

Preventing Student Loan Default

There are several ways that you can make to prevent the onset of student loan default. It is just somehow necessary for you to place your interest and efforts on preventing it. Here are the possible ways that you can consider:

1. Make sure that you understand your loan options as well as the related responsibilities prior to taking out a student loan.
2. Simply make your payments on time.
3. If possible, inform your lender or service provider promptly about any of the possible adjustments that may affect the repayment of your student loan. In case you move or change your address, let them know. Also, make sure that they know about the name changes, which are very possible because of marriage; graduation or termination of studies; leaves of absence as well as transfers to another institution.
4. If certain financial difficulties are encountered, try to consider applying for a deferment or forbearance on your loans. Many experts often suggest that it is much better to defer your payments than to go in to default status. Along with this, ask your lender or service provider about the available options while you are still making payments, before you enter the default status of your loan. Always note that after you default, you won't be able to get a deferment or forbearance anymore.
5. If for instance you are having trouble making your payments, try to contact your lender as they may be able to suggest an alternate repayment options for you. Some of the possible options include graduated repayment, income sensitive repayment, as well as income contingent repayment. Also note that the types of available repayment options currently depend on whether the student loan was issued under the FFELP or FDSLP or Direct student loan programs.
6. A student loan consolidation can be considered as another way for preventing student loan default. Combine all of your educational loans into one big loan as this gives you the chance to send your payments to just one lender. What's more, you may be able to extend the term of the loan in order to lessen the size of your monthly payments.
7. Simply keep records regarding your student loans. If possible, try to back up copies of all your letters, canceled checks, promissory notes, disbursement notices, and some other necessary forms in a file folder.

About the Author:

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