



THE INFORMATION ON YOUR FAFSA INDICATES THAT YOU HAVE DEFAULTED ON A FEDERAL STUDENT LOAN. A default occurs when a student fails to meet his or her loan repayment terms and reaches delinquency exceeding 360 days. A student with a defaulted loan is not eligible to receive Federal or State student aid and will not be eligible to receive additional Federal or State aid until the loan default has been resolved with the loan servicer(s).

Contact information for your loan servicer is provided on your Student Aid Report (SAR) or you may access your loan servicer's contact information on the National Student Loan Data System (NSLDS) at https://nslds.ed.gov/nslds/nslds_SA/. You may also request your loan servicer's contact information from the Financial Aid Office.

IF YOU HAVE ALREADY SATISFIED YOUR REPAYMENT OBLIGATIONS FOR THE DEFAULTED LOAN(S), OR YOU HAVE MADE SATISFACTORY ARRANGEMENTS TO REPAY THE DEBT OWED ON THIS LOAN, YOU MUST PROVIDE THE FINANCIAL AID OFFICE WITH A STATEMENT FROM YOUR LOAN SERVICER INDICATING THAT YOU HAVE REGAINED ELIGIBILITY FOR TITLE IV FEDERAL STUDENT AID.

Ways to Resolve Defaulted Loans

(Please contact your loan servicer for additional information or to apply for one of these programs)

Loan Rehabilitation

Loan Rehabilitation is an excellent way to get a fresh start. Provided you have eligible loans, you may be able to:

- Enter into a repayment agreement based on your income regardless of your loan balance
- After making 6 consecutive and qualifying monthly payments the default on these loans will not prevent you from receiving Title IV Aid provided there are no other blocks. If you have other student loans in default, that are being serviced elsewhere, you will need to resolve those defaulted student loans. You can only reinstate your Title IV once; and you must continue to make payments under the repayment schedule in effect or you will lose Title IV eligibility.
- After you complete the program and your loan is removed from federal default it is transferred to a new servicer and any remaining collection fees on your loan(s) will be waived.
- After you complete the program and your loan is transferred to the new servicer you will no longer be subject to having your taxes offset as a result of these loans; however if you are certified for offset, you will be offset until the account is transferred to the new servicer. Entering into the rehabilitation program will not stop the offset.
- Department of Education will notify the Credit Bureaus to delete any adverse information they have reported on the loans; however information regarding your initial delinquency is not removed.

Compromise

You may be eligible to have your total balance reduced substantially if paid in a lump sum in a short period of time.

- May be able to have all of your collection costs and up to 50% of your interest waived or pay 90% of your principal and interest
- Have up to 90 days to pay your compromise agreement
- Once the compromise has been paid, these loans will not prevent you from receiving Title IV Aid provided there are no other blocks.

HVCC Financial Aid Office
80 Vandenburg Ave
Troy, NY 12180

Phone 518-629-7150
Fax 518-629-7479
financialaid@hvcc.edu

Guenther Room 110
Monday-Friday
8AM-5PM

Consolidation

You also have an option for getting out of default through loan consolidation. Loan consolidation allows you to pay off the outstanding combined balance(s) for one or more federal student loans to create a new single loan with a fixed interest rate.

- Remove your loan from federal default
- Extended repayment terms
- Payments, if you qualify, may be based on your income, expenses and balance of your new loan
- The underlying loans (the defaulted loans being paid in full by the proceeds of the consolidation loan) will be reported to credit bureaus as "paid in full" and will typically appear on credit reports as a "paid collection account"
- If ED has already stopped reporting the loans (e.g., because the statute of limitation has passed), no new reporting will be made for the underlying loans.
- The underlying defaulted loans, once paid by the proceeds of the consolidation loan, will no longer affect your eligibility to receive additional Title IV student financial aid (including Federal loans and Pell Grants) Except to the extent that they count against your loan limit.
- After you complete the Consolidation and your defaulted loans are paid in full by the proceeds of the consolidation loan, you will no longer be subject to having your taxes offset as a result of these loans.

Partial Payment Arrangement

If you are unable to afford to pay the balance in Full or Compromise and do not qualify for Rehabilitation or Consolidation or just simply wish to make monthly payments and not participate in any federal program, you have the option to make monthly payments. Contact the collection agency currently assigned to manage your account in order to set up a payment arrangement that will resolve the account in five years or sixty months or earlier from the first payment date.

Total and Permanent Disability

A TPD discharge relieves you from having to repay your Federal Student Loan on the basis of your total and permanent disability. You can show that you are totally and permanently disabled in one of the following three ways:

- 1 – If you are a veteran, you can submit documentation from the U.S. Department of Veterans Affairs (VA) showing that the VA has determined that you are unemployable due to a service-connected disability;
- 2 – If you are receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits, you can submit a Social Security Administration (SSA) notice of award for SSDI or SSI benefits stating that your next scheduled disability review will be within 5 to 7 years from the date of your most recent SSA disability determination; or
- 3 – You can submit certification from a physician that you are totally and permanently disabled. Your physician must certify that you are unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that:
 - Can be expected to result in death;
 - Has lasted for a continuous period of not less than 60 months; or
 - Can be expected to last for a continuous period of not less than 60 months.