



EDUCATION FINANCE COUNCIL

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 school's financial aid officer to help you determine what you need to borrow.
- Keep your loan holder/loan servicer informed of any change in your name, address, telephone number, or enrollment status. This will help to 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). Also be sure to keep your school and lender/servicer informed of any corrected information.
- Keep all of your loan documents. If you encounter problems later you will have the necessary documentation and information that you need in one place.
- You must make payments on your loan even if you don't receive a bill or repayment notice. Billing statements are sent to you as a convenience, but you're 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.
- There are numerous repayment options available to assist you if you're having trouble making payments. The consequences of defaulting on a federal student loan are both severe and long-lasting; contact your loan provider to explore the repayment options best suited for you rather than falling behind.
- If you apply for deferment, forbearance, or consolidation, you must continue to make payments on your loan until you have been notified that your request has been processed and approved.
- Get into the habit of keeping a record of the person you speak with when you call your lender 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. A good credit history will help you with future financing, such as a home mortgage or a car loan.