

Student Loan Repayment

Repaying your Student Loans

Once you are no longer enrolled at least half time (6 credit hours) in an eligible program, you will receive a 6-month grace period on your Direct Subsidized and Unsubsidized Loans during which time you are not required to make loan payments. You must begin repayment at the end of your grace period.

You are responsible for repaying any and all student loans that you borrow, regardless of whether or not you obtain a degree.

If you re-enroll in school at least half time before the end of your 6-month grace period, you will receive the full 6-month grace period when you stop attending or drop below half-time enrollment.

You will have the choice of several plans, and the loan servicer will notify you of the date your first payment is due. If you do not choose a repayment plan, you will be placed on the standard repayment plan. Most Direct Loan borrowers choose to stay with the standard repayment plan, but there are other options for borrowers who may need more time to repay or who need to make lower payments at the beginning of the repayment period.

If you have multiple federal education loans, you can consolidate them into a single Direct Consolidation Loan. This may simplify repayment if you are currently making separate loan payments to different loan holders, because you only have one monthly payment to make. There may be tradeoff however, so you'll want to learn about the advantages and possible disadvantages before you consolidate.

[National Student Loan Data System \(NSLDS\)](#) NSLDS Student Access will show you how much you owe in student loans and will give you information about your servicer(s) so you can successfully pay back your student loans.

Repayment Resources

[Repayment Plans](#)

[Student Loan Repayment Calculators](#)

[Direct Consolidation Loan Calculators](#)

[Budget Calculator](#)

[Income Driven Repayment](#)

Repayment Assistance

If you're having [trouble making payments](#) on your loans, contact your loan servicer as soon as possible. Their staff will work with you to determine the best option for you. Options include:

- Changing your repayment plan
- [Deferment](#), if you meet certain requirements. A deferment allows you to temporarily stop making payments on your loan.
- [Forbearance](#), if you don't meet the eligibility requirements for a deferment but a temporarily unable to make loan payments. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments. Read more about deferments and forbearance.

If you stop making payments and don't get a deferment or forbearance, your loan could go into default, which has serious consequences.

Consequences of Default

- You will be required to immediately repay the entire unpaid amount of your loan.
- The Federal government may:
 - sue you.
 - take all or part of your federal and state tax refunds and other state or federal payments.
 - garnish your wages, so that your employer is required to send them part of your salary to pay off your loan.
- You will be required to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You may be denied a professional license.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.
- Your default will be reported to national consumer reporting agencies (credit bureaus).

For more information and to learn what actions to take if you default on your loans, see the Department's [Debt Resolution website](#).

Loan Cancellation (forgiveness or discharge)

Teacher Service: If you are a new borrower* and are a full-time teacher in a low-income elementary or secondary school for five (5) consecutive years, you may be able to have as much as \$17,500 of your subsidized or unsubsidized loans canceled. This provision is not available to borrowers of PLUS loans.

*You are considered a new borrower if you did not have an outstanding balance on FFEL or Direct Loan on Oct. 1, 1998, or on the date you obtained an FFEL or Direct Loan after Oct. 1, 1998.

Public Service: If you are employed in certain public service jobs and have made 120 payments on your Direct Loans (after Oct. 1, 2007), the remaining balance that you owe may be forgiven. Only payments made under certain repayment plans may be counted toward the required 120 payments. You must not be in default on the loans that are forgiven.

School-related discharges: In certain cases, you may be able to have all or part of your loan canceled because:

- Your school closed before you completed your program.
- Your school forged your signature on your promissory note or falsely certified that you were eligible to get the loan.
- Your loan was falsely certified because of identity theft (additional requirements apply).
- You withdrew from school but the school didn't pay a refund that is owed under its written policy or our regulations. Check with the school to see how refund policies apply to federal aid at school.

In general, you must repay your loan even if you don't graduate, can't find work in your field of study, or are dissatisfied with the education program.

Disability, bankruptcy, or death

- Your loan may be discharged if you are determined to be totally and permanently disabled and you meet certain requirements during a 3-year conditional discharge period. To apply for this discharge, you must provide a physician's statement that you became totally and permanently disabled after the loan was made. See your copy of the Borrower's Rights and Responsibilities Statement for more information on the procedures and conditions for this discharge.
- Your loan may be canceled if it is discharged in bankruptcy. This is not an automatic process—you must prove to the bankruptcy court that repaying the loan would cause undue hardship.
- For a student who dies, the loan will be canceled if a family member or other representative provides acceptable documentation to the student's servicer.

Contact your loan servicer for more information or to get a cancellation form. You can also find more information in your copy of the Borrower's Rights and Responsibilities Statement.

Loan Disputes and the FSA Ombudsman Group

Sometimes a borrower and a loan servicer will disagree about the balance or status of a student loan. If this happens, you should first identify your loan problem, and then contact your loan

servicer. For information on identifying your loan problem and contacting your loan servicer, visit the [FSA Resolving Disputes website](#). If you've completed the necessary steps to resolve your loan disputes and are still not satisfied, you may need to contact the Federal Student Aid (FSA) Ombudsman Group. Contacting the FSA Ombudsman Group should be done as a last resort, when you have already made every effort to resolve your student loan problems. [Learn more about preparing to seek help from the FSA Ombudsman Group](#).

To contact the FSA Ombudsman Group:

Via telephone: 877-557-2575

Via fax: 606-396-4821

Via mail: FSA Ombudsman Group

P.O. Box 1843

Monticello, KY 42633

Additional Resources from the FSA Ombudsman Group
[Federal Student Aid Ombudsman Information Checklist](#)
[Self-Resolution Checklist](#)