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EDUCATION FINANCE COUNCIL

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Federal Student Loans: Fast Facts and Tips

A loan, unlike a grant, is borrowed money **that must be repaid**.

Only borrow what you need. Check with your institution's financial aid officer to help you determine what you need to borrow.

Help your loan holder/loan servicer **better serve you** by keeping your information up-to-date! Keep your loan holder/loan servicer informed of any change related to your name, address, telephone number or other contact information, and enrollment status. This will help ensure that your loan holder/servicer doesn't lose track of you and that you don't miss payments and become delinquent on your loan(s).

Keep all of your loan documents. If you have questions or issues about your loan, you will have the necessary documentation and information in one place.

You must make payments on your loan **even if you don't receive a bill or repayment notice**. You are obligated to make payments even if you don't receive any reminders.

You can prepay the whole loan or any part of the loan without penalty. Prepayment **will save you money** because you will be paying less interest over the life of the loan.

Numerous repayment options are available to meet your needs should you have trouble making payments. **The consequences of defaulting on a Federal student loan are serious.** Contact your loan holder to explore the repayment options best suited for you rather than falling behind.

If you apply for deferment, forbearance, or consolidation, you must continue making payments until you are notified that your request has been processed and approved.

Keep a record of the person you speak with when you call your loan holder or loan servicer. Record the date you had the conversation and what was said. If you send letters, be sure to include your loan account number and keep copies of all letters sent and received.

Your student loan account balance and status will be reported to national credit bureaus on a regular basis. Keep in mind that while failing to repay your loan can damage your credit rating, repaying your loan responsibly may **help you to establish a good credit history** which will help you with future financing, such as a home mortgage or a car loan.

The Ombudsman at the U.S. Department of Education is **there to help you** should you happen to encounter any issues with your loan. You can contact the Ombudsman by phone at 1-877-557-2575, by fax at 1-202-275-0549, or by email at fsaombudsmanoffice@ed.gov.