

Federal Perkins Loan Program Disclosures

Handout from Shenandoah University Financial Aid 2/23/2016

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.

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.

Graduate Students

A school may continue to make Perkins Loans through—	To an—	If the graduate student—	And the new Perkins Loan will—
September 30, 2016	Eligible graduate student who has received a Perkins Loan before October 1, 2015.	Received his or her most recent Perkins Loan from the school, for enrollment in an academic program at the school.	Enable the graduate student to continue or complete the academic program for which the student received his or her most recent Perkins Loan.

Subsequent Disbursements for Graduate Students - If an eligible graduate student borrower receives a disbursement of a Perkins Loan after June 30, 2016, and before October 1, 2016 for the 2016-2017 award year, the student may receive any subsequent disbursements of that Perkins Loan.

Graduate Students Continuing or Completing an Academic Program - We consider a graduate student to be continuing or completing the academic program for which the student received his or her most recent Perkins Loan only if the first four digits of the program's Classification of Instructional Program (CIP) code are identical to the first four digits of the CIP code for the academic program for which the student received his or her most recent Perkins Loan.

In the case of graduate programs with different degree objectives, a graduate student meets the eligibility requirement above if the graduate student:

- Received his or her most recent Perkins Loan for enrollment in a program with one degree objective (e.g., masters);
- Then enrolled in a program with the same CIP code (the same first four digits of the CIP code); and
- Was enrolled in a new program that leads to a different degree objective (e.g., PhD).

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 special income driven repayment options, and to also maximize the your 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 for which the borrower is eligible.

The interest rate on the Federal Perkins Loan program is currently 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 2016-2017 academic year, the interest rates on the various Federal Direct Loan programs are as follows:

Direct Subsidized and/or Unsubsidized Loans for undergraduate students:	3.76%
Direct Unsubsidized Loans for graduate/professional students:	5.31%
Direct Graduate PLUS Loans for graduate/professional students:	6.31%
Direct PLUS Loans for parents of undergraduate students:	6.31%

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.

The annual borrowing levels for the Federal Direct Subsidized Loan program are based on an undergraduate student's established enrollment level (example: freshman, sophomore, etc.):

Undergraduate Enrollment Level	Annual Amount of Federal Direct Subsidized Loan
Freshman	\$3,500
Sophomore	\$4,500
Junior or Senior	\$5,500