WASHINGTON STATE
COMMUNITY COLLEGE
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Office of Financial Aid
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2022-2023 Documentation of Default Resolution

Student Name: _____ WSCC ID: _____ DOB: _____/_____/_____

The National Student Loan Data System (NSLDS) indicates that you are in DEFAULT on one or more of your federal student loan(s). A student in default cannot receive federal financial aid until the default has been resolved.

Section 1: Instructions
1. Complete Sections 2 - 4.
2. Return this form, along with required documentation (*see list below*), to the WSCC Office of Financial Aid.
3. If clarification of your situation is necessary, additional information or documentation may be required.

Section 2: Default Resolution
1. Visit https://studentaid.gov to view your federal student loan history including defaulted loan(s).
2. Contact the Department of Education at 1-800-621-3115 for instructions on resolving your default or visit their website at https://myeddebt.ed.gov
3. Attach proof that your defaulted loan has been resolved and return it to the WSCC Office of Financial Aid. Proof could be a letter from your loan servicer stating that your loans are paid in full, back in good standing or has been reaffirmed under loan consolidation.

Section 3: Acceptable Documentation confirming defaulted loan(s) has been resolved

➢ **Paid-In-Full Letter:** A student can resolve a default by repaying the loan(s) in full and thereby regain eligibility for federal financial aid. Student must provide documentation by submitting a *Default Paid-In Full Letter* from the holder of the loan.

➢ **Satisfactory Repayment Arrangement Letter:** A student currently in default can be eligible for federal financial aid once they have made repayment arrangements that are satisfactory to the loan holder. After a student makes six consecutive, full, voluntary on-time payments, the student can regain eligibility for federal financial aid. The student must provide documentation by submitting a written statement from the loan holder indicating that the student has made satisfactory repayment arrangements as documentation of the arrangement. *NOTE: Although a student can regain eligibility for federal financial aid by making satisfactory repayment arrangements, keep in mind that the loan is still in default. After the student makes more payments, the loan may be rehabilitated, that is, it will no longer be in default (see Loan Rehabilitation).*

➢ **Loan Rehabilitation:** A loan will not be rehabilitated until the borrower makes 12 consecutive, full, voluntary on-time payments and the student will have normal loan benefits, such as deferments etc.

➢ **Loan Consolidation:** Paying student loans in full and/or rehabilitating them are not always an option for borrowers. While loan rehabilitation takes several months to complete, you can quickly apply for loan consolidation. Keep in mind that loan rehabilitation provides certain benefits that are not available through loan consolidation. Discover the Pros and Cons of Loan Consolidation at https://studentaid.gov/manage-loans/consolidation. All federal student loan(s) must have a satisfactory loan status in order to regain eligibility. If you choose to consolidate, you must provide proof that all Federal Student Loans are out of default.

Section 4: Certification and Signature
I certify that all the information reported to qualify for federal aid is complete and correct to my knowledge. If additional documentation is required, I will submit those documents in a timely manner. I understand that if I purposely give false or misleading information, I may be fined, sentenced to jail, or both and my financial aid may be terminated.

WARNING: If you purposely give false or misleading information, you may be fined, sent to prison, or both.

STUDENT SIGNATURE (Required)	DATE

How does default affect my financial aid?
Your current default status means you are ineligible to receive any financial aid from a federal or state financial aid program. This means you are not eligible to receive financial aid from Federal Pell Grant, Federal Supplement Education Opportunity Grant, and Federal Student Loans for current and future semesters while you are in default.

What happens if I miss a payment?
Missing any payments will change your loan status back to 'Default' and places you back in an ineligible status for financial aid. If you have been paid financial aid funds for the current semester and go back into 'Default', you will be required to make satisfactory arrangements with your loan servicer(s) again and submit another Default Resolution Letter or pay back the awards you received for the semester.

What if my loan status is 'Default', but I paid my loan(s) in full?
You will need to contact your loan servicer(s) stating you have Paid in Full and need your loan status to be updated. Your loan servicer(s) should be able to provide your letter stating the loan(s) you borrowed with them have been paid in full. Once you have received your letter(s), please submit the letter(s) to WSCC Office of Financial Aid indicating your eligibility to receive financial aid. If you have multiple loan servicer(s), a letter from each servicer must be submitted.

Can another individual call my loan servicer(s) for me?
Due to the Family Educational Rights and Privacy Act (FERPA), your loan servicer(s) will not release any information about your loan statuses to another individual. You, the student, must contact your servicer(s) and obtain resolution letters, as your loan(s) are your responsibility.

Know What You Owe!
The National Student Loan Database (NSLDS) is a centralized database that tracks how much federal student loan debt a student has. Visit https://studentaid.gov to access any time. You will need your FSA ID (username and password) to login. *NOTE: NSLDS and FSA do not display information about private student loans. For more information on your private loan(s), contact your lender.*

<u>Don't get discouraged if you're in default on your federal student loans!</u>
You have multiple options to get out of default.
Visit https://studentaid.gov/manage-loans/default/get-out for more detailed information.