.

In addition, OFA is responsible for providing the following information to each student awarded (see also an example of Federal Perkins Loan Program Disclosures document included at the end of this policy):

- Notice and explanation regarding the end to future availability of loans from the Federal Perkins Loan program.
- Notice and explanation that repayment and forgiveness benefits available to Federal Direct Loan borrowers are not available to Federal Perkins Loan Borrowers.
- Notice and explanation regarding a Federal Perkins Loan borrower's option to consolidate a Federal Perkins loan into a Federal Direct Consolidated Loan, including any benefit of consolidation.
- For current undergraduate borrowers AND/OR for new undergraduate borrowers, a notice and explanation providing a comparison of the interest rates of Perkins Loan and Direct Loans, and informing the borrower that the borrower has reached the maximum annual borrowing limit for Direct Subsidized Loans (and Direct Unsubsidized, if applicable) for which the borrower is eligible.

Loans are issued for a single academic year or semester, and both eligibility and amount are re-determined annually throughout the student's academic career. Generally, to determine the amount of each disbursement, the award amount is divided by the number of payment periods a student will attend. However, if a student incurs uneven costs or receives uneven resources during the year and needs extra funds in a particular payment period, OFA may disburse additional Perkins amounts to the student in whatever manner best meets the student's needs.

Students who demonstrate exceptional financial need will be given priority during the Perkins awarding process. For this purpose, OFA defines exceptional financial need as any student with an EFC equal to or less than \$3000. Undergraduates are packaged automatically for Fall/Spring on this basis until the allotted funds are exhausted. The typical annual award is \$2,000 for Fall/Spring (or \$1,000 per semester). These amounts can only be manually increased with the permission of an OFA supervisor on a case-by-case basis.

In addition, undergraduate students may be awarded manually upon request following a determination by a financial aid advisor that they are experiencing financial hardships or obstacles. They must demonstrate financial need for the award.

Summer Awarding

Summer Perkins loans can be awarded to students who complete the Summer Financial Aid Application. Since summer is considered a trailer to the award year, the remaining Perkins funds are typically limited and may be exhausted. Therefore, Summer Perkins awarding criteria above the federal requirements varies with each aid year. As with Fall/Spring awarding, Summer students can also be manually awarded Perkins on a case-by-case basis.

Part 4.2

Perkins Master Promissory Note (MPN)

Before the Federal Perkins Loan can disburse, the student must complete all of the following actions (in addition to maintaining eligibility for the award):

1. Accept all or a part of the financial aid package by accessing their individual "Financial Aid Notification" online in the student's MyOleMiss portal.
2. Complete Perkins Loan Entrance Counseling online at [Ole Miss Online Entrance Counseling](#) (or request alternate counseling options from the OFA). Financial aid advisors are available during regular business hours to answer questions at the completion of the counseling session.

3. Print the Perkins Loan Contract (MPN), which is presented electronically through the student's "Financial Aid Award Notification" in MyOleMiss. (If the student wishes to process via paper correspondence only, the MPN can be mailed to them upon request.)
4. Submit the completed MPN by mail or in person to the Bursar's Office (202 Martindale, P.O. Box 1848, University, MS 38677). Contracts must be original signed documents and cannot be faxed or scanned.
5. The Perkins Loan must have been awarded prior to the end of a term in order to be eligible for disbursement.

For information about the borrower's rights and responsibilities, please refer to <http://finaid.olemiss.edu/borrowers-rights-and-responsibilities/>.

The Bursar's Office handles loan servicing on behalf of UM, including Perkins loan exit counseling. Students may consult the Bursar's office for specific policies and procedures regarding the process for handling forbearance or deferment requests, reviewing continued eligibility for deferment on an annual basis, contact with borrowers, billing, collection, litigation, and cancellation.

Part 4.3

Perkins Loan Program Termination

The Federal Perkins Loan program was indefinitely suspended on September 30, 2017. Students awarded Perkins loans for the 2017-18 academic year must have first disbursements paid prior to October 1, 2017 in order to receive subsequent (i.e., spring 2017-18) disbursements. As a result, authority to award new Perkins loans was suspended as of October 1, 2017.

SAMPLE OF FEDERAL PERKINS LOAN DISCLOSURE STATEMENT:



Federal Perkins Loan Program Disclosures

1. Notice and explanation regarding the end to future availability of loans from the Federal Perkins Loan program:

Per the changes in the Extension Act, effective December 18, 2015, schools participating in the Perkins Loan Program may make Perkins Loans as specified below; however, all Federal Perkins loans are scheduled to end after the 2017-2018 academic year:

Undergraduate Students

A school may make Perkins Loans through—	To an—	Who, on the date of disbursement—	If the school has awarded the student—
September 30, 2017	Eligible current undergraduate student	Has an outstanding balance on a Perkins Loan made by the school.	All Direct Subsidized Loan aid for which the student is eligible.
September 30, 2017	Eligible new undergraduate student	Does not have an outstanding balance on a Perkins Loan made by the school.	All Direct Subsidized and Unsubsidized Loan aid for which the student is eligible.

Notes:

Awarding Direct Subsidized and Unsubsidized Stafford Loans - An undergraduate student who was awarded a Direct Subsidized Loan and/or a Direct Unsubsidized Loan can decline one or both of the loans (or request a lesser amount). However, the student's Direct Loan eligibility amounts must be included in the calculation of the undergraduate student's Perkins Loan amount, regardless of whether they actually borrow that full amount.

Perkins Loans That Have Been Consolidated - When a Perkins Loan is consolidated, it is paid in full by the Consolidation Loan. An undergraduate student who has consolidated his or her Perkins Loans does not have an outstanding balance on a Perkins Loan, and is therefore treated as a new undergraduate student.

Subsequent Disbursements for Undergraduate Students - If an eligible undergraduate student borrower receives a disbursement of a Perkins Loan after June 30, 2017, and before October 1, 2017 for the 2017-2018 award year, the student may receive any subsequent disbursements of that Perkins Loan.

2. Notice and explanation that repayment and forgiveness benefits available to Federal Direct Loan borrowers are not available to Federal Perkins Loan borrowers:

While Federal Direct Loan borrowers may be eligible for special income driven repayment options (such as Pay As You Earn or PAYE; and/or the new Revised Pay As You Earn or REPAYE; and/or the new Income Based Repayment or IBR options), such repayment options ARE NOT available to Federal Perkins Loan borrowers. However, if a borrower's Federal Perkins Loan is consolidated into a Federal Direct Consolidation Loan, then some of these repayment options may become available.

Also, eligible Federal Direct Loan borrowers currently are able to be considered for Public Service Loan Forgiveness if they meet all qualifying requirements, but this forgiveness is NOT available to Federal Perkins Loan borrowers. However, if a borrower's Federal Perkins Loan is consolidated into a Federal Direct Consolidation Loan, then this loan forgiveness may become available.

3. Notice and explanation regarding a Federal Perkins Loan borrower's option to consolidate a Federal Perkins Loan into a Federal Direct Consolidation Loan, including any benefit of consolidation.

While Federal Direct Loan borrowers may be eligible for special income-driven repayment options (such as Pay As You Earn or PAYE; and/or the new Revised Pay As You Earn or REPAYE; and/or the new Income Based Repayment or IBR options), such repayment options ARE NOT available to Federal Perkins Loan borrowers. However, if a borrower's Federal Perkins Loan is consolidated into a Federal Direct Consolidation Loan, then some of these repayment options may become available.

Detailed information on how a borrower can go about consolidating an existing Federal Perkins Loan is available at www.studentloans.gov. The benefits of consolidating your Perkins Loan include the ability to gain access to various income-driven repayment options, and to also maximize the level of Federal student loans that might be eligible for the public service loan forgiveness benefit.

4. For current undergraduate borrowers (as described above) AND/OR for new undergraduate borrowers (as also described above), a notice and explanation providing a comparison of the interest rates of Perkins Loans and Direct Loans, and informing the borrower that the borrower has reached the maximum annual borrowing limit for Direct Subsidized Loans (and Direct Unsubsidized, if applicable) for which the borrower is eligible.

The interest rate on the Federal Perkins Loan program is fixed at 5.00%.

In comparison, the interest rate on Federal Direct Loans is governed by current law (The Bipartisan Student Loan Certainty Act of 2013) which states that the interest rate on Federal Direct Loans will be based on the high yield of the 10-year Treasury note at the final auction held prior to June 1 preceding the July 1 of the year for which the interest rate will be effective, PLUS a statutorily defined "add-on," subject to an interest rate cap, and that the loan will be a fixed-rate loan.

The fixed interest rate for the next year will not be known until after the final auction occurs, but is capped to be no higher than 8.25% for Direct Subsidized, 8.25% for Direct Unsubsidized, 10.5% for Direct Graduate PLUS and 10.5% for Direct PLUS loans.

For the 2015-2016 academic year, the interest rates on the various Federal Direct Loan programs are as follows:

Federal Direct Loan	Students	Interest Rates
Direct Subsidized/Unsubsidized Loans	Undergraduate	4.29%
Direct Unsubsidized Loans	Graduate/Professional	5.84%
Direct Graduate PLUS Loans	Graduate/Professional	6.84%
Direct PLUS Loans for parents	Undergraduate	6.84%

The fixed interest rates on the various Federal Direct Loan programs for later years will be made known after the final auction occurs; details should be announced by mid-June following the final auction.

Federal Direct Loan limits are as follows:

If dependent, your combined subsidized and unsubsidized Direct annual eligibility is as follows:

	Freshman	Sophomore	Junior	Senior
Maximum Subsidized	\$3,500	\$4,500	\$5,500	\$5,500
Unsubsidized	\$2,000	\$2,000	\$2,000	\$2,000
Total	\$5,500	\$6,500	\$7,500	\$7,500

If independent, your subsidized and unsubsidized Direct annual eligibility is as follows:

	Freshman	Sophomore	Junior	Senior
Maximum Subsidized	\$3,500	\$4,500	\$5,500	\$5,500
Unsubsidized	\$6,000	\$6,000	\$7,000	\$7,000
Total	\$9,500	\$10,500	\$12,500	\$12,500

The cumulative maximum amount that may be borrowed as dependent undergraduate is \$31,000 (\$23,000 maximum subsidized) and for an independent is \$57,500 (\$23,000 maximum subsidized).

As of July 1, 2013, a limit has been established on the amount of Direct Subsidized Loans that a first-time borrower may receive. Students may not receive Direct Subsidized Loans for more than 150% of the published length of the academic program in which they are currently enrolled. Progress towards this limit is tracked by the U.S. Department of Education based on information provided by the school.

Reference (dated 02/17/16): <http://www.ifap.ed.gov/dpclatters/attachments/GEN1605.pdf>