



A Regional Palmetto College

Direct Loan Sub/Unsub

These loans are distributed by the US Department of Education and are assigned to various servicers throughout the US.

Stop by the Financial Aid Office or search *National Student Loan Data Systems for Students* to find out who services your loan.

Contact your servicer for:

- Problems repaying your loan
- If you are still in school and your loans are due
- If you are no longer a student
- Questions about forbearance and other benefits
- If your loan is delinquent or in default

Grace period: 6 months

Consequences of Default

The consequences of defaulting can not only impact your ability to borrow but can impact your finances as well. Consequences include the following:

- The entire unpaid balance of your loan and any interest you owe becomes immediately due (this is called "acceleration").
- You can no longer receive deferment or forbearance, and you lose eligibility for other benefits, such as the ability to choose a repayment plan.
- You lose eligibility for additional federal student aid.
- The default is reported to credit bureaus, damaging your credit rating and affecting your ability to buy a car or house or to get a credit card.
- It may take years to reestablish a good credit record.
- You may not be able to purchase or sell assets such as real estate.
- Your tax refunds and federal benefit payments may be withheld and applied toward repayment of your defaulted loan (this is called "[Treasury offset](#)").
- [Your wages may be garnished](#). This means your employer may be required to withhold a portion of your pay and send it to your loan holder to repay your defaulted loan.
- Your loan holder can take you to court.
- You may be charged court costs, collection fees, attorney's fees, and other costs associated with the collection process.
- Your school may withhold your academic transcript until your defaulted student loan is satisfied. The academic transcript is the property of the school, and it is the school's decision—not the U.S. Department of Education's or your loan holder's—whether to release the transcript to you.

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