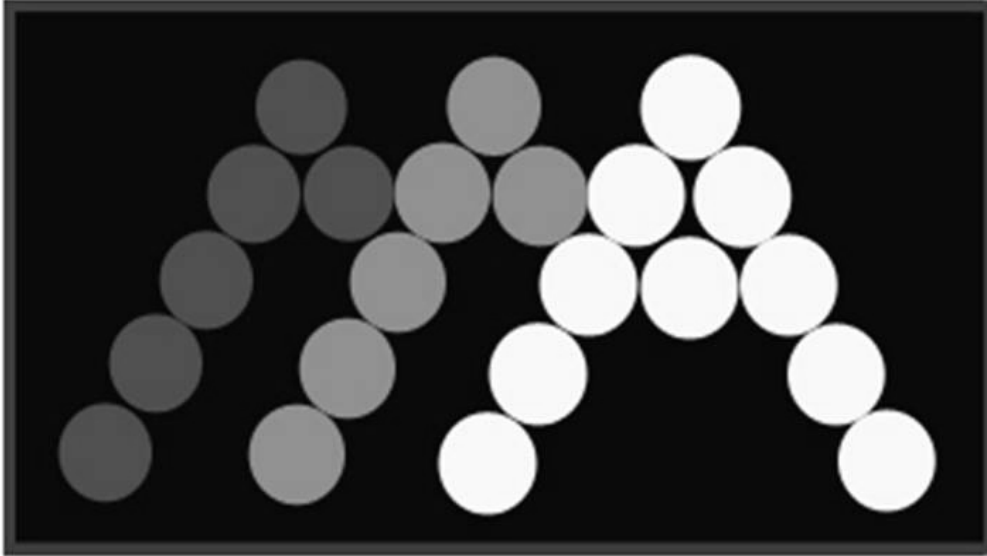


FEDERAL PERKINS LOAN

A REFERENCE GUIDE OF YOUR RIGHTS, RESPONSIBILITIES AND OBLIGATIONS



**CU
NY**

The City
University
of
New York

Revised, June 2009 by:

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Special thanks to The City University of New York, Council of Perkins Loan Coordinators

This information is deemed accurate as of June 2009

The student is the most important consumer of this handbook. For the University to better meet your needs, we ask for your assistance. Help us to get you the information that you need to make good borrowing decisions. When you review this handbook, if you think there is additional information that should be included kindly advise the Loan Coordinator at your campus so that updated versions of this handbook can reflect your concerns.

On behalf of The City University of New York, thank you and good luck with your educational pursuit.

The Colleges of the City University of New York

<p>Baruch College One Bernard Baruch Way New York, NY 10010 Tel: (646) 312-1381 www.baruch.cuny.edu</p>	<p>John Jay College of Criminal Justice 445 West. 59th Street, Room 1242 New York, NY 10019 Tel: (212) 237-8163 www.jjay.cuny.edu</p>	<p>Graduate School of Journalism 365 Fifth Ave., Room 7201 New York, NY 10016 Tel: (212) 817-7460 www.gc.cuny.edu</p>
<p>Borough of Manhattan College 199 Chambers Street, Room S320 New York, NY 10007 Tel: (212) 220-8063 www.bmcc.cuny.edu</p>	<p>Kingsborough Community College 2001 Oriental Boulevard, Room U201 Brooklyn, NY 11235 Tel: (718) 368-5983 www.kbcc.cuny.edu</p>	<p>The City University of New York Office of the University Controller 230 West 41st Street 5th Fl New York, NY 10036 (212)-397-5614 www.cuny.edu</p>
<p>Bronx Community College 2155 University Ave. Colston Hall Rm. 537 Bronx, NY 10453 Tel: (718) 289-5728 www.bcc.cuny.edu</p>	<p>LaGuardia Community College 31-10 Thomson Avenue, Room C107 Long Island City, NY 11101 Tel: (718) 482-5191 www.lagcc.cuny.edu</p>	<p>For access to the main web site and all colleges of The City University of New York: www.cuny.edu</p>
<p>Brooklyn College 2900 Bedford Ave., Boylan Hall, Room 1147 Brooklyn, NY 11210 Tel: (718) 951-5000 Ext. 6297-6296 www.brooklyn.cuny.edu</p>	<p>Lehman College 250 Bedford Park Blvd West, W. Shuster Hall, Room 034 Bronx, NY 10468 Tel: (718) 960-8414 www.lehman.cuny.edu</p>	
<p>City College 160 Convent Avenue, Admn Bldg, Rm.103 New York, NY 10031 Tel: (212) 650-8710 www.ccny.cuny.edu</p>	<p>Medgar Evers College 1637 Bedford Avenue, Room 110 Brooklyn, NY 11225 Tel: (718) 270-6132 www.mec.cuny.edu</p>	
<p>College of Staten Island 2800 Victory Blvd., Room 2A-102 Staten Island, NY 10312 Tel: (718)-982-2153 www.csi.cuny.edu</p>	<p>New York City College of Technology 300 Jay Street, Room 1119 Brooklyn, NY 11201 Tel: (718) 473-8970 www.citytech.cuny.edu</p>	
<p>CUNY School of Law 65-21 Main Street , Room 230J Flushing, NY 11367 Tel: (718) 997-5111 www.law.cuny.edu</p>	<p>Queens College 65-30 Kissena Blvd., JH Room 202 Flushing, NY 11367 Tel: (718) 997-5111 www.qc.edu</p>	
<p>Graduate Center 365 Fifth Ave., Room 7201 New York, NY 10016 Tel: (212) 817-7460 www.gc.cuny.edu</p>	<p>Queensborough Community College 225-05 56th Avenue, Library-Room 410 Bayside, NY 11364 Tel: (718) 281-5124 www.qcc.cuny.edu</p>	
<p>Hostos Community College 500 Grand Concourse Savoy B-106 Bronx, NY 10451 Tel: (718) 518-4354 www.hostos.cuny.edu</p>	<p>School of Professional Studies 101 West 31st Street Room 905 New York, NY 10001 (212)-652-2895 www.sps.cuny.edu</p>	
<p>Hunter College 695 Park Ave., Room 1605 East New York, NY 10065 Tel: (212) 772-4355 www.hunter.cuny.edu</p>	<p>York College 94-20 Guy R. Brewer Blvd., Room 1M08 Jamaica, NY 11451 Tel: (718) 262-2234 www.york.cuny.edu</p>	

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Your Federal Perkins Loan

This handbook is provided to you as a reference guide about the Federal Perkins Loan program. In the following sections, you will find important information about your loan, including:

- ✓ Background information about the Federal Perkins Loan program
- ✓ Facts to consider before borrowing
- ✓ Your lender – The City University of New York
- ✓ Pre-loan counseling and exit interview
- ✓ The Repayment process
- ✓ Cancellations
- ✓ Deferments, Forbearances and Loan Consolidations
- ✓ The Consequences of Loan Default

Background Information about the Federal Perkins Loan program

Federal Perkins Loan Eligibility

In general, to be qualified for a Federal Perkins Loan, a student must have sufficient financial need, be matriculated with at least 28 earned credits, enrolled at least half-time (6 credits or 6 equated credits) and meet all applicable academic standards. Freshmen and certificate program students are not eligible for the Federal Perkins Loan. Undergraduate students must maintain a minimum cumulative GPA of 2.0. If you are eligible for a loan the school you are attending will notify you. However, you may also go to your Financial Aid Office and inquire about your eligibility. If you do not meet the criteria listed above, then you will not be eligible for the Federal Perkins Loan.

Student Financial Aid: A Loan Versus a Grant

Loans and grants are provided to you to assist in paying for your college education. **The key difference between receiving a loan and a grant is that a loan must be repaid and a grant does not. Only take out a loan if you need it. The decisions you make today on how to finance your education will determine your future spending power.** To learn more about educational financial assistance programs visit www.studentaid.ed.gov or your Financial Aid Office.

Awarding the Loan

Your Federal Perkins Loan is awarded to you based on an evaluation of your need for financial assistance. Guidelines for determining financial need are defined by the United States Department of Education. Although this Federal Perkins Loan is being offered to you, it is your decision to accept it. You may decline this loan and still remain eligible to receive a future Federal Perkins Loan(s).

Reduction of Your Federal Perkins Loan

You may request a reduction or cancellation of the amount that you are borrowing if you decide that you do not need it. The college may reduce or eliminate the Federal Perkins Loan if you are over awarded because of other financial aid or scholarships, if during the school year you drop below half-time (6 credits or 6 equated credits), if you do not maintain a cumulative GPA of 2.0, or if you leave school. **Remember, the less you borrow the less you have to repay.**

A New Academic Year and a New Loan

You must apply each academic year to be considered for Federal Financial aid, which includes the Federal Perkins Loan. We strongly encourage you to apply for a Personal Identification Number (PIN) before beginning the FAFSA process. Your PIN is your permanent gateway to keeping track of all your financial aid awards as well as access to NSLDS (see page 7). You may apply for your PIN at: www.pin.ed.gov. As with any personal identifiable information, you must guard your PIN as you would your social security number or bank account number. To apply for financial aid, you must file a FAFSA (Free Application For Federal Student Aid) which becomes available in January of each year. Your financial aid need is evaluated separately for each award year. Therefore, your eligibility and award amounts may differ from year to year.

These are the Federal Borrowing Limits:

<i>GRADE LEVEL</i>	<i>ANNUAL LOAN LIMIT</i>	<i>AGGREGATE LOAN LIMIT</i>
ONE & TWO	\$5,500.00	\$11,000.00
THREE & ABOVE	\$5,500.00	\$27,500.00
GRADUATE	\$8,000.00	\$60,000.00

The amounts awarded within these Federal limits to CUNY student borrowers are determined each year by CUNY, depending on the availability of funds and the number of students applying for Federal Perkins Loans.

Interest Rate

Interest, also called the finance charge, is the fee charged for the use of borrowed money. The annual interest rate for all borrowers is 5%. As long as you are in school at least halftime, in your grace period, or deferment no interest accrues on your loan. Once you enter repayment, interest accrues at the annual rate but is usually computed monthly and is calculated in terms of the total amount of your outstanding principal balance.

Grace Period

The initial grace period begins after you are no longer enrolled at an eligible status, meaning when you drop below half-time enrollment (6 credits or 6 equated credits), graduate, take a leave of absence or withdraw from school. There is also a grace period after deferments.

The initial grace period lasts nine (9) months; subsequent post-deferment grace periods are for six (6) months.

No interest accrues nor are payments due during a grace period. You have to begin repaying your loan when your grace period ends.

Grace Period and Military Service

Your nine month initial grace period excludes any period during which you are a member of a reserve component of the Armed Forces named in section 101(d)(1) of Title 10, United States Code, and you are called or ordered to active duty for a period of more than 30 days.

A borrower who is serving on active duty or performing qualifying National Guard duty in connection with a war, military operation or national emergency does not need to pay principal or interest on Perkins, National Direct Student or National Defense Service Loans. The deferment period ends six months (180 days) after the borrower's demobilization date for the eligible active duty or National Guard service.

Members of the National Guard or the Armed Forces Reserve or retired members of the Armed Forces may be eligible for the Active Duty Military Deferment if they are enrolled in school, or were within six (6) months of their initial grace period when called or ordered to active duty. This deferment allows for a new thirteen (13) month grace period upon completion of active duty service. If they re-enroll at school prior to the expiration of the thirteen (13) month cancellation, the deferment ends on the date of your re-enrollment (as you will again be in an enrolled status).

Facts to Consider Before Borrowing:

Minimum Monthly Payment

Your minimum monthly payment will be \$40.00 as long as the amount you borrowed does not exceed \$3,770.00. For loans greater than this amount, your monthly payments will be higher. Therefore the amount of your monthly repayment will depend on the total amount of Federal Perkins Loans borrowed. For an easy way to determine the approximate amount of your monthly payment use the following simple formula:

Take the amount you owe and divide it by 1000. Multiply the number you get by 11.

See the following examples:

<i>Total Loan Amount</i>	<i>Number of Payments</i>	<i>Approximate Monthly Payments</i>	<i>Total of Interest Charges</i>	<i>Total Repaid</i>
\$4,000	120	\$42.43	\$ 1,091.91	\$5,091.01
\$5,000	120	\$53.93	\$ 1,364.03	\$6,354.03
\$15,000	120	\$159.10	\$ 4,091.73	\$19,091.73

BORROW RESPONSIBLY THIS IS A LOAN AND MUST BE REPAYED DON'T GET IN OVER YOUR HEAD

How Much Can You Afford To Borrow

Every borrower is different and the amount you can afford to repay in student loans depends on many variables:

- Anticipated entry level salary for your profession
- Take home salary, i.e., what your net salary after taxes and deductions may be
- Other outstanding student loans
- Cost of living
- The number of people you support
- Other debts, i.e. auto loan or mortgage

Before you borrow take a few minutes to complete the budget sheet on the following page. Think about what you can really afford to borrow. You may find more information about entry-level salaries by going to the **Bureau of Labor Statistics** homepage at www.bls.gov/oes

Estimated Income and Expense Sheet

This estimated income and expense worksheet is intended to help you develop an estimated budget to calculate and compare both your current and post-school income and expenses. Complete this sheet by filling in the appropriate dollar value next to each category that pertains to you. You do not have to hand in this sheet. Keep this for your records and reference. This worksheet is a reference guide and should be updated as circumstances change.

Please note that your GROSS wage is what you earn, however the amount you take home is the NET income, which is your GROSS wage less deductions for items which include but are not limited to the following: taxes, Social Security, union dues, medical coverage. The NET wage is what you have available to spend. Remember to add up all of your income and expense items.

$$\text{Left over funds} = \text{Net Income} - \text{Expenses}$$

When you complete this worksheet think about what you can really afford to borrow from the Federal Perkins Loan program and what you may have to give up to pay the bill.

Some useful financial management advisory web pages are:

HESC: http://www.hesc.com/content.nsf/CA/2/Financial_Literacy_Program

New York City Office of Financial Empowerment:
<http://www.nyc.gov/html/ofe/html/home/home.shtml>

FEN (Financial Education Network) directory / referrals / general and crisis:
<http://www.nyc.gov/html/ofe/html/find/find.shtml>

PERSONAL MONTHLY BUDGET

PROJECTED MONTHLY	Income 1	
	Extra income	
	Total monthly income	

ACTUAL MONTHLY INCOME	Income 1	
	Extra income	
	Total monthly income	

EDUCATION:
Tuition, Books
and Fees.

HOUSING	Current Expenses	Projected Expense	Difference
Mortgage or rent			
Phone			
Electricity			
Gas			
Water and sewer			
Cable			
Waste removal			
Maintenance			
Other			
Subtotals			

TRANSPORTATION	Current Expenses	Projected Expenses	Difference
Vehicle payment			
Bus/taxi fare			
Insurance			
Licensing			
Fuel			
Maintenance			
Other			
Subtotals			

INSURANCE	Current Expenses	Projected Expenses	Difference
Home			
Health			
Life			
Other			
Subtotals			

FOOD	Current Expenses	Projected Expenses	Difference
Groceries			
Dining out			
Subtotals			

PETS	Current Expenses	Projected Expenses	Difference
Food			
Medical			
Grooming			
Other			
Subtotals			

PERSONAL	Current Expenses	Projected Expenses	Difference
Medical			
Hair/nails			
Clothing			
Dry cleaning			
Health club			
Organization dues			
Other			
Subtotals			

CURRENT BALANCE (Projected income minus expenses)	
PROJECTED BALANCE (Actual income minus expenses)	
DIFFERENCE	

ENTERTAINMENT	Current Expenses	Projected Expenses	Difference
Video/DVD/CD			
Movies			
Concerts			
Sporting events			
Live theater			
Vacations			
Other			
Other			
Subtotals			

LOANS	Current Expenses	Projected Expenses	Difference
Personal			
Student			
Credit card			
Credit card			
Credit card			
Other			
Subtotals			

TAXES	Current Expenses	Projected Expenses	Difference
Federal / FICA			
State			
Local			
Other			
Subtotals			

SAVINGS OR INVESTMENTS	Current Expenses	Projected Expenses	Difference
Retirement			
Investment			
Savings / Other			
Subtotals			

GIFTS AND DONATIONS	Current Expenses	Projected Expenses	Difference
Charity 1			
Charity 2			
Birthdays / Gifts			
Subtotals			

LEGAL	Current Expenses	Projected Expenses	Difference
Attorney			
Alimony			
Lien or judgment			
Other			
Subtotals			

TOTAL CURRENT COST	
TOTAL PROJECTED COST	

Your Lender is The City University of New York

Your lender is the CUNY college where you are enrolled and borrow your Federal Perkins Loan. The Federal Perkins Loan is part of Title IV Federal Student Aid programs that also include: FWS, Pell, SEOG, FFEL Stafford Loans and William D. Ford Federal Direct Student Loans. The Federal Perkins Loan is a revolving loan, funded by the Federal Government and by repayments made by prior borrowers. Their (and your) payments allow for newer borrowers (like you, now) taking this loan to pay for educational expenses. **The CUNY college where you borrow is lending you the money on behalf of the Federal government.**

The City University of New York consists of fourteen (14) senior colleges, six (6) community colleges, two (2) graduate schools and a law School. Schools are located throughout the five boroughs of New York City. Although all the colleges are part of the CUNY system, each college is responsible for its own records, including your student loan records. **Each school from which you borrowed a Federal Perkins Loan must be notified separately about any changes in your address, telephone number, e-mail address, enrollment status or problems you may have with repaying the loan.**

Other Lenders

You may have other lenders. They may include: The Department of Education for William D. Ford Federal Direct Loans, a major bank, alternative loan lenders, a student loan servicer or another school's Federal Perkins Loan. Each type of loan may have different provisions and must be taken care of separately.

Each of these loans is separate from each other, therefore everything you do for one loan you MUST do for all:

- Payment
- Change of Name, Address, Telephone number(s) and E-Mail address
- Change of Social Security number
- Request for Deferment, Forbearance or Cancellation

It is your responsibility to notify each lender directly of any changes in your personal information.

Keep careful and separate records for each student loan!

NSLDS

You may view your student loan information and history by visiting: www.nsls.ed.gov .

NSLDS is The National Student Loan Database System. It contains information about all the Federal student loans you have borrowed; paid or unpaid. Information contained on the database includes lender(s), outstanding principal balances and loan status. In order to access NSLDS you must use your FAFSA (Free Application for Federal Student Aid) PIN. If you have lost your PIN, or need a new one, visit www.pin.ed.gov.

Schools are required to report all federal loans to NSLDS. Alternative loans are not reported to or recorded on NSLDS. You will need to contact your alternative loan lender directly for information.

CUNY's Federal Perkins Loan Billing Service

CUNY employs a billing service for the Federal Perkins Loan program. The billing service provides various services to the University and student borrowers which include: on-line Entrance Counseling, Exit Interviews, billing, processing payments and providing information to the University and student borrowers.

Please note that the billing service is subject to change.

Currently the University's billing service is: Educational Computer Services Inc. (ECSI). The billing service's mailing address, telephone number and web site are:

ECSI
P.O. Box 15510
Pittsburgh, Pennsylvania 15244
1-888-549-3274
<http://www.ecsi.net>

Pre-loan Counseling Session

Federal regulations state that you cannot receive your Federal Perkins Loan until you first complete a pre-loan counseling session which includes signing your promissory note. You will be notified when to complete your pre-loan counseling / entrance interview. You will need your FAFSA personal identification number (PIN) to complete the pre-loan counseling / entrance interview. ECSI will later provide its own PIN to you in order to access their web site and information on your Federal Perkins Loan.

Pre-loan counseling / entrance interviews and a promissory note are required for every year you receive a Federal Perkins Loan.

This session may be conducted in person or electronically as determined by the college you are attending. At the pre-loan counseling session you will be advised of your rights and responsibilities associated with borrowing a Federal Perkins Loan. All students are required to sign a promissory note. The promissory note is an agreement between you (the student borrower) and the lending institution (the CUNY college), in which you agree to repay the loan and abide by all other stipulations of the loan. The college retains your promissory note until you have paid your loan in full. CUNY mid-year transfer students must complete this process with their new CUNY college. As a responsible borrower you should use the pre-loan counseling session as an opportunity to obtain information about your educational loan. **It is very important that you fully understand your rights and responsibilities.**

Exit Interview

Federal regulations require that you complete an Exit Interview when you graduate, drop below half-time enrollment (6 credits or 6 equated credits), take a leave of absence, withdraw from or transfer to another school. **You must complete an exit interview even if you intend to return to school.** You will be notified when to complete your Exit Interview; you are required to complete an Exit Interview whether you receive notification to do so, or not.

This session may be conducted in person or electronically as determined by the college where you received the loan. The exit interview serves to remind you of your rights and responsibilities and gives you the opportunity to obtain important information about your loan(s) including deferments and service cancellations. During your exit interview you will be told of the total amount of your Federal Perkins Loan at the college you are exiting from, your monthly repayment amounts and when your first payment will be due. If you leave school without completing an exit interview, a stop will be placed on your school records, including your transcript and diploma which will **not** be released until you complete your exit interview. If you reapply to college and have not completed your exit interview, you may be denied entrance to that college until this requirement is met.

The Repayment Process

Once you enter repayment, CUNY's billing service will send you a monthly billing statement. Applications for deferment, forbearance or cancellation of your loan can be requested through CUNY's billing service or your lending institution. For further assistance you may contact the billing service at **1-888-549-3274** to speak to a representative or contact the Federal Perkins Loan Coordinator at your lending institution for information regarding:

- 📖 General inquiries about your rights and obligations for your Federal Perkins Loan
- 📖 When a payment is due
- 📖 Your outstanding balance
- 📖 If a deferment, forbearance or cancellation was posted to your account
- 📖 What kinds of deferments, forbearances or cancellations are available to you
- 📖 The option to receive either a paper or an electronic bill
- 📖 The option to arrange automated payments

Your CUNY Federal Perkins Loan account information is available at: <http://www.ecsi.net> . You will need your ECSI PIN to access your loan account information.

You can:

- 😊 Check billing information / Pay your CUNY Federal Perkins Loan bill on-line
- 😊 View information about deferment, forbearance and cancellation eligibility
- 😊 Download and print forms (i.e. cancellation / deferment forms)
- 😊 Change your address and phone number on-line

Remember that failure to receive a bill does not exempt you from making a payment when due. If you do not receive your bill, call the billing service or your College Loan Coordinator immediately!

Loan Prepayment - Prepayment saves you money

Loan prepayment is any amount paid above what is due while your account is in repayment and current. It is also payment(s) made towards your Federal Perkins Loan while you are still in school, in your grace period, and / or during deferments. You may prepay at any time without penalty.

If you pay more than is due you will pay your loan down faster, reducing the principal amount of your loan which, in turn will reduce the amount of interest that you pay on the loan.

Regular Monthly Payments are to be remitted to the University's billing service. If you make a payment in excess of your monthly payment, you will still need to make your regular payment the following month.

Multiple College Loan Payments

It is important to remember that if you have Federal Perkins Loans from different CUNY colleges, they must be handled separately, what you do for one must be done for all. This includes: changes of address, deferments, forbearances and cancellation.

Borrowers with multiple loans who make payments to the billing service (ECSI) need to identify which college loan or loans they are paying.

In the event that you need to make advance payments, contact the University's billing service or your college's Federal Perkins Loan Coordinator.

Cancellations

As part of the benefits of your Federal Perkins Loan you may be eligible to have up to 100 percent of your loan cancelled by engaging in certain types of public service and community based work. If you engage in any of the types of work listed you may be eligible to have part, or all of your entire loan cancelled. Your loan may also be cancelled in the event of total and permanent disability or death.

Cancellations are NOT Automatic. If you are eligible for a cancellation, it is **your responsibility** to complete the appropriate forms and submit them to the billing service on a timely basis. Contact the University's billing service – ECSI – or you can download forms from their web site at www.ecsi.net. Please note that additional documentation is usually required.

YOU MUST FILE CANCELLATION (for the previous year) AND CANCELLATION-DEFERMENT FORMS EVERY YEAR (for the current or following year of service).

A deferment is granted in anticipation of qualifying for a cancellation. Interest does not accrue during the deferment, nor are payments due. Cancellations are for periods of service performed after the borrower is no longer receiving Federal Perkins Loans. Service prior to, or concurrent with receiving the loan is not eligible for cancellation.

A public service cancellation may be granted if you are employed as:

- A full-time teacher in a public or nonprofit elementary or secondary school serving students from low-income families as determined by the US Department of Education
- A full-time teacher in a public or other nonprofit elementary or secondary school in the fields of mathematics, science, foreign languages, or bilingual education or in any other field of expertise that is determined by a state education agency to have a shortage of qualified teachers in that state
- A full-time special-education teacher, teachers of infants, toddlers, children, or youth with disabilities in a public or other nonprofit elementary or secondary school system
- A full-time speech language pathologist with a Master's Degree working with low income children.
- A full-time staff member in the educational part of a pre-school program carried out under the Head Start Act. The cancellation rate is 15 percent of the original principal loan amount plus the interest that accrued during the year for each complete school year
- A full-time staff member in a state licensed / regulated pre-kindergarten or child care program
- A librarian with a Master's degree in library science employed in a Title I eligible elementary or secondary school or in a public library located in a district serving one or more Title I eligible schools
- A full-time faculty member at a Tribal college or university
- A full-time law enforcement or corrections officer in a publicly funded agency who is engaged in crime prevention, control, reduction or the enforcement of criminal law
- A full-time attorney employed in Federal public defender organizations or community defender organizations.
- A full-time fire fighter
- A full-time nurse or medical technician, providing health care services
- A full-time qualified professional provider of early intervention services in a public or other nonprofit program under public supervision
- A full-time employee of an eligible public or private nonprofit child or family services agency providing direct services to both high-risk children who are from low-income communities and the families of such children
- A volunteer of Peace Corps/Action Program
- A member of the U.S. Armed Forces

With the exception of Head Start service, Peace Corps and Action Program Volunteer the cancellation rate per completed year of full-time service is:

- 15 percent of the original principal loan amount for each of the first and second years
- 20 percent of the original principal loan amount for each of the third and fourth years
- 30 percent of the original principal loan amount for the fifth year

- Total and Permanent Disability - To qualify for this cancellation you must be deemed to be suffering from a total and permanent disability, which means that you will never be able to go to work and earn money. A separate Total and Permanent Disability Discharge Form with a physician's certification is required.
- Death - Cancellation for death requires a death certificate.

For additional information regarding cancellation benefits visit our billing service web site www.ecsi.net or visit the Department of Education web site www.studentaid.ed.gov and search for cancellation benefits of the Federal Perkins Loan Program.

U.S. Army Loan Repayment Program

The U.S. Army offers a loan repayment program as an enlistment incentive. If a Federal Perkins Loan, National Direct Student Loan (NDSL) or Stafford Loan borrower serves as an enlisted person in the U.S. Army, Army Reserves, or Army National Guard, the United States Department of Defense will repay a portion of the loan. For more information contact your local military recruiting office. This is a recruitment program, not a cancellation, and does not pertain to an individual's prior service.

IF YOU CANNOT MAKE YOUR MONTHLY PAYMENT, THE FOLLOWING OPTIONS MAY BE AVAILABLE:

Deferment

A deferment is a period of time during which no interest accrues nor are payments due. Once your loan(s) enters repayment you are obligated to make regular and timely payments. However, under certain circumstances, you may be entitled to have the repayment of your loan deferred. At the end of your deferment period you are entitled to a six-month post deferment grace period.

Deferment is NOT Automatic.

You must apply for a deferment in writing, by using a deferment form obtained from the school(s) that made the loan(s) or by contacting the University's billing servicer, ECSI. Deferment forms can be obtained on-line at www.ecsi.net. Supporting documentation is usually required. Deferment requests and supporting documentation must be submitted to the college(s) from which you borrowed your loan(s).

A deferment may be granted when any of the following conditions exist and supporting documentation is provided:

- You are enrolled at least half-time (6 credits or 6 equated credits) as a regular student in a course that is approved by the United States Department of Education.
- You have been called to active military duty; personnel called to active duty may make a verbal request for a military deferment.

- You are engaged in graduate or postgraduate fellowship-supported study (such as a Fulbright grant) outside the United States.
- You are enrolled in a course of study that is part of the United States Department of Education's approved rehabilitation training program for disabled individuals.
- You are seeking but are unable to find full-time employment.
- You are suffering an economic hardship.
- You have been granted an economic hardship under either the Federal Direct Loan Program or the Federal Family Educational Loan Program (FFELP).
- You are engaged in certain types of service that qualify for loan cancellation.

The total period of Unemployment and Economic Hardship deferment is limited to three years each.

In most cases you may receive a student deferment based on information received from The National Student Clearinghouse. The National Student Clearinghouse is a central database that documents student registrations nationwide.

Forbearance

Is a temporary postponement of payments. If you are willing but financially unable to make the required payments on your loan(s), you may request that the school grant forbearance. The request must be submitted to the lending college in writing along with supporting documentation. Appropriate documentation includes:

- Recognized public service, e.g., AmeriCorps or military mobilization
- Evidence of financial hardship
- Evidence that the amount of your outstanding debt obligation on all your student loans is equal to or greater than 20% of your monthly income
- Income tax documents

Forbearance is usually granted for 6 months at a time. Interest is accruing and must be paid by the end of the forbearance period. The total period of forbearance is limited to three years.

Forbearance and extensions on forbearance are not automatic. If you need to request forbearance contact your College Loan Coordinator or the University's billing service. For additional forbearance you must submit a new request.

Loan Consolidation

Loan Consolidation allows you to combine your Federal Perkins Loan and other federal education loans into a new loan. There are several advantages to consolidating your educational debt:

- ☺ One lender and one monthly payment
- ☺ Flexible repayment options
- ☺ Possibly a lower interest rate for in-school and in-grace consolidation
- ☺ May reduce monthly payments
- ☺ Additional benefits may be offered by individual consolidating agencies

If you consolidate your Federal Perkins Loan you will lose all the benefits of the Federal Perkins Loan Program including the cancellation provisions such as: teacher, law enforcement and family services. For more information about the Federal Perkins Loan provisions visit www.ecsi.net or contact the Federal Perkins Loan Coordinator at your school. Once your student loans are consolidated they can not be unconsolidated. **Be Careful, Consolidation is Final!**

Credit Bureau Reporting

The amount you borrow will be reported to national credit bureaus. Your repayment history is reported monthly throughout the life of your loan. Late payments, late filing of forms and defaults are reported and will negatively impact your access to credit.

Late Payments, Late Fees and Other Charges

If payments or forms for deferment, forbearance or cancellation are not received by the due date on your bill, late fees (also called penalty charges) will be added to the amount due. Reference to these charges is included in your promissory note. A fee is charged if your check is returned from the bank for insufficient funds or for a rejected auto-debit.

Loan Default

Default has very harsh consequences and is a very serious matter.

If your account is 120 days (4 months) past due your account will be referred to a collection agency. Before collection action is taken the billing service will attempt to contact you by phone and by mail to advise you to pay the bill. **Do not ignore these warnings.**

The Causes of Loan Default

There are several ways that your loan can go into default. They are:

- Non payment
- Late payment
- Not filing required forms on a timely basis; this includes forbearance, deferment, or cancellation forms
- Not informing the college, Federal Perkins Loan Coordinator or the billing service (ECSI) of any address, phone, and email or name changes. If the school is not made aware of status changes it can not update your information with the University's billing service and consequently you may not receive your bill
- Failure to make a payment because you did not receive a bill

Consequences of Loan Default

- ☹ **No further University services.** You may not be allowed to register at any campus of The City University of New York. A hold will be placed on your academic transcript, diploma and all other CUNY services.

- ⊗ **The entire amount of your unpaid debt will become due.** Your loan will be accelerated. Acceleration means that the entire amount you borrowed, plus interest, late charges and substantial collection costs will become due and payable.
- ⊗ **Your account will be referred to a collection agency.** CUNY (under Federal regulations) contracts with collection agencies to collect defaulted Federal Perkins loans. When an account is placed with a collection agency, collection costs are added to the borrower's loan balance to offset the cost of collection on the defaulted debt. The Federal Perkins Loan Program requires that borrowers in default of their loan(s) pay collection costs. As an example: for each \$1,000 owed, approximately \$300 in collection costs is added.
- ⊗ **Adverse credit rating.** Your repayment history will be reported to national credit bureaus. A bad credit rating will prevent you from obtaining a mortgage, car loan, credit card or other loans. A defaulted student loan will become part of your permanent credit history.
- ⊗ **You may be denied some types of employment.** A bad credit rating may be grounds for denying you certain types of jobs.
- ⊗ **Judgment, Tax Offset, wage garnishment and asset seizure.** Your defaulted account may be referred for legal action. As a result of being sued your New York State income tax refund may be taken, your bank account seized and your wages garnisheed. Attorney's fees, court costs and litigation costs may also be added to the amount you owe.
- ⊗ **No additional financial assistance.** You will be deemed ineligible for further Title IV financial aid at any post-secondary education institution. Title IV financial aid includes: Federal Pell Grant, Federal Work-Study, Federal Perkins Loans, Direct Loans and FFEL Stafford Loans.
- ⊗ **Rights of the loan are lost.** You could be denied a deferment, forbearance or cancellation. Your original repayment agreement will no longer be valid.
- ⊗ **Assignment.** Once all efforts to collect payments on a defaulted loan have been exhausted the college may assign the loan to the United States Department of Education for collection. If this happens, the Department of Education assumes all authority for the loan and can utilize other branches of the United States government to enforce collection of the debt.

Consequences of loan default are very harsh. These penalties will impact the way you live. However, under most circumstances **loan default can be avoided.** As soon as you find that you are having difficulty meeting your debt obligation, call your college Federal Perkins Loan Coordinator. The Loan Coordinator will work closely with you to help you avoid default. Ask about your eligibility for *deferment, forbearance* and *cancellation*.

HELP IS AVAILABLE ONLY BEFORE A LOAN IS IN DEFAULT.

Loan Rehabilitation of Defaulted Loans

Under the Higher Education Amendments of 2008, borrowers holding defaulted student loans may be eligible for loan rehabilitation. To successfully complete loan rehabilitation you must make nine (9) consecutive, on-time monthly payments as determined by The City University of New York. Rehabilitation can only happen once, if after successfully rehabilitating your loan, you default again, you will be ineligible for future rehabilitations.

Loan Rehabilitation is NOT Automatic. To determine if this option is appropriate for your circumstances, contact the College Federal Perkins Loan Coordinator at the school where you borrowed your loan. Loan rehabilitation offers several benefits to the borrower of a defaulted loan:

- ✎ You will be returned to regular repayment status.
- ✎ Your first payment of the nine (9) consecutive monthly payments required for rehabilitation will be treated as the first payment of a new repayment schedule (not to exceed 10 years)
- ✎ Any credit bureau to which your defaulted loan was reported will be instructed to remove the default from your credit history
- ✎ You will no longer be considered ineligible for Federal student financial assistance because of the default

Bankruptcy

All bankruptcy applications are filed with the United States Federal Bankruptcy Court. When a creditor is made aware that a bankruptcy petition has been filed all billing and collection activity stops; interest continues to accrue. This period is known as the “automatic stay”.

When we receive Notification of Discharge, the account will return to its prior status and you will be required to resume payments. **Student loans are usually not dischargeable.**

Student Loan Ombudsman

If you have a dispute concerning your NDSL or Federal Perkins Loan and the holder of your loan is unable to resolve the dispute, you may seek the assistance of the Department of Education’s Student Loan Ombudsman. The Student Loan Ombudsman will review and attempt to informally resolve your dispute. You may contact the Ombudsman’s Office by calling 1-877-557-2575 or visit their web site: www.ombudsman.ed.gov.

Glossary of Key Terms

Asset seizure: An action taken to enforce a judgment against a defaulted debtor. Bank accounts and savings accounts are “frozen” and the funds taken to repay a defaulted debt.

Assignment: The transferring of authority of a loan from one lender to another lender or to a government entity. In some cases, defaulted Federal Perkins Loans are assigned to the United States Department of Education. By virtue of assignment, the new lender or agency acquires total authority for the loan. Thus, when a Federal Perkins Loan is assigned to the Department of Education, the Department of Education assumes all responsibility for the loan.

Bankruptcy: An appeal made by the debtor to the Federal Court to relieve the debtor of his/her repayment obligations.

Billing service: A company hired to send bills, deposit payments, process deferment and cancellation forms and perform record keeping functions for a lender.

Cancellation: A benefit of the Federal Perkins Loan program in which the U. S. government repays all or part of a student’s debt for the student’s full-time work in certain types of public service. Cancellation is also applicable in the event of the borrower's death and total and permanent disability.

Collection agency: A company hired by a lender to collect a defaulted debt.

Collection costs: Charges added to the borrower’s loan balance to offset the cost of collection on a defaulted debt. The Federal Perkins Loan Program requires that borrowers in default of their loan(s) pay collection costs.

Credit bureau: A company that maintains credit history and rates credit worthiness of people with loans and other kinds of debt. Potential lenders can access credit bureau records to see if potential borrowers have a good or bad repayment history. A loan default will have a negative impact on an individual's repayment history which will, in turn influence that person's access to credit.

Default: When a borrower fails to make a required payment or file forms for a cancellation, deferment, or forbearance on time.

Deferment: A period of time when a regular payment is suspended for a specified reason such as enrollment in school, service in the military, unemployment, etc. No interest accrues nor are payments due during a deferment period.

Discharge: A ruling by the U. S. Bankruptcy Court honoring a person’s request to be declared bankrupt. A discharge forgives a borrower of some debts. Student loans are usually not dischargeable.

Exit interview: Federal regulations require that when you graduate, drop below half time enrollment (6 credits or 6 equated credits), take a leave of absence or withdraw from school, you must complete an exit interview even if you intend to return to school. This session may be conducted in person or electronically as determined by the college you are attending. The exit interview serves to remind you of your rights and responsibilities and gives you the opportunity to obtain important information about your loan(s).

Finance charges: See interest.

Forbearance: A temporary postponement of payment. Interest continues to accrue during forbearance.

Grace period: The grace period is a time following enrollment and some deferments, which occurs before you start repaying your loan. No interest accrues nor are payments due during a grace period.

Interest: The fee charged for the use of borrowed money. Interest is charged on the outstanding principal balance. Refer to your promissory note for the interest rate on your loan. The interest rate on all Federal Perkins Loans is a fixed rate.

Judgment: A court determination that a debt is valid and enforceable and that a lender may collect payment of the debt by exercising certain types of forced payment. See asset seizure, wage garnishment and tax offset.

Late charges: Charges added when a payment or deferment/cancellation/forbearance form is not received by the due date.

Loan consolidation: Refinancing of several student loans into a single larger loan.

Matriculated: Enrolled in a degree program (e.g. Associates, Baccalaureate, Master's or Doctoral program).

Over award: When financial aid exceeds financial need.

Pre-loan counseling session: Federal regulations state that you cannot receive your Federal Perkins Loan until you first complete a pre-loan counseling session. This session may be conducted in person or electronically as determined by the college you are attending. At the pre-loan counseling session you will be advised of your rights and responsibilities associated with borrowing a Federal Perkins Loan. All students are required to sign a promissory note.

Prepayment: A payment made when no payment is due or a payment is in excess of the regularly scheduled amount. Prepayment saves you money by reducing the principal balance that you will pay interest on.

Principal: The amount of money you borrow. As you pay down a loan, your principal is reduced.

Promissory note: The promissory note is an agreement between you and the lending institution, in which you agree to repay the loan and abide by all other stipulations of the loan. The college retains your promissory note until you have paid your loan in full. A promissory note is a legally binding contract.

Rehabilitation: A program to help you get your loan out of default and to improve credit history.

Statute of limitations: Amount of time a debt can be legally collected. There is no statute of limitations on student loans.

Tax offset: An action taken against a defaulted debtor. The borrower's income tax refund is taken for payment on a defaulted loan.

Wage garnishment: (Also called an Income Execution) An action taken to enforce a judgment against a defaulted debtor. A portion of a borrower's salary is withheld for payment on a defaulted loan.

Useful Web Sites

There is a great deal of information available to you in connection with student financial assistance and student loans. Below is a list of web sites that you may find useful. These sites are provided for informational purposes only. The City University of New York does not endorse site content.

<http://www.bls.gov/oes>

Information regarding occupations and wages can be downloaded at this Bureau of Labor Statistics page. This a good page to review when considering taking a loan to finance your education.

<http://www.cuny.edu>

CUNY's homepage allows you access to a variety of topics, including links to all the colleges of The City University of New York.

<http://www.ed.gov>

This is the home page for the United States Department of Education. Questions about federal student loans and student financial assistance can be researched here.

<http://www.fasfa.ed.gov>

This the web site for the Free Application for Federal Student Aid (FAFSA) application which you can use to apply for Federal financial assistance.

<http://www.pin.ed.gov>

This is the web site where you can get your Personal Identification Number (PIN) that you will use for all your Federal financial aid.

<http://www.ecsi.net>

This is the web site for the University's billing service. You will be able to access a great deal of information regarding the Federal Perkins Loan program at this site.

http://www.hesc.com/content.nsf/CA/2/Financial_Literacy_Program

HESC – Higher Education Services (of New York State)

<http://www.nsls.ed.gov>

The National Student Loan Database System contains information about all your student loans.

<http://www.nyc.gov/html/ofe/html/find/find.shtml>

FEN (Financial Education Network) directory / referrals / general and crisis

<http://www.nyc.gov/html/ofe/html/home/home.shtml>

New York City Office of Financial Empowerment

<http://www.ombudsman.ed.gov>

This is the web site for the Department of Education Ombudsman's Office. As part of its mission the Ombudsman seeks to "receive, review and attempt to resolve informally complaints from borrowers of student financial assistance loans."

<http://www.studentaid.ed.gov>

This page has questions and answers regarding your Federal financial aid and paying for higher education.