
ELIGIBILITY CRITERIA

Both undergraduate and graduate students may receive loans under the Federal Perkins Loan Program. To be eligible for a Perkins Loan, a student must meet the general student eligibility requirements discussed in *Volume 1 - Student Eligibility* and must not have borrowed the maximum amounts listed in chapter 3 of this volume. A student who has earned a bachelor's or first professional degree may receive a Perkins Loan to pursue an **additional undergraduate** degree provided that he or she meets the eligibility requirements.

An individual who is serving in a medical internship or residency program (with the exception of a dental internship) is not eligible for a Perkins Loan.

An incarcerated student is not eligible for SFA loans, including Perkins Loans.

A borrower who is in default on an SFA loan is not eligible for a Perkins Loan unless she has regained eligibility. (See volume 1 for a discussion of regaining eligibility.) However, a borrower who satisfies any of the conditions that remove his loan from the school's cohort default rate becomes eligible for additional Perkins Loans. (Please see chapter 8 for a descriptions of loans not included in a school's cohort default rate.)

A school may award a Perkins Loan and/or a Federal Work-Study (FWS) job to a student who is enrolled or accepted for enrollment at least half time in an eligible teacher certification or professional credential program. Eligibility criteria for such a program are discussed in *Volume 4 - Campus-Based Programs Common Provisions*.

OTHER ELIGIBILITY FACTORS

Willingness to Repay

In selecting Perkins Loans recipients, a school must consider evidence of a borrower's willingness to repay the loan. Previous

Student Eligibility Cites

34 CFR 674.9

Medical Internship or Residency

HEA 464(c)(2)(A)(i)

Incarceration

34 CFR 668.32(c)(2)(ii)

Default

HEA 464 (b)(1)

Teacher Certification Programs

34 CFR 668.32(a)(1)(iii)

Willingness to Repay Cite

34 CFR 674.9(e)

delinquency, default, or other failure to meet repayment obligations on a previous loan is evidence that the borrower is unwilling to repay other loans.

For example, if a borrower has previously satisfied a defaulted student loan **involuntarily** (such as by garnishing the borrower's wages), a school should consider this as evidence of unwillingness to repay and should deny further loan assistance to the borrower.

Previous Perkins Loan Write Off Due to Inability to Collect

If a borrower had a previous Perkins Loan, National Direct Student Loan (NDSL), or National Defense Student Loan (Defense Loan) that was written off because the school was unable to collect, the borrower must reaffirm the debt to receive a new Perkins Loan. The borrower might be eligible for a new loan only if he or she reaffirms the debt. Reaffirmation is not required if the amount written off was \$25 or less. To reaffirm a debt that was written off, the borrower must acknowledge the loan in a legally binding manner (e.g., by signing a new promissory note, by signing a new repayment agreement, or by making a payment on the loan).

Loan Write Off Cite
34 CFR 674.9(g)

Previous Perkins Loan Cancellation Due to Disability

If a student has obtained a cancellation of a previous Perkins Loan or NDSL due to permanent and total disability and is applying for another Perkins Loan or NDSL, the borrower must:

- submit to the school a physician's certification that the borrower's condition has improved and that he or she is able to engage in substantial gainful activity; and
- sign a statement acknowledging that any new Perkins Loan or NDSL cannot be canceled in the future on the basis of any present impairment, unless the condition substantially deteriorates to the extent that the definition of total and permanent disability is again met.

If a loan was canceled based on the borrower's permanent and total disability, the borrower cannot subsequently be required to repay that loan, even if the borrower's medical condition improves to the point that he or she is no longer disabled, unless the school can prove that the claim of disability was fraudulent (see chapter 4 of this volume).

Previous Perkins Loan Discharge in Bankruptcy

As a result of the Bankruptcy Reform Act of 1994, a student may not be denied SFA loans, including Perkins Loans, solely on the basis of a bankruptcy determination. If a student has filed for or received a discharge in bankruptcy, has had an SFA loan discharged in bankruptcy, or has not paid an SFA loan that has been determined by a court of law to be dischargeable in bankruptcy, the bankruptcy may be considered as evidence of an adverse credit history but cannot be the basis for denial of a future Perkins Loan or other SFA loans. A

Previous Bankruptcy Discharge Cite
Bankruptcy Reform Act of 1994

student is no longer required to establish eligibility for a new student loan by agreeing to repay the loan discharged in bankruptcy. However, schools may continue to consider the student's **post**-bankruptcy credit history in determining willingness to repay.

SELECTION PROCEDURES

When awarding Perkins Loans, a school must give priority to those students with exceptional financial need, as defined by the school, using procedures it establishes for that purpose. The school's selection procedures must be in writing, uniformly applied, and kept on file at the school.

Before a school can award a student a Perkins Loan, the school must determine his or her eligibility for a Federal Pell Grant. For the purposes of developing aid packages, the school may use a preliminary hand calculation to determine Federal Pell Grant eligibility after a student has filed a *Free Application for Federal Student Aid* (FAFSA). However, the school may not *disburse* a Perkins Loan to a student until he or she has an "official" Expected Family Contribution (EFC) that has been calculated by the CPS for the same award year in which the disbursement will be made.

A school must offer a **reasonable** proportion of the dollar amount of the loans made from its Perkins Loan revolving fund to independent or less-than-full-time students, if the school's Federal Capital Contribution (FCC) was partly based on the financial need of these students (as reported on the FISAP).

In administering the Federal Perkins Loan Program, a school must comply with the equal credit opportunity requirements of Regulation B (12 CFR Part 202). The Department considers the Federal Perkins Loan Program to be a credit assistance program authorized by federal law for the benefit of an economically disadvantaged class of persons within the meaning of 12 CFR 202.8(a) (1). Therefore, a school may request that a loan applicant disclose marital status, income from alimony, child support, and spouse's income and signature.

Selection Procedures Cites

34 CFR 674.10

Exceptional Need

34 CFR 674.10(a)(1)

Pell Eligibility

34 CFR 674.9(d)

Independent and Less-Than-Full-Time Students

34 CFR 674.10(b)

Equal Credit Opportunity

34 CFR 674.20

Selection Procedures Example

When packaging aid, Barton University first awards Perkins Loans to full-time third-year students whose financial need is at least \$500 after their EFC's, Pell Grants, and any scholarships received have been subtracted from the cost of attendance. Next, the University awards Perkins Loans to full-time second year students whose financial need is at least \$750. The school continues to award Perkins Loans to such pre-defined groups until the Perkins Loan fund is exhausted or all exceptional financial need is met.

