DELINQUENCY AND DEFAULT ON FEDERAL STUDENT LOANS

WHAT IS DELINQUENCY?

Federal student loans become delinquent when a borrower misses a payment. If a borrower's loan is delinquent for 90 days, student loan servicers will report the delinquency to consumer credit bureaus, like Equifax, Experian, and TransUnion. Delinquencies on credit reports can have negative impacts on borrowers' credit scores.

Borrowers who have delinquent student loans may be eligible for low-cost income-driven repayment plans, forbearances, or deferments to keep them from falling further behind. Borrowers should contact their student loan servicer to discuss their options. To find their loan servicer, borrowers can call 1-800-433-3243 or log into the FSA account and scroll to the section titled "My Loan Servicers".

WHAT IS DEFAULT?

Most federal student loans will be declared in default after payments are 270 days late. Borrowers in default should contact their student loan servicer, usually the Default Resolution Group, to discuss their options for getting out of default. More information is available at Federal Student Aid's website. Getting out of default may involve entering into a loan rehabilitation agreement or consolidating defaulted loans.

Once in default, the entire balance of the loan becomes immediately due, and the loan holder can begin the collection process. This can include wage garnishment withholding of tax refunds and other federal benefits. Borrowers in danger of garnishment or withholding of benefits, also known as "Treasury Offsets," have a short amount of time to avoid collections, whether through valid objections, repayment agreements, loan rehabilitation, or consolidation.

HOW TO FIND OUT IF YOUR LOAN IS DELINQUENT OR IN DEFAULT.

We urge borrowers who know their loans are delinquent or in default, or who are uncertain whether their loan(s) are delinquent or in default, to be proactive. Borrowers can find out if their federal student loan is delinquent or in default by logging into their FSA account at studentaid.gov. From the student loan dashboard, users can select the "My Aid" section at the top of the screen and click "View Details." On the next screen, users can click "Loan Breakdown" and select the option to "View Loans." For each loan, there will be a "Loan Status" column that states whether the loan is in repayment, a grace period, forbearance, deferment, delinquent, or in default.