

How can I get a student loan?

You must fill out a Free Application for Federal Student Aid (FAFSA). This can be done online at www.fafsa.ed.gov or you can contact your school for an application. You must be at least 18 years old and either a U.S. citizen, a permanent U.S. resident or an international student with a U.S. co-signer. You have to be enrolled in school at least half-time. Call or visit the financial aid office of your school for specific requirements.

What is the maximum amount I can get for a loan?

It depends on the type of loan you apply for and whether you are a dependent or independent student. Contact your school's financial aid office to find out what your maximum loan amount can be.

When do I have to start paying the loan back?

Either six or nine months after you graduate, leave school, or drop below half-time, depending on the type of loan. You have to pay back the loan

even if you don't receive a coupon book or notice to pay the loan back.

What happens if I don't pay back the loan?

You are considered in default if you don't pay back your student loan. If you are found in default, your wages can be garnished, you can be sued for the balance of the loan, and you could lose the chance to qualify for federal financial aid in the future. Also, you could lose the right to deferment or other repayment options, your credit rating may be affected (which makes it harder to apply for any credit in the future), and your tax refunds could be withheld.

Do I still have to pay back the loan even if I don't graduate?

Yes. However, if the school admitted you when the school knew you could not benefit from the school's training, you may be eligible for a loan discharge. Then you would not have to repay the loan. Check with an attorney if you think this happened to you.

Can I avoid paying back student loans by claiming bankruptcy?

No.

What happens if my school goes out of business?

If your school closes before you get a degree you may be able to have the loan cancelled. This is not automatic. It must be approved before you can stop making payments. In order to qualify, you have to fill out an application. This application will either be sent to you from the closed school, or you can call your lender and ask for an application.

What if I am not happy with the quality of education I received from the school?

You still have to pay back the loan.

What is a deferment?

A deferment is when the monthly payment owed for a loan is put on hold for a certain amount of time. Deferments are not automatic; you

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must apply and be approved by your lender before you can stop making your monthly loan payment. You may have to continue paying the interest on the loan while in deferment. Deferments are temporary; you still have to pay back the loan after the deferment period is over.

How can I qualify for a deferment?

You might qualify for a deferment if you are attending school at least half-time. Check with your school to see how many classes or credits will count as half-time. You also may qualify for a deferment if you are unemployed or have economic hardship. You can only claim a deferment for unemployment or economic hardship for three years.

What if I am in jail?

You should ask your lender for an "Incarceration Verification" form, to be completed by the Warden or another official at the facility where you are incarcerated.

Can my loan ever be cancelled?

If you become totally and permanently disabled or if you die, your loan may be cancelled.

Where can I get more information?

You can call 1-800-433-3243 for more information on federal loans, or look online at www.ed.gov/studentaid.

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This is for information only. It is **NOT** legal advice. For legal advice, contact a private attorney or a lawyer at the nearest Legal Services Office.

Laws and Policies change. Please look at the last revised date to make sure the information is still current.

INFORMATION AVAILABLE ON THE WEB
WWW.INDIANAJUSTICE.ORG