

WHY STAY CURRENT? IT PAYS.

Keeping your loan payments current affords you many benefits ~ some can benefit you for years.

- ◇ Solid credit rating: this could help you in the future when you need to finance a mortgage or car loan.
- ◇ Lower finance charges: the total cost of your loan will be less than if you accumulate unpaid interest.
- ◇ Interest rate reductions: ACPE offers rate reductions for Direct Pay and 48 consecutive on-time payments.
- ◇ More repayment options.
- ◇ Continued student loan eligibility.

SO WHAT IF I DEFAULT?

Loan default is serious and carries some long-term penalties. If you default on your loan, any or all of the following may happen:

- ✗ Late fees and collection costs may accumulate on your loan(s).
- ✗ Your default will be reported to all national credit bureaus.
- ✗ Your Alaska Permanent Fund Dividend (PFD) may be garnished to repay your loan(s).
- ✗ Your wages may be garnished to repay your loan(s).
- ✗ Your income tax refunds may be seized to repay your loan(s).
- ✗ You may be sued for the balance of your loan(s).
- ✗ You may not be able to renew your professional license.
- ✗ You may lose eligibility for many types of student aid.
- ✗ Your school may withhold copies of your transcripts.
- ✗ Your account may be referred to a collection agency.

The consequences of default are serious and may impact your future more than you can anticipate. We are here to help. Don't let default happen to you!

STEPS TO AVOID DEFAULT

1. Don't borrow more than you need.

Review your budget carefully. You may be tempted to borrow all you can, and use "excess" money for late-night delivery pizza, morning lattes and spring break at the beach. Consider what you really *need*: is graduating with a large debt worth splurging on frills now, or can you "get by" with less?

2. Read your promissory note carefully.

This document is your promise to repay the loan. When you sign the promissory note, you also agree to abide by all the borrower responsibilities associated with the loan. The note also includes your borrower rights, which can be critical to you if you experience difficulty in making your monthly payments. If you don't understand anything, be sure to contact us or discuss it with the financial aid office at your school before you sign.

3. Keep your documentation together.

Staying organized can help you if you ever have a question about your loan. Keep all your loan paperwork in a single, safe place so you can easily refer back to it.

4. Stay in touch.

Make sure that ACPE has your current contact information, including your name, address and phone number. Throughout repayment, ACPE will keep you informed about changes or updates to your loan.

5. Keep your account current.

A good repayment history pays off in many ways. ACPE credit reports on-time payments to credit companies, so you can use your loan with us to establish a credit history. With ACPE, you will receive an interest rate reduction of .25% if you pay your monthly payment directly from your savings or checking account. Make your first 48 consecutive monthly payments on time and your interest rate may be eligible for an additional 2% rate reduction!

6. Sign up for Direct Pay

The easiest way to keep your account current is ACPE's Direct Pay option. Direct Pay customers receive a .25% interest rate reduction just for signing up, and are eligible for an additional 2% reduction if the first 48 consecutive loan payments are on time.

7. Use your billing coupon.

When you mail your payment, always include the billing coupon and use the envelope provided with your monthly statement. Your coupon includes important information about your loan(s) that ensures your payment is applied to your account quickly and accurately. Payments that are sent directly to ACPE, or those that are missing important information, must be applied manually, increasing the likelihood for delays.

8. Communicate in writing.

Sending us a signed letter ensures both you and ACPE have a record of your request and provides verification of your identity. Make sure that you include your account number on any item that you send to ACPE.

9. Ask for help.

Default is avoidable. ACPE has repayment assistance specialists on staff whose job is to work directly with you to prevent you from defaulting on your loan. ACPE can assist you in a variety of ways ~ our specialists will help you find the solution that works best for your situation.

10. Use deferment and forbearance options.

As a borrower, you have access to several programs that can temporarily suspend payments if you are going back to school, unemployed, or experiencing financial hardship. If you qualify, these benefits are the best way to give yourself a breather.

Get back on track quickly.

If you do fall behind, commit yourself to catching back up as quickly as possible. The faster you catch up, the less you'll pay in the long run.

DEFAULT – DON'T GO THERE!

When you receive a student loan, you make a legal promise. In exchange for help funding your education, you promise to repay the education loan. You make this promise by signing a Promissory Note for any funds you borrow.

Loan default occurs if you do not repay the loan balance. Default is avoidable. Through a combination of smart money management and sound use of ACPE's repayment options, you can keep your loan payments on track.

A student loan default can cause permanent damage to your financial future in many ways. Don't let it happen to you.

Many of the negative consequences of default may begin when a loan becomes 180 days past due. Before that happens, however, our repayment counselors will do all they can to work with you on an individual basis to find an option that's right for you and help you avoid default. They know that sometimes we all need a little help to get back on track.

Ultimately, however, you are responsible for making good on your promise, and loans that become more than 270 days past due are subject to all the penalties associated with default.



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Alaska Commission on Postsecondary Education

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10 Steps to Prevent Default



HOW TO PREVENT DEFAULT ON YOUR EDUCATION LOANS

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