

Rehabilitation and Good Standing

The consequences of default are far reaching and affect a borrower's life for many years to come. However, if a borrower has defaulted on their MI-LOAN Program loan, there are two options to bring that loan back into good standing.

1. PAY DEFAULTED LOANS IN FULL

The quickest way to bring defaulted loans out of default is to pay the loan in full. Borrowers may contact Michigan Higher Education Student Loan Authority, MI-LOAN Program to pay off their loans in full by calling 1-888-643-7521.

2. LOAN REHABILITATION

To rehabilitate a MI-LOAN Program loan, the first step is taking responsibility to repair your negative credit bureau report and to remove your default status with MHESLA.

To be eligible for rehabilitation, the MHESLA, or the agency acting on its behalf, must receive nine full timely payments within a ten-month period. Payments must be equal to or greater than the amount determined to be required for repayment during default.

A lump sum repayment of future installments cannot be used to satisfy more than two monthly payments.

LOAN REHABILITATION PROCESS

Borrowers and cosigner(s), if applicable, must complete and send a Rehabilitation Option Application to MHESLA. The MI-LOAN Program staff confirms borrowers' Rehabilitation Option eligibility and promptly notifies eligible borrowers of MHESLA's approval of their new rehabilitation loans.

Military personnel: If their loan default occurred while the borrower or cosigner was on active military duty or within twelve months thereafter, contact MHESLA to discuss qualification requirements.

UPON REHABILITATION

MHESLA will authorize removal of the loan(s) from default status after the return of the completed and signed Rehabilitation Request. MHESLA, or the agency acting on its behalf, will report to a national credit bureau that the loan is now current, in repayment status.

SERVICING

A new repayment schedule will be set based on the ability to pay the total outstanding principal balance, including capitalized interest (if applicable), with a repayment term not to exceed fifteen years after the rehabilitation is established. The new repayment schedule will be mailed to the borrower and cosigner(s).