

COMMON MISTAKES

Student loan repayment can be confusing at times, but the Knowl is here to help. He's compiled a few common misconceptions you can easily avoid.

I JUST LEFT SCHOOL (AGAIN). I HAVE 6 MONTHS TO PAY.

Are you sure? If you've ever been out of school (or below half-time status) for six months in the past, you've probably used the grace period up and you may be entering repayment sooner than you thought. Once your loans initially enter repayment, they will never have another grace period, even if you go back to school. In fact, these older loans begin in repayment immediately once you leave classes or fall below half-time student status.

I'LL BE IN SCHOOL SOON, SO I DON'T HAVE TO PAY.

In-school deferment can only be used once you start classes and maintain half-time status or greater. If you ever fall below half-time status, the deferment stops. If you have loan payments due before classes start, you must make those payments. If you can't, you may be able to request a hold on the account.

Knowl note: Never assume! Always check your deferment status with your servicer.

NO STATEMENTS? GUESS I DON'T HAVE TO PAY.

Once your loan enters repayment, you are accountable for the monthly payments. Miscommunication and even honest confusion will not erase a past-due amount. If you are not receiving statements, contact your servicer(s) immediately. You may need to update your contact information or address another issue.

I CAN'T MAKE A PAYMENT, SO I'LL JUST AVOID THINKING ABOUT MY LOAN.

If you are ever in this situation, contact your servicer immediately! Ask about postponement options, repayment plan changes, and making partial payments if you're able. Letting your account fall past due can:

- Make it more difficult for servicers to help you recover
- Severely damage your credit score
- Lead to hefty fees and penalties
- Ultimately lead to defaulting on your loan

Knowl note: Your servicers are there to help. Don't delay; contact them to find a solution that works for you.

USING FORBEARANCE OR DEFERMENT LOOKS BAD.

Wrong. Deferments and forbearance put the account in good standing, helping you avoid negative credit reporting, late fees and complications with re-enrolling in school. Here's why it may be the best decision for you:

- Negative credit reports cannot be sent on delinquent accounts during deferment/forbearance
- Postponement will not raise your interest rate
- In addition to interest, you may be charged late fees if your loan is past due

Knowl note: Allowing your account to sit at past due is never a smart plan! Ask for help.

I WORKED SOMETHING OUT WITH ONE OF MY LOAN SERVICERS, SO ALL MY SERVICERS WILL FIGURE IT OUT.

Applying for loan assistance with one servicer has no effect on other loans you have with other servicers. If you need to apply for assistance on all of your student loans, make the arrangements with each of your servicers individually.

Knowl note: Be sure to follow up with your servicers individually, too!

I SENT AN APPLICATION TO MY SERVICER. MY JOB IS DONE.

Not quite. If you send important documents to your servicer, take the initiative to follow up. Confirm that they received the form, monitor your online account, or call to make sure the requested change is applied.

I SET UP AUTOMATIC PAYMENTS. NOW I CAN FORGET ABOUT IT.

Automatic payment arrangements help many borrowers repay on time each month. But you can't go on autopilot along with your payment. A problem with insufficient funds or changes at your bank may cause an error, or cancel the automatic payment altogether. Be sure to confirm the payment has gone through, each and every time.

Knowl note: You are ultimately responsible for your loan repayment, so pay attention to the details!

SOMEONE ELSE IS MAKING MY PAYMENTS. IT'S NOT MY RESPONSIBILITY

Maybe you're getting help from a parent, a spouse, a child or someone else to make payments on your account. But if the loan is in your name, it is legally your responsibility to repay it. You are also the only one who can request postponement or plan changes. If the loan falls past due, the consequences of delinquency are all yours.