

Your Repayment Obligation- Avoiding Delinquency and Default

Repayment of your federal student loan is a serious financial obligation. Borrowing student loans should be to cover the cost of your education and other necessities that assist you in your goal of completing school. Borrow what you feel comfortable paying back and remember that

YOU MUST PAY BACK YOUR FEDERAL STUDENT LOANS!

Falling behind on your federal student loan payments can have major consequences:

- ✔ Your federal student loan becomes delinquent the first day after you miss (fail to make) payment that is due.
- ✔ If a federal student loan is delinquent for 270 days, it goes into default.
- ✔ Loans on which payments are delinquent and loans that are in default are reported to national credit agencies.

What are the consequences for my federal student aid?

- ✘ You will lose your eligibility for loan deferments and forbearances and your eligibility to choose from among the available repayment plans.
- ✘ You will not be eligible for additional federal student aid if you return to school.



Avoid Default!

If your account remains delinquent, your loan servicer will send you warning notices reminding you of your repayment obligation. Contact your loan servicer if you think you will have trouble making your payments or won't be able to pay on time.

Allowing your federal student loans to go into default can increase the amount you will have to pay back because fees and penalties will be added to the balance due.

What are the consequences for my credit rating?

- ✘ Your credit score will be damaged.
- ✘ You may have difficulty qualifying for credit cards, car loans, or mortgages and will be charged much higher interest rates.
- ✘ You may have difficulty signing up for utilities, getting car or homeowner's insurance, or getting a cell phone plan.
- ✘ You may have difficulty getting approval to rent an apartment (credit checks may be required).