

# MANAGING YOUR MONEY

## Do You Have a Federal Student Loan?

If your answer is "I'm not sure," or "Yes," please review the following information. Getting or keeping your federal student loan in good standing is critical to receiving additional federal financial aid funds.

### Not sure if you have a Federal Student Loan?

To determine if you have federal student loans, log in to My Federal Student Aid at [NSLDS.ed.gov](https://www.nsls.ed.gov).

To log into any Federal Student Aid site, you will need an FSA ID— a user name and password.

Create one at:  
[FSAID.ed.gov](https://fsaid.ed.gov)

### Do you have a prior federal student loan that is in good standing?

Your loan may be eligible for deferment (postponement of loan repayment) if you are planning to enroll at least half-time. Contact the holder of your loan to see if you are eligible for deferment. If you are eligible, determine and complete the necessary steps to receive a deferment. In some cases, you may still be responsible for the interest that accrues on your loan. Never stop making payments until you are sure that your deferment has been approved.



### Do you have defaulted federal student loans?

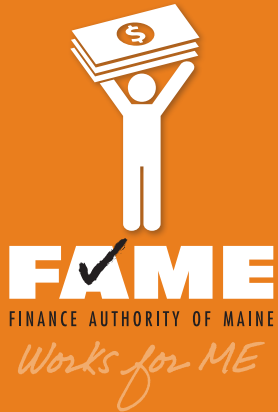
If your federal student loan has been referred to a collection agency, the loan is mostly likely in default. You are likely aware of the consequences of default, but did you know that several of these consequences can impact your ability to return school?

These consequences include:

- Loss of eligibility for additional federal student aid.
- Loss of eligibility for deferment, forbearance, and repayment plan options.
- The loan has likely been reported as delinquent to credit bureaus, damaging your credit rating.
- Possible withholding of your federal and state taxes as a tax offset to repay the loan.
- Possible wage garnishment. At the request of the federal government, your employer withholds money from your pay to be sent to the government to repay the loan.



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There are several ways to resolve a federal student loan default that can help you regain federal student aid eligibility:

- Repayment
- Loan rehabilitation
- Loan consolidation

## Repayment in Full or Settlement

Contact the holder of your loan for more information.

**Repayment in full** involves paying the entire balance due, including principal, all accrued interest and collection costs, in one lump sum. Once the defaulted loan is paid in full, the loan will typically show as a paid collection account on your credit report.

**Settlement** involves settling the debt by paying a sum less than the total pay off amount. Sometimes the loan holder will waive some or all of the collection costs. Always get the agreement in writing. Once the settlement payment is received, the loan will typically show as a settled collection account.

## Loan Rehabilitation

To rehabilitate a defaulted federal student loan, you must agree in writing to make:

- Nine timely consecutive affordable monthly payments;
- Each payment within 20 days of the due date; and
- All nine payments during a period of 10 consecutive months.

Once you have met the terms of this agreement, your loan may be rehabilitated (the exact steps depend on what type of federal student loan you are rehabilitating). Rehabilitating your

federal defaulted loan has benefits that differ from those associated with a default resolved through consolidation, including a more positive impact on your credit report. Keep in mind that you can only rehabilitate a defaulted loan once.

To learn more about rehabilitation, contact the holder of your loan.

## Loan Consolidation

You may consolidate your defaulted federal student loan into a federal Direct Consolidation Loan. Loan consolidation allows you to pay off one or more federal student loans with a single new loan that has a fixed interest rate.

To consolidate a defaulted federal student loan into a new Direct Consolidation Loan, you must either:

- Agree to repay the new Direct Consolidation Loan under an income-driven repayment plan, or
- Make three consecutive, voluntary, on-time, full monthly payments on the defaulted loan before you consolidate it.

To learn more about consolidation, visit: [StudentAid.ed.gov/repay-loans/consolidation](https://StudentAid.ed.gov/repay-loans/consolidation).

For contact information for the holder of your federal student loan, log into My Federal Student Aid at [NSLDS.ed.gov](https://NSLDS.ed.gov).

If your federal student loan is in default, you will need to contact the collection agency responsible for collecting the loan. To determine the collection agency's contact information, log into [MyEdDebt.ed.gov](https://MyEdDebt.ed.gov).

PO Box 949  
5 Community Drive  
Augusta, ME 04332

1-800-228-3734  
TTY: 207-626-2717

FAMEmaine.com