



Default Resolution

Attention Student:

The National Student Loan Data System (NSLDS) indicates that you are in DEFAULT on a federal student loan. A student who is in default on a federal student loan cannot receive further federal financial aid until he or she resolves the default. Below is a list of acceptable documentation which you MUST submit to document that your defaulted loan has been resolved:

A. Paid In Full Letter: A student can resolve a default by repaying the loan(s) in full and thereby regain eligibility for federal financial aid. The student must provide documentation by submitting a "Default Paid in Full Letter" from the holder of the loan.

B. Satisfactory Repayment Arrangement Letter: A student in default on a federal student loan can be eligible for federal financial aid if he/she has made repayment arrangements that are satisfactory to the loan holder. After the student makes six consecutive, full, voluntary payments on time, he regains eligibility for federal financial aid. The student must provide documentation by submitting a written statement from the loan holder indicating that the student has made satisfactory repayment arrangements as documentation of the arrangement. NOTE: Although a student can regain eligibility for all federal financial aid funds by making satisfactory repayment arrangements, the loan is still in default. After the student makes more payments, the loan may be *rehabilitated*, that is, it will not be in default anymore. (See below)

C. Loan Rehabilitation: A Stafford loan will be rehabilitated once the borrower makes nine consecutive, full, voluntary payments on time. Once the Stafford loan has been rehabilitated, the student will receive normal loan benefits, such as deferments. Payments must be made within twenty days of the due date during ten consecutive months. For a Perkins loan, nine consecutive, full, voluntary payments on time are required to rehabilitate the loan.

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