Avoiding Loan Default

Now that you have officially/unofficially withdrawn or graduated from Itasca Community College, it is imperative that you understand how much student loan debt you have incurred and who you owe the funds to. A student typically needs to start repayment on federal student loans six months after their last date of attendance at ICC.

You are responsible for repaying your student loans. Miss one payment and you are considered delinquent. Continue to miss payments and you could go into default. A default impacts not only you, but potentially future students at the college you were attending when borrowing student loans (delayed payments, wait times for disbursements, loss of all types of federal aid). Act early to avoid becoming delinquent on your loan and going into default.

- Visit [www.nslds.ed.gov](http://www.nslds.ed.gov) to view your federal student loan debt totals and to view the “servicer” contact information for each of your loans.

You have options if you're having trouble making your student loan payments.

Borrower payment options:

- Sometimes students can sign up for an “income based” repayment plan and actually have a loan payment of ZERO! If you qualify for a $0 payment, there is no reason to default.
- Lower your payments by changing your payment plan
- Apply for [deferment](#) or [forbearance](#) if you can't pay.

Delinquency

Delinquency is when you fail to make your monthly loan payments on time. You are considered to be delinquent if even one payment is late.

All of your payments for student loans (and credit cards) may be listed on your credit report. So, aside from incurring late fees, being delinquent could be reported to the national credit reporting agencies and have a negative effect on your credit record and have a negative impact when you apply for future loans to buy a house or a car. And if you miss any more payments, you could very easily slip into default.

Default

Default is defined by your Promissory Note as the failure to pay back your student loan. For a Direct loan, if you miss nine months of payments, you have defaulted. Loan default can have long-lasting or permanent consequences. If you default on your loans:

- Your wages can be garnished.
- Your tax refunds can be seized by the U.S. Department of Education.
- You can be sued for the balance of your loan.
- You can lose loan benefits, such as lower interest rate incentives.
- You can lose your eligibility for future financial aid.
- You can lose deferment, forbearance and income-sensitive/other repayment options.

CONTACT YOUR LOAN SERVICER if you are having trouble making your student loan payments. They want to work with you to avoid default! You can also contact the ICC Student Services Office at (218) 322-2320. We will help you!