Loan Rehabilitation Program

Purpose

The purpose behind NCSEAA's Loan Rehabilitation Program is to allow borrowers with defaulted federal student loans an opportunity to have those loans removed from default by demonstrating a willingness and ability to resume satisfactory repayment of their obligations. Rehabilitation is a one-time opportunity.

Benefits

Rehabilitation removes the borrower's federal loans from default and returns the loans to good standing. Compulsory collection activities such as wage garnishment, tax offsets and collection agency contact are terminated. A borrower's eligibility for additional Title IV federal student aid is reinstated. Perhaps the most significant benefit of loan rehabilitation is that a borrower's default notation for the rehabilitated loans is deleted from the borrower's credit record with all nationwide consumer reporting agencies.

Upon rehabilitation, the borrower's loans are repurchased from NCSEAA by a participating lender such as College Foundation, Inc. (CFI) or assigned to the U. S. Department of Education for regular servicing. Borrowers may choose from a number of repayment plans after rehabilitation. Rehabilitation restores the borrower's eligibility for forbearance and deferment on the rehabilitated loans.

(Note: Loans on which a judgment has been obtained or which have previously been rehabilitated are not eligible for rehabilitation.)

How to qualify

To qualify for loan rehabilitation, you must send us a copy of your most recent federal income tax return. We will then calculate a reasonable and affordable monthly payment amount and send you a Loan Rehabilitation Agreement for you to complete. Once you have made at least 9 consecutive, voluntary monthly payments over a 10-month period under this agreement, your loans will become eligible for rehabilitation.