YOUR Federal Perkins Loan

A Reference Guide of Your Rights, Responsibilities and Obligations
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 that 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

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<thead>
<tr>
<th>College Name</th>
<th>Address</th>
<th>Phone Number</th>
<th>Website</th>
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<tbody>
<tr>
<td>Baruch College</td>
<td>One Bernard Baruch Way</td>
<td>(646) 312-1406</td>
<td><a href="http://www.baruch.cuny.edu">www.baruch.cuny.edu</a></td>
</tr>
<tr>
<td>Borough of Manhattan College</td>
<td>199 Chambers Street</td>
<td>(212) 346-8528</td>
<td><a href="http://www.bmcc.cuny.edu">www.bmcc.cuny.edu</a></td>
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<tr>
<td>Bronx Community College</td>
<td>W181 Street &amp; University Avenue</td>
<td>(718) 289-5700</td>
<td><a href="http://www.bcc.cuny.edu">www.bcc.cuny.edu</a></td>
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<tr>
<td>Brooklyn College</td>
<td>2900 Bedford Ave</td>
<td>(718) 951-5200</td>
<td><a href="http://www.brooklyn.cuny.edu">www.brooklyn.cuny.edu</a></td>
</tr>
<tr>
<td>City College</td>
<td>Convent Avenue and 138th Street</td>
<td>(212) 650-8710</td>
<td><a href="http://www.city.cuny.edu">www.city.cuny.edu</a></td>
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<tr>
<td>CUNY School of Law</td>
<td>65-21 Main Street</td>
<td>(718) 340-4331</td>
<td><a href="http://www.law.cuny.edu">www.law.cuny.edu</a></td>
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<tr>
<td>Graduate Center</td>
<td>365 Fifth Ave</td>
<td>(212) 817-7460</td>
<td><a href="http://www.gc.cuny.edu">www.gc.cuny.edu</a></td>
</tr>
<tr>
<td>Hostos Community College</td>
<td>500 Grand Concourse</td>
<td>(718) 518-4376</td>
<td><a href="http://www.hostos.cuny.edu">www.hostos.cuny.edu</a></td>
</tr>
<tr>
<td>Hunter College</td>
<td>695 Park Ave</td>
<td>(212) 772-5017</td>
<td><a href="http://www.hunter.cuny.edu">www.hunter.cuny.edu</a></td>
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<tr>
<td>John Jay College of Criminal Justice</td>
<td>445 West 59th Street</td>
<td>(212) 237-8163</td>
<td><a href="http://www.jjay.cuny.edu">www.jjay.cuny.edu</a></td>
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<tr>
<td>Kingsborough Community College</td>
<td>2001 Oriental Boulevard</td>
<td>(718) 368-4584</td>
<td><a href="http://www.kbcc.cuny.edu">www.kbcc.cuny.edu</a></td>
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<tr>
<td>LaGuardia Community College</td>
<td>31-10 Thomson Avenue</td>
<td>(718) 482-5191</td>
<td><a href="http://www.lagcc.cuny.edu">www.lagcc.cuny.edu</a></td>
</tr>
<tr>
<td>Lehman College</td>
<td>250 Bedford Park Boulevard West</td>
<td>(718) 960-8413</td>
<td><a href="http://www.lehman.cuny.edu">www.lehman.cuny.edu</a></td>
</tr>
<tr>
<td>Medgar Evers College</td>
<td>1650 Bedford Avenue</td>
<td>(718) 270-6137</td>
<td><a href="http://www.mec.cuny.edu">www.mec.cuny.edu</a></td>
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<tr>
<td>New York City College of Technology</td>
<td>300 Jay Street</td>
<td>(718) 473-8971</td>
<td><a href="http://www.nycct.cuny.edu">www.nycct.cuny.edu</a></td>
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<tr>
<td>Queens College</td>
<td>65-30 Kissena Boulevard</td>
<td>(718) 997-5111</td>
<td><a href="http://www.qc.edu">www.qc.edu</a></td>
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<tr>
<td>Queensborough Community College</td>
<td>225-05 56th Avenue</td>
<td>(718) 631-6367</td>
<td><a href="http://www.qcc.cuny.edu">www.qcc.cuny.edu</a></td>
</tr>
<tr>
<td>College of Staten Island</td>
<td>2800 Victory Boulevard</td>
<td>(718) 982-2230</td>
<td><a href="http://www.csi.cuny.edu">www.csi.cuny.edu</a></td>
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<tr>
<td>York College</td>
<td>94-20 Guy R. Brewer Boulevard</td>
<td>(718) 262-2230</td>
<td><a href="http://www.york.cuny.edu">www.york.cuny.edu</a></td>
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For access to the main web site and all colleges of The City University of New York: [www.cuny.edu](http://www.cuny.edu)
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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 your Federal Perkins Loan
- Facts to consider before borrowing
- Your lender – The City University of New York
- Pre-loan counseling and exit interview
- The repayment process
- Deferments, forbearances and/or cancellations
- The consequences of 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 enrolled at least half-time (6 credits or 6 equated credits) and meet all applicable academic standards. 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.

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 that 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 Perkins Loan(s).

Mid-Year Reduction of Your Federal Perkins Loan
You may reduce the amount that you are borrowing if you decide that you do not need it. The college may reduce the amount of your loan if you receive additional aid during the school year, drop below half-time (6 credits or 6 equated credits), 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. To apply, you must file a FAFSA (Free Application For Federal Student Aid) beginning 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.

Borrowing Limits
- The annual loan limit for undergraduate students is $4,000
- The annual loan limit for graduate students is $6,000
- The aggregate loan limit for undergraduate students that have completed two academic years and are pursuing a Bachelor’s degree is $20,000
- The aggregate loan limit for graduate students is $40,000

The minimum and maximum award amounts that will be available to student borrowers is determined each year by CUNY depending on the availability of funds and the number of students applying.

Interest Rate
Interest, also called the finance charge, is the fee charged for the use of borrowed money. The interest rate for all borrowers is 5%. As long as you are in school at least halftime, in your grace period, deferment or cancellation, there is no interest accruing 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 grace period is a time following enrollment and some deferments, which occurs before you start repaying your loan. No interest accrues during a grace period. You have to begin repaying your loan when your grace period ends.

Currently the grace period for all new borrowers is 9 months. Your grace period starts when you drop below half-time enrollment (6 credits or 6 equated credits), graduate, take a leave of absence or withdraw from school. This is known as the “initial grace period.”

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 10101 of Title 10, United States Code, and you are called or ordered to active duty for a period of more than 30 days. Any single period excluded from your grace period may not exceed three years and includes the time necessary for you to resume enrollment at the next available regular enrollment period. You must notify the school that made your loan of the beginning and ending dates of your service and the date you resume enrollment. If you are in your initial grace period when called or ordered to active duty you are entitled to a new nine month initial grace period upon completion of the excluded period.
Before Borrowing Consider These Facts

Minimum Monthly Payment
Your minimum monthly payment will be $40.00. If you borrow in excess of $3,770, your payment will reflect the amount it takes to pay off your loan in ten years. For an easy way to determine the approximate amount your monthly payment will be use the following simple formula:

Take the amount you owe and divide it by 1000. Multiply the number you get by 11. For example you borrow $5,000:

\[ \frac{5,000.00}{1000} = 5 \]
\[ 5 \times 11 = 55.00 \]
Your monthly payment will be $55.00

Remember, this is a loan and must be repaid. Don’t get in over your head. Borrow responsibly.

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 Occupational Employment Statistics homepage at [www.bls.gov/oes](http://www.bls.gov/oes)
**Budget Sheet**
This income and expense record is intended to help you develop a budget. 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.

When you complete this sheet 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.

<table>
<thead>
<tr>
<th>MONTHLY INCOME</th>
<th>$</th>
<th>MONTHLY EXPENSES</th>
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<tbody>
<tr>
<td>Salary</td>
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<td>Food</td>
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<tr>
<td>Income from savings/investments</td>
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<td>Rent or mortgage payments</td>
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<td>Self-employment</td>
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<td>Clothing</td>
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<td>Veteran’s benefits</td>
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<td>Transportation</td>
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<td>Welfare/AFDC</td>
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<td>Recreation</td>
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<td>Alimony</td>
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<td>Automobile/motorcycle insurance</td>
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<td>Child support</td>
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<td>Medical insurance</td>
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<td>Financial help from parents</td>
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<td>Homeowner/renter insurance</td>
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<td>Financial help from family members</td>
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<td>Medical</td>
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<td>Financial help from spouse</td>
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<td>Dental</td>
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<tr>
<td>Spouse’s income</td>
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<td>Utilities</td>
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<tr>
<td>Other income</td>
<td></td>
<td>Telephone/Internet/Cable</td>
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<tr>
<td>Other income</td>
<td></td>
<td>Student loan payments</td>
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<td>Other income</td>
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<td>Alimony</td>
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<td>Other expenses</td>
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<td>Other income</td>
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<td>Other expenses</td>
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</table>

**TOTAL INCOME** $   **TOTAL EXPENSES** $
Your Lender
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 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) to take 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 is comprised of Community Colleges, Senior Colleges, a Graduate School 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, 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.

Everything you do for one loan you MUST do for all:

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

You may view your student loan information by visiting: [www.nslds.ed.gov](http://www.nslds.ed.gov). **Keep careful and separate records for each student loan!**

NSLDS
NSLDS is The National Student Loan Database System which contains information about all the student loans you have borrowed, paid or unpaid. Information contained on the database includes lender(s), outstanding balances and loan status. In order to access NSLDS you must use your FAFSA (Free Application For Federal Student Aid) Pin number. If you have lost your pin number or need a new one visit [www.pin.ed.gov](http://www.pin.ed.gov). To view your student loan account information on NSLDS visit [www.nslds.ed.gov](http://www.nslds.ed.gov).
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. 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 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 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). If you leave school without completing an exit interview, your school records, including your transcript and diploma, will **not** be released until you complete your 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 **1-888-549-3274** to speak to a representative or contact the 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
Currently, the University’s billing service is ECSI and your correspondence can be sent to:

ECSI  
181 Montour Run Road  
Coraopolis, Pennsylvania 15108  
1-888-549-3274

You may view your CUNY Perkins Loan account information at [http://www.ecsi.net](http://www.ecsi.net)  
Additionally you can:

- Pay your CUNY Perkins Loan bill on-line  
- Download and print forms (i.e. student deferment forms)  
- Change your address and phone number on-line  
- View information about deferment, forbearance and cancellation (to see if you are eligible)  
- Check billing information

**Always 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 is a payment made towards your Federal Perkins Loan while you’re still in school, in your grace period, and during deferments. Loan prepayment is any amount paid above what is due if you are in repayment and your account is current. You may prepay at any time without penalty. Prepayment saves you money.

If you pay while you are in school, in your grace period, or in a deferment that suspends the accrual of interest (most deferments do this), your payment will be interest free. 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. **If you do make a prepayment, remember that if you are in current repayment status, you must make your regular monthly payment.**

If you wish to make a prepayment, contact the billing service or your college Loan Coordinator.
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

To view your student loan history visit [www.nslds.ed.gov](http://www.nslds.ed.gov) or you can contact The Financial Aid Office at your school. If you consolidate your Perkins Loan you will lose all the benefits of the Perkins Loan Program including the cancellation provisions such as: teacher, law enforcement and family services. For more information about the Perkins Loan provisions visit [www.ecsi.net](http://www.ecsi.net) or contact the 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
**If your payment 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. Default has very harsh consequences and is a very serious matter.**

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 of any address, phone, 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 documentation

☞ **The entire amount of your unpaid debt will become due.** Your loan will be accelerated. The entire amount you borrowed, plus interest, late charges and substantial collection costs will become due (for each $1000 owed, approximately $300 in collection costs are 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 return 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, which includes: a Federal Pell Grant, Federal Work-Study, Federal Perkins and 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

As you can see the 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 Loan Coordinator and/or the University’s billing servicer. The Loan Coordinator and the University’s billing servicer will work closely with you to help you avoid default. Ask about your eligibility for deferment, forbearance and cancellation.

**PLEASE BE ADVISED: HELP IS USUALLY AVAILABLE ONLY BEFORE A LOAN IS IN DEFAULT.**
Deferment
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. A deferment is a period of time during which you will not be required to repay the loan principal and interest does not accrue.

A Deferment is Not Automatic. You must apply for a deferment in writing, by using a deferment form obtained from the school that made the loan or by contacting the University’s billing servicer, ECSI. Deferment forms can be obtained on-line at www.ecsi.net. Additional documentation may be required. At the end of your deferment period you are entitled to a six-month post deferment grace period.

A deferment may be granted when any of the following conditions exist:

- 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 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 (FFEL) Program
- You are engaged in certain types of service that qualify for loan cancellation

In some cases you may receive a student deferment based on information received from The National Student Clearinghouse.

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 your entire loan cancelled. Your loan may also be canceled 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 DEFERMENT AND CANCELLATION FORMS EVERY YEAR
A cancellation may be granted under the following conditions:

- 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 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 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 special-education teacher, including teachers of infants, toddlers, children, or youth with disabilities in a public or other nonprofit elementary or secondary school system.

- 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 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 serving both high-risk children who are from low-income communities and the families of such children.

- Peace Corps/Action Program Volunteer.

- U.S. Armed Forces.

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

- 15 percent of the original principal loan amount – plus the interest that accrued during the year – for each of the first and second years.

- 20 percent of the original principal loan amount – plus the interest that accrued during the year – for each of the third and fourth years.

- 30 percent of the original principal loan amount – plus any interest that accrued during the year – 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 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.
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 in writing and supporting documentation must be provided. Appropriate documentation includes:

- Recognized 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.

U.S. Army Loan Repayment Program
The U.S. Army offers a loan repayment program as an enlistment incentive. If a Perkins Loan or National Direct Student Loan (NDSL) (or Stafford Loan) borrower serves as an enlisted person in the U.S. Army, in the Army Reserves, or in the 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.

Loan Rehabilitation
Under the Higher Education Amendments of 1998, borrowers holding defaulted student loans may be eligible for loan rehabilitation. To successfully complete loan rehabilitation you must make 12 consecutive, on-time monthly payments as determined by The City University of New York. You are eligible for rehabilitation once. If you rehabilitate your loan and default again, you may not rehabilitate the loan a second time.

Loan Rehabilitation is Not Automatic. To determine if this option is appropriate for your circumstances, contact the College 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 12 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 dispute the terms of your NDSL or Federal Perkins Loan in writing 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.

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

**Credit bureau:** A company that maintains credit history and rate credit worthiness on 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. Interest does not accrue during a deferment.

**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 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 garnishee and tax offset.

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

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 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.
**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 garnishee:** (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.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.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.bls.gov/oes**  
  Information regarding occupations and wages can be downloaded at this Bureau of Labor Statistics page. A good page to review when considering taking a loan to finance your education.

- **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://libraries.cuny.edu**  
  City University of New York’s library services web site. You can access this site for purposes of research.

- **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.nslds.ed.gov**  
  The National Student Loan Database System which contains information about all your student loans.