

FRESH START

FOR STUDENT LOAN BORROWERS IN DEFAULT



- Over **7 million student loan borrowers** are in default on their federal student loans.
- The government can **garnish wages, seize tax refunds, and take other federal benefits**, such as Social Security, to collect a defaulted federal student loan.
- Defaulted borrowers are **not eligible for any more federal student aid and cannot apply for other government loans**, like FHA, VA, or USDA mortgages.
- Collection on student loans stopped during the pandemic, but collection **will begin again one year after the payment pause ends** for borrowers eligible for the new Fresh Start program.

The Department of Education announces

NEW HELP FOR BORROWERS

NEW! Borrowers with eligible defaulted loans can opt in to the **Department of Education's new Fresh Start program** to get out of default.

To opt in, borrowers can call the Default Resolution Group or their Guarantee Agency. During the call, borrowers can also provide their income information to enroll in an **income-driven repayment** plan.

As part of the Fresh Start initiative, borrowers with defaulted loans are again **eligible to borrow federal student aid and the default will be erased** from their credit reports.

The Fresh Start initiative is only **open until one year after the payment pause ends**.

<https://studentaid.gov/announcements-events/default-fresh-start>