

Many people quit school or graduate and forget that, at some point in the future, they will have to begin repaying their student loans. The **repayment process begins with a notification letter** from your lender/servicer, such as Great Lakes Higher Education Corporation (GLHEC). Many students don't recognize the agency when they receive the notification and, therefore, ignore the letters. **Don't make this mistake: Read your mail!** Remember, you have to repay your loans even if you don't graduate, don't find a job, or leave school mid-term. Not repaying your loan is called "Default." The **consequences of defaulting are quite painful** and may include:

- 1) Damage to your credit for at a minimum of 7 years or longer—perhaps your lifetime
- 2) Wage garnishment
- 3) Seizure of federal and state tax refunds
- 4) No mortgage loans
- 5) May have difficulty obtaining car loans
- 6) May be unable to rent apartment
- 7) May be turned down for jobs
- 8) Loss of Title IV eligibility—no longer eligible for any financial aid
- 9) May lose state occupational licenses—such as State counseling licensure, nursing licensure, etc.
- 10) Seizure of portion of any federal payment
- 11) Legal action in federal district court

If at any time you cannot make your loan payment, call your lender and tell them! Your lender is your friend, not an enemy to be avoided. The key to staying out of default is to communicate with your lender and discuss your situation with them. They want to keep you out of default as much as you want to stay out of default, so you will be surprised how helpful they will be!

What can your lender do for you if you can't make your payment? Options include:

- Forbearance (postponement or reduction of payment due to economic hardship or illness)
- Reduced payments (maybe they will take \$5 per month until you can pay more)
- Income Based Repayment programs
- Loan Forgiveness

Here are some **tips** to help you manage your loans and repayment:

1. Make sure your phone number and address are accurate with both your lender and school.
2. If you move or change phone numbers, update your information with your lender and school.
3. Open your mail, read it, and respond to it.
4. If you don't understand something, call your lender and ask questions.

Call your lender at the phone number they provided with your repayment information. If you don't have that information, you can retrieve it at [NSLDS \(nslds.ed.gov/npas/index.htm\)](https://nslds.ed.gov/npas/index.htm).