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## Consolidation to Get Out of Default

### Collections Temporarily Delayed

On January 16, 2026, the Department of Education **announced that it was temporarily delaying collection** (<https://studentloanborrowerassistance.org/big-news-the-government-pauses-collections-for-student-loan-debt-no-tax-refund-seizure-or-wage-garnishment-for-now/>) of defaulted student loans, but we don't know how long that pause will last. If your loans are in default when the delay ends, you could face serious consequences, including losing your tax refunds, a portion of your wages, and even some of your Social Security benefits. Unlike other types of debt collection, the government can take these steps without going to court. There is no statute of limitations on collecting federal student loan debts. This means you could face collection actions for debts that are years old.

**Take steps now to make sure your loans aren't in default!**

If you are in default, act quickly to get out of default and avoid collections.

**Loan consolidation** (<https://studentaid.gov/manage-loans/default/get-out#loan-consolidation>) is one way to get your student loan out of default. If you consolidate your defaulted loans into a new Direct Consolidation Loan, your defaulted loans will be paid off by the new Direct Consolidation Loan, and the new loan will be placed in good standing. Your loans will no longer be in default, so all collections will stop, and you may be able to enroll in affordable loan repayment plans through the **Income-Driven Repayment (IDR) program**. (<https://studentloanborrowerassistance.org/for-borrowers/dealing-with-student-loan-debt/repaying-your-loans/payment-plans/income-driven-repayment/>).

There are downsides to consolidating your loans, and it may not be the best option for you to get your loans out of default. For more information on loan consolidation generally and the pros and cons of consolidation, see the **Department of Education's website** (<https://studentaid.gov/manage-loans/default/get-out#loan-consolidation>) and view our page on **consolidating loans** (<https://studentloanborrowerassistance.org/for-borrowers/dealing-with-student-loan-debt/repaying-your-loans/consolidating-loans/>). For more information about how consolidating out of default compares to rehabilitating out of

default, [see our page on getting out of default](#)

(<https://studentloanborrowerassistance.org/for-borrowers/dealing-with-student-loan-debt/default-debt-collection/getting-out-of-default/>).

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## Am I Eligible to Get My Loans Out of Default Through Consolidation?

Most federal student loans are eligible for consolidation. A borrower may consolidate one or more federal student loans to get out of default through consolidation.

There are a few instances where you are not eligible to consolidate your loans:

- If your loans are in default and are currently being collected through wage garnishment, you can't consolidate until the garnishment order is lifted.
  - You cannot re-consolidate a Direct Consolidation Loan on its own, unless you have another loan to consolidate it with (however, a borrower may re-consolidate a single FFEL consolidation loan to get it out of default or if the borrower indicates they intend to apply for Public Service Loan Forgiveness, **and in a few other circumstances** (<https://studentaid.gov/manage-loans/consolidation#eligibility>)).
  - If you have been sued to collect on your student debt and are subject to a judgment, you will not be able to consolidate your loans out of default unless the judgment is vacated, **which a lawyer can help with** (<https://studentloanborrowerassistance.org/for-borrowers/find-help/help-with-your-student-loans/>).
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## How Do I Apply for Loan Consolidation to Get Out of Default?

For detailed instructions, see our page on [applying for a consolidation](#)

(<https://studentloanborrowerassistance.org/for-borrowers/dealing-with-student-loan-debt/repaying-your-loans/consolidating-loans/apply-for-consolidation/>). Generally, you have to submit an application for consolidation by paper or online. When you apply to consolidate a defaulted federal student loan into a new Direct Consolidation Loan, you have to:

- agree to repay the new Direct Consolidation Loan under an Income-Driven Repayment plan and include a completed IDR application with your consolidation application, or
- make three consecutive, voluntary, on-time, full monthly payments on the defaulted loan before you consolidate it.

For most borrowers, agreeing to repay under an IDR plan after default makes sense, as IDR plans typically offer more affordable payments than other plans.

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## What Happens After My Loans Are Consolidated?

When your loans are consolidated, they will be paid off by the new consolidation loan, and the new loan will be placed in good standing. You will then no longer have loans in default, and collections will stop. You will then be placed back into repayment and will have to make regular payments on your new consolidation loan. Your loan may also be transferred to a new loan servicer.

You will get a notice from your loan servicer about repayment after consolidating out of default. You will have to continue to make monthly payments on your new consolidation loan to avoid defaulting again, so pay close attention to any notices your loan holder or servicer sends you about your new payment amount and due date.

If you consolidated your loans by agreeing to sign up for an IDR plan, and your loans are eligible for that plan, your payment will be based on the IDR plan you signed up for. If you consolidated by making three full payments, you can sign up for whatever repayment plan you are eligible for, including IDR plans. Under an IDR plan, your payments are based on your income and family size and could be as low as \$0 per month. If you do not sign up for a different plan quickly, you will automatically be enrolled in a standard plan with fixed monthly payments that are based on your loan balance and interest rate.

You should watch your mail and email carefully after consolidating your loans to make sure that you do not need to take additional steps to make sure you are in the right repayment plan. If your payment is unaffordable, you should ask your loan holder or servicer about your loan repayment options, including IDR plans, before your payments start.

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