<u>FEDERAL PERKINS LOAN:</u>

A Federal Perkins Loan is made by the school with funds from the Federal Capital Contributions (FCC), the school itself and collections from prior year Perkins Loans. The program is administered by the U.S. Department of Education and about 1,800 institutions participate.

The loan is in the student's name and is the responsibility of the student. This is a <u>need-based</u> loan in which the Federal Government pays the interest on the loan until nine months after the student leaves college. The interest rate is fixed at 5%. Payments on this loan start nine months after the student has left school and payments can be deferred for students going back to school or in certain hardship cases. The amount of the loan is determined by the college and can range up to $5,500 per year for undergraduate students and up to $8,000 for graduate students. The total undergraduate Perkins Loans cannot exceed $27,500. The total graduate and undergraduate Perkins Loans cannot exceed $60,000. Interest paid by the student on these loans will qualify for the Student Loan Interest Deduction if the student's income is within the Modified Adjusted Gross Income Limits. This loan will also qualify for consolidation under the Federal Loan Consolidation Program. The Perkins Loan may be eligible for forgiveness under the "Federal Loan Cancellation" program.

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