

award year in which the expenditures for these costs were made.

(Authority: 20 U.S.C. 1070b-2, 1087cc, and 1096, 42 U.S.C. 2753)

## PART 674—FEDERAL PERKINS LOAN PROGRAM

NOTE: An asterisk (\*) indicates provisions that are common to parts 674, 675, and 676. The use of asterisks will assure participating institutions that a provision of one regulation is identical to the corresponding provisions in the other two.

### Subpart A—General Provisions

Sec.

- 674.1 Purpose and identification of common provisions.
- 674.2 Definitions.
- 674.3-674.4 [Reserved]
- 674.5 Federal Perkins Loan program cohort default rate and penalties.
- 674.6-674.7 [Reserved]
- 674.8 Program participation agreement.
- 674.9 Student eligibility.
- 674.10 Selection of students for loans.
- 674.11 [Reserved]
- 674.12 Loan maximums.
- 674.13 Reimbursement to the Fund.
- 674.14-674.15 [Reserved]
- 674.16 Making and disbursing loans.
- 674.17 Federal interest in allocated funds—transfer of Fund.
- 674.18 Use of funds.
- 674.19 Fiscal procedures and records.
- 674.20 Compliance with equal credit opportunity requirements.

### Subpart B—Terms of Loans

- 674.31 Promissory note.
- 674.32 Special terms: loans to less than half-time student borrowers.
- 674.33 Repayment.
- 674.34 Deferment of repayment—Federal Perkins loans, NDSLs and Defense loans.
- 674.35 Deferment of repayment—Federal Perkins loans made before July 1, 1993.
- 674.36 Deferment of repayment—NDSLs made on or after October 1, 1980, but before July 1, 1993.
- 674.37 Deferment of repayment—NDSLs made before October 1, 1980 and Defense loans.
- 674.38 Deferment procedures.
- 674.39 Loan rehabilitation.
- 674.40 Treatment of loan repayments where cancellation, loan repayments, and minimum monthly repayments apply.

### Subpart C—Due Diligence

- 674.41 Due diligence—general requirements.
- 674.42 Contact with the borrower.

- 674.43 Billing procedures.
- 674.44 Address searches.
- 674.45 Collection procedures.
- 674.46 Litigation procedures.
- 674.47 Costs chargeable to the Fund.
- 674.48 Use of contractors to perform billing and collection or other program activities.
- 674.49 Bankruptcy of borrower.
- 674.50 Assignment of defaulted loans to the United States.

### Subpart D—Loan Cancellation

- 674.51 Special definitions.
- 674.52 Cancellation procedures.
- 674.53 Teacher cancellation—Federal Perkins, NDSL and Defense loans.
- 674.54 [Reserved]
- 674.55 Teacher cancellation—Defense loans.
- 674.56 Employment cancellation—Federal Perkins, NDSL and Defense loans.
- 674.57 Cancellation for law enforcement or corrections officer service—Federal Perkins, NDSL and Defense loans.
- 674.58 Cancellation for service in an early childhood education program.
- 674.59 Cancellation for military service.
- 674.60 Cancellation for volunteer service—Perkins loans, NDSLs and Defense loans.
- 674.61 Discharge for death or disability.
- 674.62 No cancellation for prior service—no repayment refunded.
- 674.63 Reimbursement to institutions for loan cancellation.
- 674.64 Discharge of student loan indebtedness for survivors of victims of the September 11, 2001, attacks.

APPENDIXES A-D TO PART 674 [RESERVED]  
APPENDIX E TO PART 674—EXAMPLES FOR COMPUTING MAXIMUM PENALTY CHARGES (6 MONTHS UNPAID OVERDUE PAYMENTS) ON DIRECT LOANS MADE FOR PERIODS OF ENROLLMENT BEFORE JANUARY 1, 1986

AUTHORITY: 20 U.S.C. 1070g, 1087aa-1087th, unless otherwise noted.

EDITORIAL NOTE: Nomenclature changes to part 674 appear at 65 FR 18002, 18003, Apr. 6, 2000.

### Subpart A—General Provisions

SOURCE: 52 FR 45747, Dec. 1, 1987, unless otherwise noted.

#### § 674.1 Purpose and identification of common provisions.

(a) The Federal Perkins Loan Program provides low-interest loans to financially needy students attending institutions of higher education to help them pay their educational costs.

(b)(1) The Federal Perkins Loan Program, authorized by title IV-E of the

Higher Education Act of 1965, as amended, and previously named the National Direct Student Loan (NDSL) Program, is a continuation of the National Defense Loan Program authorized by title II of the National Defense Education Act of 1958. All rights, privileges, duties, functions, and obligations existing under title II before the enactment of title IV-E continue to exist.

(2) The Secretary considers any student loan fund established under title IV-E to include the assets of an institution's student loan fund established under title II.

\*(c) Provisions in these regulations that are common to all campus-based programs are identified with an asterisk.

(d) Provisions in these regulations that refer to "loans" or "student loans" apply to all loans made under title IV-E of the HEA or title II of the National Defense Education Act.

(Authority: 20 U.S.C. 1087aa-1087hh; Pub. L. 92-318, sec. 137(d)(1))

[52 FR 45747, Dec. 1, 1987, as amended at 57 FR 32344, July 21, 1992; 59 FR 61415, Nov. 29, 1994; 64 FR 18002, Apr. 6, 2000]

#### § 674.2 Definitions.

(a) The definitions of the following terms used in this part are set forth in subpart A of the Student Assistance General Provisions, 34 CFR part 668:

Academic Competitiveness Grant (ACG) Program  
 Academic year  
 Award year  
 Defense loan  
 Enrolled  
 Expected family contribution (EFC)  
 Federal Family Education Loan (FFEL) programs  
 Federal Pell Grant  
 Federal Perkins loan  
 Federal Perkins Loan Program  
 Federal PLUS Program  
 Federal SLS Program  
 Federal Supplemental Educational Opportunity Grant (FSEOG) Program  
 Federal Work-Study (FWS) Program  
 Full-time student  
 Graduate or professional student  
 Half-time student  
 HEA  
 National Defense Student Loan Program  
 National Direct Student Loan (NDSL) Program

National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) Program

Payment period

Secretary

Teacher Education Assistance for College and Higher Education (TEACH) Grant Program

TEACH Grant

Undergraduate student

(b) The Secretary defines other terms used in this part as follows:

*Default:* The failure of a borrower to make an installment payment when due or to comply with other terms of the promissory note or written repayment agreement.

*Enter repayment:* The day following the expiration of the initial grace period or the day the borrower waives the initial grace period. This date does not change if a forbearance, deferment, or cancellation is granted after the borrower enters repayment.

*Federal capital contribution (FCC):* Federal funds allocated or reallocated to an institution for deposit into the institution's Fund under section 462 of the HEA.

*Financial need:* The difference between a student's cost of attendance and his or her EFC.

*Fund (Federal Perkins Loan Fund):* A fund established and maintained according to § 674.8.

*Initial grace period:* That period which immediately follows a period of enrollment and immediately precedes the date of the first required repayment on a loan. This period is generally nine months for Federal Perkins loans, Defense loans, and NDSLs made before October 1, 1980, and six months for other Direct loans.

*Institution of higher education (institution):* A public or private nonprofit institution of higher education, a proprietary institution of higher education, or a postsecondary vocational institution.

*Institutional capital contribution (ICC):* Institutional funds contributed to establish or maintain a Fund.

*Making of a loan:* When the institution makes the first disbursement of a loan to a student for an award year.

*Master Promissory Note (MPN):* A promissory note under which the borrower may receive loans for a single award year or multiple award years.