



CURRENTLY IN DEFAULT?

If your loans are already in default, there are two ways to get out of default: rehabilitation or consolidation. Typically, you can only use each method once. So, if you default three times, your loans may be stuck in default. However, beginning in July 2027 borrowers will have the opportunity to rehabilitate out of default a second time.

CONSOLIDATION

Consolidation is the faster path out of default. When you consolidate, your existing loans are paid off by a new Direct Consolidation Loan. However, consolidating results in outstanding interest being added to your principal balance and restarts the clock at zero for income-driven repayment forgiveness. Starting on July 1, 2026, consolidating will also affect which repayment options are available to you.

**SCAN TO
APPLY TO
CONSOLIDATE**

[https://studentaid.gov/
loan-consolidation/](https://studentaid.gov/loan-consolidation/)



You can apply to consolidate on the U.S. Department of Education's website. To consolidate out of default you will need to either, apply for an income-driven plan as part of your consolidation application, or make three consecutive, on-time, full monthly payments before you consolidate.

- If you already have a Direct Consolidation Loan, and do not have other loans to add to a new consolidation loan, you cannot consolidate out of default.
- If you are in wage garnishment, you cannot consolidate out of default.

REHABILITATION

Rehabilitation typically requires nine months of payments after signing a written agreement.

**SCAN TO
APPLY TO
REHABILITATE
OUT OF DEFAULT**

[https://studentaid.gov/
manage-loans/default/
get-out#loan-rehab](https://studentaid.gov/manage-loans/default/get-out#loan-rehab)



If you rehabilitate out of default, the record of the default is removed from your credit report (the late payments prior to default are not removed).

- Wage garnishment and Treasury offset (e.g., tax refund offset) may continue until you have made five payments under the rehabilitation agreement. Borrowers can call the Treasury Offset Program at 1-800-304-3107 to learn if their tax refunds will be withheld.
- To get started, you can call the U.S. Department of Education's Default Resolution Group at 1-800-621-3115.
- Please note that if you are sending the U.S. Department of Education your tax return to get a rehabilitation agreement, you will need to sign it, even if you filed your taxes electronically.

**SCAN TO
ACCESS LOAN
REHABILITATION
FORM**

<https://studentaid.gov/sites/default/files/Loan-RehabilitationIncomeandExpense-en-us.pdf>



If the rehabilitation payments being offered are unaffordable, ask about filling out a Loan Rehabilitation: Income and Expense form to get a lower payment.

FEDERAL STUDENT AID

U.S. Department of Education's Default Resolution Group Helpline

1-800-621-3115

You can learn more about how to rehabilitate or consolidate out of default on the at:

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

**OFFICE OF THE ILLINOIS
ATTORNEY GENERAL**

Student Loan Helpline

1-800-455-2456

IllinoisAttorneyGeneral.gov
StudentAid.gov

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