

I. WHAT DOES IT MEAN TO DEFAULT ON A STUDENT LOAN?

DEFAULTING ON A STUDENT LOAN MEANS THAT YOU HAVE FAILED TO MEET THE TERMS OF YOUR LOAN AND DID NOT MAKE SCHEDULED PAYMENTS AS YOU AGREED TO. IF YOU HAVEN'T MADE A PAYMENT ON YOUR FEDERAL STUDENT LOAN FOR 270 DAYS (9 MONTHS) AND HAVE NOT MADE ANY ARRANGEMENTS WITH YOUR LENDER OR SERVICER YOU WILL BE CONSIDERED IN DEFAULT.

- A. IF YOU ARE IN DEFAULT OF A LOAN:
 - 1. YOU WILL NOT BE ELIGIBLE FOR FUTURE FINANCIAL AID.
 - 2. NOT BE ABLE TO OBTAIN YOUR SCHOOL TRANSCRIPT.
 - 3. YOUR DEFAULT WILL BE REPORTED TO VARIOUS CREDIT BUREAUS AND YOU WILL BE DENIED CREDIT.
 - 4. YOUR STATE AND FEDERAL TAX REFUNDS MAY BE SEIZED.
 - 5. YOU CAN ALSO LOSE THE RIGHT TO RECEIVE FUTURE DEFERMENTS.

II. AVOIDING DELINQUENCY AND DEFAULT OF A LOAN

YOU CAN GET A DEFERMENT OR FORBEARANCE (POSTPONING PAYMENTS) IF YOU CAN'T MAKE THE SCHEDULED PAYMENTS OF YOUR LOAN. A DEFERMENT ALLOWS YOU TO TEMPORARILY STOP MAKING PAYMENTS ON YOUR LOAN IF:

- B. ENROLLED AT LEAST HALF-TIME AT AN ELIGIBLE SCHOOL, OR STUDYING FULL-TIME IN A GRADUATE FELLOWSHIP PROGRAM OR AN APPROVED DISABILITY REHABILITATION PROGRAM.
- C. UNEMPLOYED OR EXPERIENCING ECONOMIC HARDSHIP.
- D. YOUR LOAN WAS DISBURSED ON OR AFTER JULY 1, 2001 AND YOU ARE SERVING ON ACTIVE DUTY DURING A WAR OR OTHER MILITARY OPERATION OR NATIONAL EMERGENCY, OR PERFORMING QUALIFYING NATIONAL GUARD DUTY DURING A WAR OR OTHER MILITARY OPERATION OR NATIONAL EMERGENCY.

IF YOU DO NOT QUALIFY FOR A DEFERMENT, YOU MAY BE ELIGIBLE FOR A FOREBEARANCE. A FOREBEARANCE ALLOWS YOU TO:

- A. TEMPORARILY STOP MAKING PAYMENTS ON YOUR LOAN
- B. TEMPORARILY MAKE SMALLER PAYMENTS
- C. OR EXTEND THE TIME FOR MAKING PAYMENTS

SOME COMMON REASONS FOR GETTING A FOREBEARANCE ARE ILLNESS, FINANCIAL HARDSHIP OR SERVING IN A MEDICAL OR DENTAL INTERNSHIP OR RESIDENCY.

HERE ARE SOME TIPS TO HELP YOU AVOID DEFAULT:

- IF YOU ARE HAVING TROUBLE MAKING PAYMENTS ON A LOAN FROM WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM IMMEDIATELY CONTACT YOUR LOAN SERVICER, THE AGENCY THAT HANDLES THE BILLING AND OTHER SERVICES FOR YOUR LOAN.
- IF YOU ARE HAVING TROUBLE MAKING PAYMENTS ON YOUR FEDERAL PERKINS LOAN, IMMEDIATELY CONTACT THE SCHOOL WHERE YOU RECEIVED YOUR LOAN.
- IF YOU DON'T MAKE A PAYMENT ON TIME OR IF YOU MISS MAKING A PAYMENT, YOUR LOAN IS DELINQUENT AND LATE FEES MAY BE ASSESSED. EVEN IF YOU ARE DELINQUENT ON YOUR LOAN, YOU MAY STILL BE ABLE TO AVOID DEFAULT, SO IT'S IMPORTANT THAT YOU CONTACT YOUR LOAN SERVICER IMMEDIATELY.
- UNDERSTAND THE TERMS OF YOUR LOAN AGREEMENT: READ YOUR PROMISSORY NOTE, KNOW THE TYPE OF LOAN YOU BORROWED
- MANAGE YOUR BORROWING: BORROW ONLY WHAT YOU **NEED** & HAVE A MONTHLY BUDGET
- TRACK YOUR LOANS ONLINE: FIND INFORMATION ABOUT YOUR LOANS AT WWW.STUDENTAID.ED.GOV
- KEEP GOOD RECORDS: FINANCIAL AID AWARD LETTERS, ENTRANCE AND EXIT COUNSELING, PROMISSORY NOTE, AMOUNT OF ALL STUDENT LOANS YOU BORROWED, ACCOUNT NUMBER FOR EACH LOAN YOU RECEIVE, LOAN SERVICER CONTACT INFORMATION, LOAN DISCLOSURE (S), RECORD OF YOUR MONTHLY STATEMENTS, DEFERMENT OR FORBEARANCE PAPERWORK AND NOTES OF ANY PHONE CALLS TO THE LOAN SERVICER AND DOCUMENTATION THAT YOU PAID YOUR LOAN IN FULL.
- NOTIFY YOUR LOAN SERVICER ABOUT ANY CHANGES IN YOUR PERSONAL INFORMATION: NEED HELP MAKING YOUR MONTHLY PAYMENTS, GRADUATE, WITHDRAW FROM SCHOOL, DROP BELOW HALF-TIME ENROLLMENT STATUS, CHANGE YOUR NAME, ADDRESS OR SOCIAL SECURITY NUMBER, TRANSFER TO ANOTHER SCHOOL OR EXPERIENCE A CHANGE IN YOUR LIFE THAT MIGHT IMPACT YOUR LOAN PAYMENTS.

WHAT IF I CAN'T MAKE MY MONTHLY PAYMENT?

- SWITCH REPAYMENT PLANS TO GET A LOWER MONTHLY PAYMENT.
- CONSIDER AN INCOME-DRIVEN REPAYMENT PLAN.
- CHANGE YOUR PAYMENT DUE DATE.
- GET A DEFERMENT OR FORBEARANCE.