



TSAC DEFAULT AVERSION REPAYMENT TIPS FOR BORROWERS

1. **Know what you owe and to whom.** Use this website to manage your federal loans: http://www.nsls.ed.gov/nsls_SA/. You may have more than one loan holder/servicer. If so, you will receive separate correspondence from each regarding the loan held.
2. **Make your monthly student loan payments when due** – it's crucial to your credit record. A six-month grace period for Federal student loans begins when you drop below half-time enrollment, withdrawal, or graduate. Loan payments begin following expiration of your grace period.
3. **Watch for your repayment schedule(s).** Your loan holder/servicers will mail a repayment schedule a month or two before payments are set to begin. Many lenders use Third-Party Servicers for loan servicing and to collect payments. You are obligated to work with the loan holder/servicers (and/or the federal loan servicer) with whom your loan is placed. **Be watchful for your payment schedule(s). Open and read all letters received from loan servicers, even if you don't immediately recognize the name.** All loans require timely payments!
4. **Update. You are obligated** under the terms of Federal student loans to notify the loan holder/servicers promptly of any change in your school status, your graduation or withdrawal from school, and/or a change in your address or phone number.
5. **AVOID DEFAULTING ON YOUR LOAN!** If payments are not made when scheduled, and you become 9 months past-due, you will **DEFAULT** on your loan. *When default occurs, you lose eligibility to other types of student aid, your future ability to borrow money is negatively impacted, your wages may be garnished, and any state licenses you have obtained for employment purposes may be suspended.* Consequences of default are severe and will impact all aspects of your financial life for years to come. Act early if you cannot make your loan payments. There are many options available including *deferments or forbearances*.
6. **Change Payment Plans** if necessary. Several types of payment plans are available. If you are unable to make the payment indicated on the plan received from your loan holder/servicers, contact each one immediately and ask for other options. *For Direct Loans, you can change repayment plans at any time.*
7. **Set up electronic payments** from your checking account – this insures payments are made on time. Some borrowers may receive extra benefits for choosing this option, such as an interest rate reduction. Call your lender/servicer for details. *Avoiding delinquency on your payments is very important.*
8. **Consider LOAN CONSOLIDATION** if you have multiple loan servicers. By consolidating all loans into one (with a weighted average interest rate of loans included) you will have only one monthly payment to one servicer. *Although Consolidation makes paying easier, it will increase your overall repayment cost – by extending your repayment period, you pay more interest over the life of the loan.*
9. **COMMUNICATE** -- Call your loan holder/servicers or school's financial aid office when you have questions, problems or need assistance.