

# The System Says You are in DEFAULT!

## What Now?

Central Georgia Technical College's Financial Aid Office has been notified that the current status of your previous student loan(s) is DEFAULT.

### Who sends the Default notification?

Notification of default comes from any of the agencies that track student loan history – the **National Student Loan Default System (NSLDS)**, **U. S. Department of Education, Georgia Student Finance Commission**, or other federal and state educational lending agencies.

**A student loan can be placed into default at any time. By Federal regulation, the FAO is required to adhere to the written information received.**

### How does default happen?

Default happens when a student fails to repay a loan(s) according to the terms agreed upon when he/she signs a promissory note or made payment arrangements with the lender.

### How does default affect my financial aid?

Any student who is in default **does not receive any financial aid** (Federal and State Grants). A student who defaults on a student loan whether it is before they start classes or after is no longer eligible for Federal or State financial aid programs.

### What if I know I paid my loan in full?

If your loan status is listed as default and you have paid the loan in full, contact your lender (the company that handles your loan) and request a Default Resolution Letter for each loan to submit as verification of your **Paid-in-Full** status. Also, ask the lender to update your status with the NSLDS database. Central Georgia Technical College Financial Aid Office must review each letter to determine if it is satisfactory according to Federal Regulations. Each Default Resolution Letter is subject to approval by the Loan Officer and the Director of Financial Aid; this can take approximately two weeks. The documentation (Default Resolution Letter) must clearly state that the loan is not in default and the date the loan was cleared. If you do not know the lender, call the U.S. Department of Education's Default Hotline: (800) 621-3115. **You must have a Resolution Letter for each loan.**

#### What must the Default Resolution Letter contain?

- ❖ Your Social Security Number
- ❖ List the loan information (loan period and amount)
- ❖ State *specifically* that you have paid your loan in full
- ❖ Date the loan was paid in full
- ❖ State *clearly* that you are eligible for Title IV funds (Federal)
- ❖ Letter must clear your current default status **prior** to the quarter start date

### What should I do if my loan is in default?

Contact the lender to set up a payment plan for the loan(s) in default. It is the student's responsibility to resolve a defaulted loan(s).

### Can someone else call for me?

No, due to the privacy act agencies responsible for collecting your outstanding loan debt will not release information about your loan status to the Financial Aid Office. **You** the student must contact the lender and obtain the resolution letter.

To learn more about your loan options visit the following CGTC webpage:

[http://www.centralgatech.edu/studserv/finaid/pdfs/loan\\_brochure.pdf](http://www.centralgatech.edu/studserv/finaid/pdfs/loan_brochure.pdf)

**If your loan status changes, your financial eligibility may also change. You may contact the Financial Aid Office if you have any questions.**

# MAKING YOUR WAY OUT OF DEFAULT

**What is Default?** Central Georgia Technical College has been notified by the U.S. Department of Education, the National Student Loan Data System, or the Georgia Student Finance Commission that you have fallen from grace and are currently listed in an unsatisfactory *status* (Default) on a previous student loan. Your current default status means you are no longer eligible **to receive any monies** from a federal or state financial aid program. This means you are not eligible to receive aid through the PELL or the HOPE Programs for the current quarter or future quarters.

**What if I paid off my student loan, but I am still listed in Default?** Contact your lender for a *Default Resolution Letter* stating that you have paid in full. You should bring the letter to the Central Georgia Technical College Financial Aid Office immediately. Otherwise, you will continue to be listed in Default and ineligible to receive any financial aid. If you have turned in a Default Resolution Letter and you are still listed in Default, contact your lender and ask them to change your status and provide an updated default resolution letter.

**Your Loan = Your Responsibility**

## What if I am in Default?

- { Contact the **U.S. Department of Education for General Default Information** at **1-800-621-3115** to find out the name of your lender.
- { Call your lender and ask any questions you have about your student loan and set up a payment plan.
- { Follow the plan that you and the lender agree upon to pay off your defaulted student loan. Make sure you do not miss **any** payments. Missing a payment will put you back in Default and change your status with this institution.
- ⇔ Finally, once the loan is paid off, request a Default Resolution Letter from your lender. Submit this letter to the Central Georgia Technical College Financial Aid Department to be reviewed for acceptability.

### The Default Resolution Letter must include:

- Λ Your Social Security Number (SSN)
- Λ List the loan information (loan period and amount)
- Λ State *specifically* that you have paid your loan in full
- Λ Date the loan was paid in full
- Λ Indicate that you are eligible for Title IV funds.

Due to the privacy act the lending agency will not release any information about your loan status to the Financial Aid office over the phone. **You** the student must contact the lender and obtain resolution documentation.

**If at any time during the academic year there are changes to your student loan status, your eligibility can change and financial aid awards can be denied.**