

Student Loan Repayment

Now that you are nearing graduation, you need to focus on student loan repayment. When you signed your Master Promissory Note (MPN) to borrow money to finance your education, you signed a legally binding document, obligating you to repay your loans. These loans must be repaid, even if you do not complete your education, find a job or feel you received the level of education you deserve.

It is your responsibility to notify your lender if you:

- Change your name, address, telephone number, social security number or email address
- Wish to apply for a deferment or forbearance
- Are having difficulty repaying your loans
- Enroll less than half-time
- Attend a different school

If you are not able to repay your loans you may request a deferment. A **deferment** is a temporary suspension of repayment and may be granted under certain circumstances. A deferment is not automatic. You must apply for it and be approved.

You may be eligible for a deferment if:

- You continue your studies at least halftime
- You are enrolled in an approved graduate fellowship program
- You are conscientiously seeking, but not able to find employment
- You are experiencing economic hardship
- You are participating in an approved rehabilitation program for the disabled
- You are a member of the U.S. Military on active duty during war, national emergency or military operation

If you are willing, but financially unable to make your payments, you may need to consider forbearance. **Forbearance** allows you to reduce the amount of your student loan payment or temporarily stop making payments. You must apply for it and be approved.

Forbearance enables you to:

- Postpone your payment for a short period of time
- Extend the time for making payments
- Make smaller payments

If you are unable to make a scheduled payment, contact your lender/loan servicer immediately. A missed or late payment will not result in default of your loans. However, consistently missed or late payments will have serious consequences, such as:

- You may not be able to borrow funds to buy a car or house.
- You may not be able to obtain a credit card.
- You could have your federal income tax withheld.
- You could have your all or a portion of your paycheck withheld.
- You could be sued, owe collection or attorney fees and still be responsible for your loans.

Good record keeping will help to eliminate missed payments. Remember to keep and organize all loan documents as well as your FAFSA and copies of cancelled checks or money orders. You should know what types of loans you have and the name, address and phone number of your lenders. Make sure you document any phone calls and note the person with whom you spoke.