

Thinking about a Federal Direct Student Loan?

BORROW WISELY

- Your school will inform you of the maximum amount of loan money for which you are eligible, you can request less.
- You may decline any portion or all of a loan you do not need.
- Borrow conservatively. Never borrow more than you can afford to repay, even if you are eligible to borrow more.
- Calculate your expenses and your resources. Use these figures to help you determine how much you really need to pay for your education. To get an idea of your college expenses, use our online budget calculator (<http://direct.ed.gov>).
- Identify non-loan sources of financial assistance.
- Look for ways to increase your income, decrease your expenses, or both.

YOU MUST REPAY YOUR LOANS

You must repay the full amount of your loans, even if you:

- Do not complete your program of study, or do not complete the program within the normal time for completing it;
- Cannot find employment after graduation; or
- Are not satisfied with or did not receive from your school the education or other services that you paid for with your loan.

USE OF YOUR LOAN MONEY

You may use your loan money only to pay for authorized educational expenses at the school that certified your loan eligibility.

- Authorized educational expenses include: Tuition, Room and board, Institutional fees, Books, Supplies, Equipment, Dependent child care expenses, Transportation and commuting expenses, Rental or purchase of a personal computer, Loan fees, or other documented, authorized costs.

CONSEQUENCES IF YOU DEFAULT

The consequences of default can be severe.

- The entire unpaid balance of your loan and any interest becomes due and payable immediately.
- You lose eligibility for deferment, forbearance, and repayment plans.
- You lose eligibility for additional federal student financial aid.
- Your account is assigned to a collection agency.
- The loan will be reported as delinquent to credit bureaus, damaging your credit rating. This will affect your ability to buy a car or house or get a credit card.
- The federal government can take all or part of your federal and state tax refund to collect any of your defaulted student loan debt.
- Late fees, additional interest, court costs, collection fees, attorney's fees, and other costs incurred in collecting your loan will increase your loan debt.
- Your employer (at the request of the federal government) can withhold money from your pay and send it to the government.
- The federal government can take legal action against you.
- It will take years to reestablish your credit and recover from default.