

AVOIDING DEFAULT

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. . If you do not know who your servicer is check NSLDS.ed.gov, you will need your pin to log in. If you do not know your pin, go to pin.ed.gov and choose "request a duplicate".

Take Steps to Avoid Default

Avoid default. Take the time to fully understand your loan agreement and the types of loans you are receiving. It's also important that you not borrow more than you need or more than you expect to be able to repay. Develop a sound—and realistic—financial plan.

Understand Your Loan and Loan Agreement

Understand the type of aid you are receiving. Loans, unlike most grants, scholarships, or work-study funds, must be repaid.

- Know the type of loan you are receiving. Understand the costs of getting the loan, the interest rate, and the repayment terms for the loan.
- Read your promissory note. It is a legal document. Signing a promissory note means you agree to repay the loan according to the terms of the note. You must repay all the loans you receive, even if you don't complete your education.

Manage Your Borrowing

Borrow only what you need to pay for your college expenses.

- Create a budget to determine how much you really need to borrow.
- Contact your school's financial aid office to request a lower loan amount instead of borrowing the maximum amount you might be eligible to receive.
- Complete Financial Awareness Counseling.

Track Your Loans Online

Find information about all of your federal student loans from the U.S. Department of Education using the National Student Loan Data System.

Keep Good Records

Keep the following important documents in an organized file:

- Financial aid award letters
- Loan counseling materials (*entrance counseling* and *exit counseling*)
- Your promissory note(s)
- Amount(s) of all student loans you borrow
- Account number for each student loan you receive
- Loan servicer contact information
- Loan disclosure(s)
- Payment schedules
- Record of your monthly payments
- Notes about any questions you ask about your student loan, the answers, and the name of the person to whom you spoke

- *Deferment* or *forbearance* paperwork and notes of any phone calls to the loan servicer
- Documentation that you paid your loan in full

Notify Your Loan Servicer

Tell your loan servicer when you

- need help making your monthly payments;
- graduate;
- withdraw from school;
- drop below half-time enrollment status at school;
- 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?

If you are having trouble making your monthly payments, contact your loan servicer immediately. Your loan servicer can help you understand your options. You may be able to

- change your payment due date,
- switch repayment plans (see Federal student loan repayment plans) to get a lower monthly payment,
- get a deferment or forbearance, or
- consolidate your loans.

NEVER ignore delinquency or default notices from your loan servicer.