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Getting Out of Default

https://studentaid.gov/manage-loans/default/get-out

If you failed to make your payments on your federal student loans and now are in default, don't let the consequences of default affect your financial future. Find out how to get out of default.

One way to get out of default is to repay the defaulted loan in full, but that's not a practical option for most borrowers. The two main ways to get out of default are

1. rehabilitating your loans, or
2. consolidating your loans.

Compare Your Options

Compare Your Options for Getting Out of Default

Not sure where to start? Answer a few questions to compare your options for getting out of default.

Start

Loan rehabilitation takes several months to complete. But you can quickly apply for loan consolidation.

However, loan rehabilitation provides certain benefits that are not available through loan consolidation. Take a look at the chart below to compare the benefits of loan rehabilitation with the benefits of loan consolidation.

Loan Rehabilitation and Consolidation Comparison Chart

Benefit Regained	Loan Rehabilitation	Loan Consolidation
Eligibility for Deferment	Yes	Yes
Eligibility for Forbearance	Yes	Yes
Choice of Repayment Plans	Yes	Yes (but there may be limitations—see below)
Eligibility for Loan Forgiveness Programs	Yes	Yes
Eligibility to Receive Federal Student Aid	Yes	Yes
Removal of the Record of Default From Your Credit History	Yes (but see below)	No (see below for details)

Rehabilitate Your Loans

One option for getting your loan out of default is loan rehabilitation. To start the loan rehabilitation process, visit StudentAid.gov/defaultsupport.

Important *One Big Beautiful Bill Act* Update:

Hi! Need help?

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Requirements for Direct Loans and FFEL Program Loans

To rehabilitate a defaulted Direct Loan or FFEL Program loan, you must

- agree in writing to make nine voluntary, reasonable, and affordable monthly payments (as determined by your loan holder) within 20 days of the due date, and
- make all nine payments during a period of 9 or 10 consecutive months, depending on the type of loan you have.

What is a reasonable monthly payment amount?

Under a loan rehabilitation agreement, your loan holder will determine a reasonable monthly payment amount that is equal to either 10% or 15% (depending on when you received your loans) of your annual discretionary income, divided by 12. Discretionary income is the amount of your adjusted gross income (from your most recent federal income tax return) that exceeds 150% of the poverty guideline amount for your state and family size. You must provide documentation of your income to your loan holder.

For Direct Loans, the U.S. Department of Education (ED) is your loan holder. If your loans are owned by ED, select the section below to learn how to rehabilitate loans held by ED.

How do I rehabilitate an ED-held loan?

To learn about loan rehabilitation and other options for getting out of default, visit StudentAid.gov/defaultsupport.

What can I do if I can’t afford the monthly payment amount in my agreement?

If you can’t afford the initial monthly payment amount described above, you can ask your loan holder to calculate an alternative monthly payment based on the amount of your monthly income that remains after reasonable amounts for your monthly expenses have been subtracted.

You’ll need to provide documentation of your monthly income and expenses. Depending on your individual circumstances, this alternative payment amount may be lower than the payment amount you were initially offered. To rehabilitate your loan, you must choose one of the two payment amounts.

Depending on your income, your monthly payment under a loan rehabilitation agreement could be as low as $5.

Collections During Loan Rehabilitation

Your loan holder may be collecting payments on your defaulted loan through wage garnishment or Treasury offset (taking all or part of your tax refunds or other government payments). These involuntary payments may continue even after you begin making payments under a loan rehabilitation agreement, but they can’t be counted toward the required nine voluntary loan rehabilitation payments.

Involuntary payments will continue to be taken until your loan is no longer in default or until you have made at least five of your rehabilitation payments.

Once you have made the required nine payments, your loans will no longer be in default.

To rehabilitate a defaulted Federal Perkins Loan, you must make a full monthly payment

- each month,
- within 20 days of the due date,
- for nine consecutive months.

Your required monthly payment amount is determined by your loan holder. Find out where to go for information about your Perkins Loan.

Benefits of Loan Rehabilitation

When your loan is rehabilitated, the default status will be removed from your loan, and collection of payments through wage garnishment or Treasury offset will stop.

You'll regain eligibility for benefits that were available on the loan before you defaulted, such as deferment, forbearance, a choice of repayment plans, and loan forgiveness. And you'll be eligible to receive federal student aid again.

Also, the record of default on the rehabilitated loan will be removed from your credit history. However, your credit history will still show late payments that were reported by your loan holder before the loan went into default.

If you rehabilitate a defaulted loan and then default on that loan again, you can't rehabilitate it a second time. **Rehabilitation is a one-time opportunity.**

Important *One Big Beautiful Bill Act* Update: Beginning July 1, 2027, borrowers will be able to rehabilitate a defaulted loan twice over the loan's lifetime. This limit applies to each loan a borrower holds (rather than to the borrower).

Consolidate Your Loans

Another way to get out of default is to consolidate your defaulted federal student loan into a Direct Consolidation Loan. Loan consolidation allows you to pay off one or more federal student loans with a new consolidation loan.

Keep in mind that when you consolidate a loan, your accrued interest gets added to the principal balance. Then you'll get charged future interest on a higher balance, which could cause you to pay more overall (compared to other options for getting out of default). Learn more about consolidation.

Apply to Consolidate

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 (IDR) plan, or
- make three consecutive, voluntary, on-time, full monthly payments on the defaulted loan before you consolidate it.

Note: If you choose to make three payments on the defaulted loan before you consolidate it, the required payment amount will be determined by your loan holder. But the payment amount cannot be more than what is reasonable and affordable based on your total financial circumstances.

There are special considerations if you want to reconsolidate an existing Direct Consolidation Loan or Federal (FFEL) Consolidation Loan that is in default:

Reconsolidate a Defaulted Direct Consolidation Loan

To reconsolidate a defaulted Direct Consolidation Loan, you must also include at least one other eligible loan in the consolidation in addition to meeting one of the two requirements described above.

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Reconsolidate a Defaulted FFEL Consolidation Loan

You may reconsolidate a defaulted FFEL Consolidation Loan without including any additional loans in the consolidation, but only if you agree to repay the new Direct Consolidation Loan under an IDR plan.

If you include at least one other eligible loan in the consolidation, you're eligible to reconsolidate a defaulted FFEL Consolidation Loan if you meet either of the two requirements described above.

Impact on Credit History

If you consolidate a defaulted loan, the record of the default (as well as late payments reported before the loan went into default) will remain in your credit history. Late payments will remain on your credit report for seven years from when they were first reported.

Wage Garnishment or Court Orders

If you want to consolidate a defaulted loan that is being collected through garnishment of your wages or that is being collected in accordance with a court order after a judgment was obtained against you, you cannot consolidate the loan unless the wage garnishment order has been lifted or the judgment has been vacated.

Repayment Plans After Consolidating

If you choose to repay the new Direct Consolidation Loan under an income-driven repayment (IDR) plan, you must select one of the available IDR plans at the time you apply for the consolidation loan and provide documentation of your income.

The only IDR plan available to Direct Consolidation Loans disbursed as of July 1, 2026, will be the Repayment Assistance Plan. If your Direct Consolidation Loan includes a Direct PLUS Loan made to the parent of a dependent undergraduate student, your Direct Consolidation Loan is not eligible for an IDR plan.

If you choose to make three consecutive, voluntary, on-time, full monthly payments on your defaulted loan before you consolidate it, you may repay the new Direct Consolidation Loan under any repayment plan you are eligible for.

After your defaulted loan has been consolidated, your Direct Consolidation Loan will be eligible for benefits such as deferment, forbearance, and loan forgiveness. You'll also be eligible to receive additional federal student aid. But unlike loan rehabilitation, consolidation of a defaulted loan does not remove the record of the default from your credit history.

Learn More About Consolidation

Repay Your Loans in Full

A third option for getting out of default is to repay the full amount of your defaulted student loan.

If you need your loan holder's contact information to make a payment, log in and view your loan servicer details.

Get Help With Your Defaulted Loans

If you need help with your defaulted loan, you will need to contact the holder of the loan. To find out who holds your loan, log in and view your loan servicer details.

Note: StudentAid.gov does not include information about any private student loans you may have received. Contact the loan holder of your private student loans for loan information.

If you are contacted by a company asking you to pay "enrollment," "subscription," or "maintenance" fees to help you get out of default, you should walk away. Your loan holder will help you with your defaulted loan for **free**.

Want to learn more? See our "3 Ways to Spot a Student Aid Scam" or find more detailed information on avoiding student aid scams.

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