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Captain's House – South Portland



## SMCC Direct Loan Repayment Tips & Default Information

To help keep your loan in good standing, we recommend the following:

- Always inform the servicer of your loan of any changes to your name, mailing address, or telephone number. [Visit StudentAid.gov to find out who your loan servicer is.](https://studentaid.gov)
- Review and keep copies of all documents you receive pertaining to your loans. If you do not understand the information, contact your loan servicer and ask for an explanation.
- If you do not feel that you can afford to make your minimum loan payments, contact your loan servicer to discuss options for postponing payments through deferment and forbearance options or by setting up an alternate repayment plan.
- Contact a Solutions Student Loan Repayment Advisor at ECMC Solutions if you have any student loan repayment questions. Solutions is a service of the non-profit organization ECMC and is dedicated to helping students manage educational loans. Their resources are available to you free of charge. [Visit ECMCSolutions.org to contact a Solutions Student Loan Repayment Advisor via email or live chat](https://ecmcsolutions.org), or you can call them at 1-877-331-3262.



Student loan repayment and  
financial literacy services

[www.ecmcsolutions.org](https://www.ecmcsolutions.org)

1-877-331-3262

## **Direct Loan Default Information**

Students who have entered the repayment phase of their Federal Direct Loans and have failed to make payments will be considered in default after 270 days of non-payment. The servicer of your loan will report your past-due loan status to all national credit bureaus and will initiate collection actions against you if you fail to make full, timely payments. Unlike other types of debt, federal student loans are not eligible to be discharged through bankruptcy.

### **If your Federal Direct Loan falls into default, the following can happen:**

- Your credit rating will be negatively impacted and this could prevent you from being able to obtain future credit for purchases such as a home or an automobile. Some employers also review a job applicant's credit history before making hiring decisions.
- Your loan account can be referred to a collection agency.
- You will be charged for all collection costs associated with your defaulted loan, including legal fees.
- Your wages can be garnished (funds automatically deducted from your paycheck to help pay for your loan).
- Your federal and state income tax refunds will be withheld to help pay for your loan.
- Your loan is accelerated and becomes immediately due and payable, including any outstanding interest.
- You lose any options of postponing payment on your loan through deferments and forbearances.
- You lose the ability to receive federal financial aid (including grants) should you decide to continue your education.