

What is a Default Clearance Letter?

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If your student loans went into repayment and you were unable to make payments or arrange a payment plan with your lender then your loans may have gone into a default status. Most federal loans will move to a default status if you miss payments for up to 270 days.

For a more in depth look at how to avoid default please visit the following page:

<https://studentaid.ed.gov/sa/repay-loans/default>

If, after completing your FAFSA, the Department of Education determines you have loans in default, CSU-Global will require a Default Clearance Letter before we are able to award additional funding. The reason for this is that defaulting on a student loan removes your eligibility to continue receiving aid through the federal government.

To obtain a Default Clearance Letter you will need to contact your loan lender directly.

Loan lender information can be found at www.nsls.ed.gov . When you contact your lender you will likely be given 3 options for getting your loan out of default:

1. Repayment in full
2. Loan Rehabilitation - To rehabilitate a defaulted Direct Loan or FFEL Program loan, you must agree in writing to:
 - Make 9 monthly payments
 - Make each payment within 20 days of the due date
 - Make all 9 payments during a period of 10 consecutive months
 - After 6 consecutive payments, most loan lenders will offer a Default Clearance Letter, however, you will not have completely cleared the default until all 9 payments have been made, which can result in withdrawal of aid in the future.
3. Loan Consolidation - To consolidate a defaulted federal student loan into a new Direct Consolidation Loan, you must either:
 - Agree to repay the new Direct Consolidation Loan under an income-driven repayment plan or
 - Make three consecutive, voluntary, on-time, full monthly payments on the defaulted loan before you can consolidate it.
 - After your defaulted loan has been consolidated you will be eligible to receive additional financial aid funding, however, consolidation of a defaulted loan does not remove the record of the default from your credit history.

A new Default Clearance Letter may be requested if your FAFSA continues to pop up with a flag for defaulted loan. The Default Clearance Letter must be dated within 120 days to clear the hold with CSU-Global.
