

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: [Student Loan Delinquency and 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.nslds.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.

Note: A new Default Clearance Letter may be requested if your FAFSA continues to display an indicator flag for defaulted loan. The Default Clearance Letter must be dated within 120 days to clear the hold with CSU Global.
