The following are primary strategies to get out of default through repayment:

- **Loan Consolidation.** Particularly for low-income clients, a Direct Loan consolidation with an income-based repayment plan is an excellent strategy to get out of default and pay only minimal, or even zero, dollars each month.\(^{336}\)

- **Loan Rehabilitation.** After making nine on-time payments during a period of ten consecutive months, a borrower can get out of default by rehabilitating a loan.\(^{337}\) The pros and cons of consolidation and rehabilitation are discussed in Chapter 7 [1], infra.

- **Settlement or compromise** may also be an option, as discussed in Chapter 7 [1], infra.

Additionally, borrowers can renew eligibility for federal student aid by setting up reasonable and affordable payment plans. Six consecutive on-time monthly payments will renew eligibility but will not get the borrower out of default.\(^{338}\)

Once out of default, clients are not only eligible to return to school but are also eligible for the flexible repayment options discussed in Chapter 3 [2], infra, and deferment programs discussed in Chapter 4 [3], infra.

**Footnotes**

336 [336] See § 7.2 [4], infra.

337 [337] See § 7.3 [5], infra.

338 [338] See § 7.5 [6], infra.

**Source:** National Consumer Law Center, Student Loan Law [6th ed.], updated at www.nclc.org/library

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**Links**

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