

# STUDENT LOAN REPAYMENT FAQs

The below are frequently asked questions regarding student loan repayment. If you have any additional questions, feel free to reach out to Grand Canyon University's Student Loan Assistance Department at 602-639-6777.

## DIFFICULTY MAKING PAYMENTS

### **Q: I cannot afford my monthly payments, what can I do?**

**A:** You can contact your servicer and ask about an Income Based Repayment Plan. The servicer will ask questions concerning your annual income, household size, and other information to try and find a repayment plan that best fits your needs. If you are not able to make any payments at this time due to hardship, you may also ask your servicer about the other options to temporarily postpone payments until you are able to make payments again. To find out what company services your federal student loans, log into [NSLDS.ed.gov](https://nslds.ed.gov).

### **Q: What is a forbearance? What types are available?**

**A:** A forbearance is a temporary postponement of your loan payments, and can be used up to 12 months at a time, for a total of 36 months. You can apply for a forbearance verbally by calling your servicer, or you can complete a paper forbearance form and submit to your servicer for processing. There is another postponement type, called a deferment, in which you must meet certain qualifications. It is important to know that unlike a deferment, interest does accrue while on a forbearance. Forbearance approval is reliant upon servicer discretion. Please contact your servicer directly to determine specific regulations, and to see if you qualify. To find out what company services your federal student loans, log into [NSLDS.ed.gov](https://nslds.ed.gov).

### **Q: What is a deferment? What types are available?**

**A:** A deferment is a postponement option that allows you to temporarily suspend your federal student loan payments. You must meet the qualifications of a deferment and often submit supporting documentation prior to approval. While on a deferment you are not required to pay the interest on subsidized loans. There are deferment opportunities available for unemployment, economic hardship, school enrollment, and involvement in the military. The length of the deferment is dependent on the postponement type. To determine the deferment option that best suits your situation, contact your servicer for more information. To find out what company services your federal student loans, log into [NSLDS.ed.gov](https://nslds.ed.gov).

### **Q: I have used 12 months of my deferment/forbearance time. Is there a maximum limit?**

**A:** You have 36 months of general forbearance time, and you may use up to 12 months at a time. If after 12 months of general forbearance time you are still struggling to make payments, a better option may be an income-driven repayment plan or a mandatory student debt forbearance which does not have the same time constraints. Once your 36 months of forbearance have been exhausted, you will not be eligible for additional forbearance time unless you consolidate your loans, at which time your general forbearance time starts over. Deferments also have timeframe limits. If you use the maximum deferment time frame and are struggling to make payments, consider an income driven payment plan, mandatory student loan debt forbearance or general forbearance.

### **Q: I sent my deferment/forbearance application, but my servicer did not receive it. What do I do now?**

**A:** Forbearance and deferment applications take about 7-10 business days to process once received by your servicer. You should receive communication from your servicer informing you whether the application was approved or denied. If you have not yet received communication from your servicer, your best course of action is to call them as soon as possible to find out if your application was received. Your servicer can provide you with the information you will need to resubmit your application and help avoid delinquency while it's being processed. If you mailed your forbearance or deferment application, please allow additional time for processing. To find out what company services your federal student loans, log into [NSLDS.ed.gov](https://nslds.ed.gov).

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## LOAN OWNERSHIP

**Q: I signed up for receiving federal student loans but I never attended class. Do I still have to pay? I withdrew from school, do I still need to pay my loans?**

**A:** Schools are allowed to keep a portion of your federal student aid, and apply it to any charges incurred, based on the amount of time you attended class. If you never attended, and dropped any scheduled courses prior to the start date, you should not have received any financial aid. If you attended class, even if it was for a short amount of time, you will still be charged for a portion of the class, per your enrollment agreement. If you leave before completing your classes, the school will determine how much of your financial aid was earned, and will return the unearned portion to the Department of Education. This will reduce the amount you owe overall, but you may still owe a small amount. Additionally, excess funds are often sent to students in the form of a stipend check. These excess funds may include monies from federal student aid, including loans. This may increase the amount of your federal student loans unless the stipend check is voided and returned to the school to be credited back to your account.

**Q: I was not aware I took out loans, what do I do?**

**A:** Contact your Student Services Counselor (SSC) who can help answer any questions you have about your school related charges. You can access your SSC's contact information by logging into your school portal. If you do not have access to your portal, please contact the GCU Main Line at: 1-800-800-9776 and you will be transferred to your counselor.

## BILLING

**Q: What is a loan servicer and how can I find out what company services my loans?**

**A:** A student loan servicer is the company that manages your particular student loans. Your servicer has several functions, such as collecting payments, applying postponements, helping select the best repayment plan, and can address any questions that you may have regarding your loans. To find out who your loan servicer is, please log in to the National Student Loan Data System at [www.nslds.ed.gov](http://www.nslds.ed.gov).

**Q: I am in school, why am I getting billed?**

**A:** Whenever a student is enrolled in a course that is considered 0 credit hours or only enrolls in a limited amount of credits (below half-time), he may not be considered a full-time student and as a result become responsible for paying his student loans while in school. Talk to your Student Services Counselor in order to obtain more information regarding being a full-time student.

**Q: I thought that I had time after school ended to find a job and begin working without having to make payments on my student loans, why am I getting charged?**

**A:** After your last date of attendance from your university, you have a grace period of six months in which you are not held responsible for making student loan payments. After the six months, you will begin getting charged for your student loans.

If you attend another university within the six month grace period, your loans will be put in an In-school Deferment as long as you are enrolled in at least a half-time status. Once you leave school again, you will have a new six month grace period for both your old and new school loans.

If you attend a new university after the six month grace period, your loans will still be put in an In-school Deferment as long as you are enrolled in at least a half-time status. However, after leaving school, the first school loan will go into repayment in about 45 days, while the new loan will have a six month grace period.

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**Q: I sent my payment, but my servicer did not receive it or I still am delinquent. What do I do now?**

**A:** Payments take about 1-2 business days to process. If the funds have been withdrawn from your payment account, but have not yet been credited to your loan account, your best course of action is to call your servicer as soon as possible. Depending on your method of payment, you may need to work with your bank or payment issuing institution to determine whether the funds were paid, and to whom. If the funds have not yet left your payment account, your payment may still be processing, or there may have been an error in submitting your payment. Payments made by mail can sometimes be lost in transit, so it is best to save all money order receipts and check copies until you are sure the payment has been credited to your loan account.

If you made a payment and your servicer shows it is processed, but you are still delinquent, you most likely did not pay the full amount that was past due. If this is your situation, contact your servicer for more information. To find out what company services your federal student loans, log into [NSLDS.ed.gov](https://www.nsls.ed.gov).

**Q: What is Interest Capitalization?**

**A:** Unpaid interest accrues on your federal unsubsidized student loan from the moment it is dispersed, and is then added to the principle balance of your loan when you graduate, or drop below half-time attendance. This interest capitalization occurs as soon as the in-school deferment period has ended.

## DEFAULT

**Q: What does default mean?**

**A:** Default is a term that is used when you fail to fulfill the terms of your Master Promissory note for your federal student loan. For Direct and FFELP loans, a default occurs when you are 270 days past due. For Perkins loans, a default occurs the day you missed your first payment.

For Direct loans, when you reach 270 days past due, your loan is considered to be in technical default. During this time, you will no longer be eligible to receive new federal student aid, but you will still have options available to pay the past due balance to bring the loan current, as well as the option to postpone payments, or change your repayment plan. If your account is not brought current by 360 days past due, the loan will be in an official default. Once your loan is in an official default, you will be subject to wage and/or tax return garnishment, and your account will be placed with the Department of Education for collection efforts.

For Perkins loans, once you have missed a payment and are in default, your account may be sent to a collection agency which will try to recover the loan balance in full. Perkins collection agencies are legally allowed to charge fees for the work conducted to recover the loan amounts. These collection fees will be added on to the balance owed.

**Q: Does it cost money to resolve a default?**

**A:** You do not have to pay an upfront fee to resolve a default. There are third-party companies offering services to help borrowers get out of default and they may charge this type of upfront fee. Unless you are willing to pay more money than is owed on your student loans, do not pay these charges. Rather contact the Department of Education for free options to resolve your default. You can contact the Department of Education Collection Agency at 1-800-621-3115 to pay the loan in full or set up a repayment plan to resolve the default. Another way to resolve the default is to consolidate your loan. Consolidation applications can be completed on [studentloans.gov](https://studentloans.gov). Paying the loan in full, repayment plans, and consolidation are all free default resolution services offered by the Department of Education.

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With that said, if your defaulted loan is sent to a collection agency, the Department of Education allows these agencies to charge fees for the work they conduct to collect on defaulted loans. However, these fees will not be up-front fees. They will be calculated based on federal regulations and added to your outstanding loan balance.

## **Q: My loan has defaulted, what do I do now?**

**A:** It is important to resolve defaulted loans as quickly as possible. Default can result in wage garnishment, tax return seizure, ineligibility for financial aid, and other negative consequences. Once you have defaulted on a federal student loan, there are three options available to resolve the default:

- 1) Pay the loan balance in full.
- 2) Participate in a voluntary loan rehabilitation program.
- 3) Apply for a Direct Loan consolidation.

To pay the full amount, contact the loan collection agency. If you are unsure who the collection agency is, you can view this information at [www.nsls.ed.gov](http://www.nsls.ed.gov).

In order to complete a loan rehabilitation, you must make 9 consecutive and timely monthly payments. These payment amounts are usually 1% of the loan balance, but can be as low as \$5 a month. In order to participate in the voluntary loan rehabilitation program, you must contact your collection agency to sign up. At the completion of the rehabilitation, the default will be completely wiped from your credit report, your loan will be sent back to a servicer for normal servicing, and you will be eligible for federal financial aid after the 6th payment.

If loan rehabilitation is not feasible, your last option is to apply for a Direct Loan consolidation. For loan consolidation, you have two options: you can place all of your loans into a single loan with a fixed interest rate and make payments under an income-driven repayment plan (a payment plan that is calculated based on your income and family size), or you can make three consecutive and full monthly payments on the loan under any repayment plan for which you are eligible before consolidating the loan. You can apply for a Direct Loan consolidation at [www.studentloans.gov](http://www.studentloans.gov). The consolidation does not remove the default from your credit report, but the defaulted loans will be paid in full.

## **FORGIVENESS**

### **Q: Can my loan be forgiven?**

**A:** There are forgiveness programs that servicers offer to certain borrowers, namely Teacher Loan Forgiveness and Public Service Loan Forgiveness. Additionally, balances can be forgiven under income-driven repayment plans after 20-25 years, depending on the plan. There are loan discharge options for Total and Permanent Disability and death.

Forgiveness is a free service offered by the Department of Education. You may be contacted by a third party company promising forgiveness if you pay an upfront fee for their services. These companies cannot guarantee forgiveness. The better option is to contact your loan servicer for more information about any of these forgiveness or discharge programs. To find out what company services your federal student loans, log into [NSLDS.ed.gov](http://NSLDS.ed.gov).

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## GENERAL

**Q: How can I access my student loans?**

**A:** To access your federal student loans, you can go to the National Student Loan Data System (NSLDS) website at [www.nsls.ed.gov](http://www.nsls.ed.gov) and click on the “Financial Aid Review” button. If this is the first time you are logging in, you will need to create a new username and password by clicking on the “Create an FSA ID” button and follow the instructions. (This shouldn’t take more than 10 minutes.) If you already have an account, enter your username and password to access your federal student loans.

**Q: Can I go back to school if I have a federal loan that is past due?**

**A:** Loan delinquency does not affect your eligibility to return to school; however, it does affect your eligibility for federal financial aid. If you are planning to use federal financial aid to pay for your courses, you should make sure that your existing loans are in good standing prior to returning to school. Federal student loans have many options which will allow you to keep your account current and avoid delinquency, so reach out to your servicer right away to make alternate arrangements if you are not able to make your payments. If your account is more than 270 days past due, you are ineligible for financial aid, and will need to contact your servicer immediately. After 360 days of delinquency, you are considered to be in default, and are not eligible for future aid until your default is resolved. To find out what company services your federal student loans, log into [NSLDS.ed.gov](http://NSLDS.ed.gov).