

FEDERAL PERKINS LOAN CANCELLATION PROVISIONS

Cancellation Criteria	Federal Perkins/ National Direct made on or after 07/23/92. <u>Effective</u> 10/7/98 for all Perkins/NDSL loans.	Federal Perkins made Prior to 07/23/92	National Direct made prior to 07/23/92	National Defense
Total and permanent disability or death of borrower ¹	100%	100%	100%	100%
Full-time employment in Educational Component of Head Start Program ²	100%	100%	100%	N/A
Full-time law enforcement or correction officer ³	100%	100% ⁴	100% ⁴	N/A
Full-time teaching in low-income school eligible for funding under Chapter 1 of the Education Consolidation and Improvement Act of 1981 ^{5/6}	100%	100%	100%	100% ⁷
Full-time special education teacher, including teacher of infants, toddlers, children or youth with disabilities ^{5/8}	100%	100% ⁹	100% ⁹	N/A
Full-time provider of early intervention services in a public or nonprofit program under public supervision ^{9/10}	100%	N/A	N/A	N/A
Full-time teacher of handicapped students in a public or nonprofit elementary/secondary school	N/A	100% ⁵	100% ⁵	100% ⁷
Full-time teacher of mathematics, science, foreign languages, bilingual education or any subject-matter field of expertise determined by state education agency to have a shortage of qualified teachers ⁵	100%	N/A	N/A	N/A
Provider or supervisor of provision of services to high-risk children from low-income communities and their families ^{3/11*}	100%	N/A	N/A	N/A
Nurse or medical technician providing health care services ^{5*}	100%	N/A	N/A	N/A
Peace Corps or ACTION programs volunteer ^{12*}	70%-F. Perkins N/A-Natl. Direct	70%	N/A	N/A
Service in U.S. Armed Forces	50% ¹³	50% ¹³	50% ¹³	50% ¹⁴
Full-Time teaching in public/nonprofit elementary secondary school, institution of higher education or overseas Department of Defense elementary/secondary school	N/A	N/A	N/A	50% ¹⁵
Bankruptcy ¹⁶	in some cases	in some cases	in some cases	in some cases

* Employment or service must be full-time.

FEDERAL PERKINS LOAN CANCELLATIONS PROVISIONS (cont'd.)

***THIS CHART IS TO BE USED FOR REFERENCE ONLY. REFER TO PART E OF THE HIGHER EDUCATION ACT, AND U.S. CODE SECTION 674, SUBPART D IF YOU HAVE ANY QUESTIONS REGARDING A PARTICULAR BORROWER'S ELIGIBILITY FOR LOAN CANCELLATION.**

1. Effective 07/01/95 total and permanent disability is defined as the borrower's inability to work and earn money or to attend school because of an impairment that is expected to continue indefinitely or to result in the borrower's death.
2. Cancellation rate is 15% per year.
3. Cancellation rate is: 15% per year for first and second years; 20% per year for third and fourth years; and 30% for fifth year.
4. Applies only to loans made on or after 11/29/90.
5. Cancellation rate is: 15% per academic year for first and second years; 20% per academic year for third and fourth years; and 30% for fifth academic year.
6. If borrower teaches at a school that does not qualify as a low-income school in a subsequent year, the borrower remains eligible for loan cancellation as long as the borrower continues to teach full-time at the school.
7. Cancellation rate is 15% per academic year.
8. Infants, toddlers, children and youth with disabilities are defined in Section 602(a)(1) and 672(1) of the Individuals with Disabilities Education Act.
9. Cancellation applies only to full-time teaching of handicapped children in a public or non-profit elementary or secondary school system.
10. A qualified professional provider of early intervention services is defined in Section 672(2) of the individuals with Disabilities Education Act.
11. Must be employed in public or non-profit child or family services agency. High-risk children are defined as individuals under the age of 21 who: are low-income; have been or are at risk of being abused or neglected; have serious emotional, mental, or behavioral disturbances; reside in placements outside of their homes; or are involved in the juvenile justice system. Low-income communities are defined as those communities in which there is a high concentration of children eligible to be counted under Chapter 1 of the Elementary and Secondary Education Act of 1965.
12. Cancellation applies only to Federal Perkins Loans; does not apply to National Direct Loans. Cancellation rate is 15% per year for first and second years, and 20% per year for third and fourth years.
13. Military service must be in an area that qualifies for hazardous duty pay. Cancellation rate is 12.5% per year of qualifying service.
14. Cancellation rate is 12.5% per year of consecutive service.
15. Cancellation rate is 10% per academic year.
16. Loan is canceled only if collection is stayed by a bankruptcy court. If the loan is not ultimately discharged in bankruptcy, it again becomes the borrower's obligation. Effective 10/7/98, student loans are no longer eligible to be discharged in bankruptcy.