

Direct Consolidation Loans

A Direct Consolidation Loan is designed to help student borrowers to simplify loan repayment. Even though a student may have several different federal student loans, a student will need to make only one payment per month for all the loans the student may consolidate. The student may even consolidate just one loan into a Direct Consolidation Loan to get benefits such as flexible repayment options. Most federal student loans or PLUS Loans can be consolidated. The Direct Loan Servicing Center provides students with a complete listing of eligible loans. The toll-free telephone number of the Servicing Center's Consolidation Department is 800.557.7392.

Exit Counseling and Repaying Your Loans

You may borrow and not begin repayment as long as you remain enrolled at least half-time. Repayment begins six months after you cease to be at least half-time student. This six month period is called the "grace period". Payment of the principal is further deferred during study under a graduate fellowship program approved by the U.S. Commissioner of Education, during up to three years as a full-time Peace Corps or VISTA or similar national program volunteer. If you have a subsidized loan, you do not have to pay any principal and you will not be charged interest during the grace period. For an unsubsidized loan, you do not have to pay any principal, but you will be charged interest. You can either pay the interest as you attend school or it will be capitalized (e.g. added to the principal loan balance) later.

Upon leaving school, or enrolling in less than 6 credits per semester, federal regulations require that you participate in an exit counseling session at www.nsls.ed.gov. The Exit Counseling is designed to provide you with the following information regarding repayment and your rights and responsibilities. It will:

- Give you a summary of your Federal Direct Loan indebtedness and a summary of total non – Federal Direct loan indebtedness, including FFEL and Perkins loan
- Review your loan terms and conditions, including interest rate and loan fees.
- Explain loan consolidation - total interest, fees paid and length of repayment; loan benefits such as grace periods, forgiveness, cancellation, discharge and deferment, option to repay through loan consolidation or change repayment plans. How borrower benefits may differ among lenders.
- The name of the organization that holds your loan, where to send payments, and where to write if you have questions about his loan.
- Consequences of default
- Conditions that may allow you to defer repayment, forbearances, or obtain discharge of loans,
- Repayment options:
 1. Standard Repayment Plan – fixed amount for 10 years, \$50 minimum payment.
 2. Graduated Repayment Plan – start with lower payments, then payments increase over the life of the loan.
 3. Extended Repayment Plan (must have minimum of \$30,000 loan debt) - offers fixed or graduated payments over longer period of time- up to 25 years, Loans must have been disbursed on or after 10/7/98.
 4. Income- Sensitive Repayment (ISR) – monthly loan payment is based on your annual income (FFELP only borrowers)
 5. Income Contingent Repayment (ICR) – (direct loan borrowers only) monthly loan payment is based on annual income, your family size, and total amount of Direct loans.
 6. Income-Based Repayment (IBR) Plan – Available as of 7/1/2009, is designed to help borrowers experiencing partial financial hardship. Payments are capped at 15% of the borrower income over 150% of the federal poverty level. Payments can be extended up to 25 years. If, after 25 years you still have remaining balance, it will be forgiven. If the annual household income increases, maximum monthly payments cannot exceed standard 10 years payment.

- Both ICR and IBR plans are based on the borrower's income, family size, and total amount borrowed. Monthly payment is adjusted annually based on changes in annual income and family size.

To get an idea of what the repayment schedule might be, you can get customized estimates by using the on-line repayment calculators at Direct Loans on the web at www.studentloans.gov.

You must complete the exit counseling session on-line. In order to complete the exit counseling session, you must have a PIN from the U.S Department of Education. If you do not have a PIN, you can request one by going to www.pin.ed.gov. Once you receive the PIN, you can then access the exit counseling session at: www.nsls.ed.gov.

Important things to remember when completing the exit counseling session:

- list City-Tech as your current school of attendance
- Select to send your Borrower Rights & Responsibilities Summary Check List electronically to the Department of Education. If you chose the paper option, you will have to provide City Tech with a complete copy of the Borrower Rights & Responsibilities with your signature and references within 30 days of completion.

Once you have completed the exit counseling session, the college will receive acknowledgement via email within 72 hours.

If the student fails to complete the exit counseling session on-line, an administrative STOP will be placed on your records.

If you have questions regarding your loan after completing the on-line exit counseling session, or if you are directed to contact a school representative, please see a counselor at the Financial Aid reception window. Also, you may contact Marcia Wells, the Loan Coordinator at 718 260-5700 or at MWells@citytech.cuny.edu.

A Federal Student Loan Ombudsman Office is available for assistance with loan problems at 1- 877-557-2575 or by writing to: Ombudsman, Student Financial Assistance, U.S. Department of Education, Fourth Floor, 830 First Street, NE, Washington D.C 20202-5144.

When the Student Cannot Pay the Loan

When a student is having difficulty in repaying the loan, the student can apply for forbearance (a temporary suspension or reduction of payments), or a deferment (the student delays the repayment entirely). Deferments are granted when the student is enrolled at least half-time in an approved post-secondary program or graduate fellowship program, is in rehabilitation training, is unemployed (3-year limit), or is experiencing economic hardship (3-year limit). The student should contact the Advocate Unit at HESC. They will review options and provide solutions for the student. Call 888.215.0196 or go to loanadvocate@hesc.org.

Loan Default and Regaining Eligibility for Federal Aid

When the student does not make loan payments and did not apply for forbearance or a deferment in a timely manner, the loan goes into default. If the loan is in default, the student cannot receive any federal Title IV aid, i.e. Pell Grant, loans, FWS and SEOG, until the student participates in one of the programs below to repay the loan:

1. -Loan Rehabilitation Program: The student can repair damaged credit by making 12 agreed-upon, voluntary, consecutive, on-time monthly payments to HESC.
2. -Renewed Eligibility for Financial Aid Program (REFA) or Renewed Eligibility for Title IV Aid (RETA): These programs help the student regain eligibility for all Title IV student financial aid programs. Before filing, however, the student must make 6 agreed-upon, voluntary, consecutive, on-time monthly payments to HESC, and must continue monthly payments to continue eligibility.

To find out more, the student can email defaulthelp@hesc.org or call 800.666.0991.

Loan Cancellation/Forgiveness/Discharge

Under certain circumstances, a student loan, or a portion of the loan, may be cancelled, forgiven, or discharged, in cases such as death, total or partial disability and false certification. The student can call 800.666.0991 for information.