

Keep In Contact



If you fall behind in making payment, you are considered “delinquent” on your loan. A poor payment record can negatively impact your credit rating and your future.

If you are having problems with repaying your loan, contact your lender, servicer or EdFUND immediately. You should avoid delinquency at all cost, or you may face serious consequences. Your delinquency may be reported to a national credit agency, which could damage your credit report and your ability to borrow in the future.

Options to Help

There are options that can help you resolve your delinquency.

Deferments

One way to have your payments postponed is through a deferment. Deferments are not automatic; you must apply and be approved for deferment. The most common reasons for deferment include:

- ▶ Returned to school for at least half-time attendance
- ▶ Loss of a job or inability to find a job
- ▶ Economic hardship
- ▶ Being on active duty (including National Guard duty) during war, national emergency, or military operation

Forbearance

If you are having difficulty repaying your loan but do not qualify for a deferment, you may consider requesting a forbearance from your lender. Forbearance is the temporary postponement or reduction in your monthly payment. It often results in extending the amount of time it takes to repay your loan. Interest continues to accrue during the forbearance period, causing the total loan amount to increase. Some possible reasons for forbearance include:

- ▶ Poor health
- ▶ A rigorous residency program
- ▶ Loan payment that exceeds 20 percent of your total monthly gross income

Loan Forgiveness/Discharge

You may be eligible for loan discharge/forgiveness of your student loan if you meet the federally mandated requirement. If you are eligible for loan discharge, your student loan will be forgiven, and you will not have to repay the loan.

Possible reasons for student loan discharge include:

- ▶ Total and permanent disability
- ▶ Death
- ▶ School closure
- ▶ Bankruptcy
- ▶ False certification
- ▶ Identity theft—your identity was stolen and used to obtain the student loan illegally

For assistance: EdFUND
P.O. Box 419045
Rancho Cordova, CA 95741-9045
1.877.2EDFUND
www.edfund.org

OMBUDSMAN
Department of Education
1.877.557.2575
www.sfahelp.ed.gov

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EdWise, The Online Financial Planning Guide
www.edwise.org