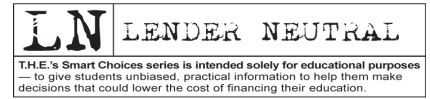


# Federal Consolidation Program Features



<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>Borrowers must be in their grace period, deferment, forbearance, or have entered repayment on each loan included in a consolidation.</li> </ul>						
<b>Eligible Loans</b>	<ul style="list-style-type: none"> <li>Federal Family Education Loan (FFEL) Program Loans (Stafford, PLUS, Graduate PLUS, SLS and Consolidation)</li> <li>Federal Direct Student Loan (FDSL) Program Loans (Stafford, PLUS, Graduate PLUS and Consolidation)</li> <li>Perkins Loans</li> <li>Health Professions Student Loans (HPSL)</li> <li>Loans for Disadvantaged Students (LDS)</li> <li>Health Education Assistance Loans (HEAL)</li> <li>Nursing Student Loans (NSL)</li> </ul> <p><i>Visit the NSLDS web site to get your student loan information</i></p>						
<b>Interest Rate</b>	<p>The interest rate on your consolidation loan is a fixed rate for the term of the loan and is based on the weighted average interest rate of the loans being consolidated, rounded up to the nearest 1/8th percent. The fixed rate will not exceed 8.25 percent. HEAL loans retain a variable rate.</p>						
<b>Fees</b>	<p>No fees</p>						
<b>Grace Period</b>	<p>None</p>						
<b>Credit Requirements</b>	<p>None</p>						
<b>Deferment and Forbearance</b>	<p>If you aren't ready to start making payments, you can apply for a deferment on a federal consolidation loan. The most common deferments are:</p> <ul style="list-style-type: none"> <li>Economic hardship (maximum three years)</li> <li>In-school at least half-time</li> <li>Unemployment (maximum three years)</li> </ul> <p>If you don't qualify for a deferment, forbearance may be an option.</p>						
<b>Repayment Terms</b>	<p>The length of your repayment depends on your total outstanding student loan debt. This amount is the total of those loans consolidated plus any other education loans you may have but are not consolidating. Note: The sum of your other education loans used to extend your term may not exceed the amount of your consolidation loan.</p> <p>The repayment terms are:</p> <table border="0"> <tr> <td>Less than \$7,500 = 10 years</td> <td>\$20,000 to \$39,999 = 20 years</td> </tr> <tr> <td>\$ 7,500 to \$ 9,999 = 12 years</td> <td>\$40,000 to \$59,999 = 25 years</td> </tr> <tr> <td>\$10,000 to \$19,999 = 15 years</td> <td>\$60,000 and above = 30 years</td> </tr> </table>	Less than \$7,500 = 10 years	\$20,000 to \$39,999 = 20 years	\$ 7,500 to \$ 9,999 = 12 years	\$40,000 to \$59,999 = 25 years	\$10,000 to \$19,999 = 15 years	\$60,000 and above = 30 years
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<b>Repayment Plan Description</b>	<p><b>Level Repayment:</b> Monthly payments remain the same until the loan is paid in full. This monthly payment is usually higher than other repayment options, but the interest cost is typically the lowest, making this an economical option.</p> <p><b>Graduated Repayment:</b> Initial monthly payments start low and increase at scheduled intervals until the loan is paid in full. This option is helpful if you require smaller payments at the start, but the interest cost is usually greater than standard repayment.</p> <p><b>Income-Sensitive Repayment:</b> This plan assigns a monthly payment based on your income level — with annual adjustments. The minimum payment must be equal to the amount of accrued interest each month. This plan may result in greater interest costs.</p>						

See Reverse for Frequently Asked Questions

# Frequently Asked Questions

## What is loan consolidation?

Loan consolidation is a federal program that allows borrowers to combine outstanding federal student loans held by different lenders into a single, new loan with a fixed interest rate and one monthly payment. Loan consolidation also lets borrowers extend their repayment term.

## Is consolidation right for me?

It truly depends on your loan portfolio. The main reason students consolidated their loans in the past was to secure a low, fixed interest rate. Today, many students already have a fixed interest rate on their federal loans. If you have variable-rate Stafford loans, find out what current interest rates are and consolidate only if you are able to lock in an interest rate that is relatively low.

## How can I determine my interest rate?

The fixed interest rate for a federal consolidation loan is based on the **weighted average** interest rate of the loans being consolidated, rounded up to the nearest 1/8th percent. The maximum rate on a consolidation loan is 8.25%. With the exception of an 8.5% PLUS loan, you are not refinancing your loans to achieve a lower rate. Rather, the interest rate on your consolidation loan will be set by the mix of rates you combine. A loan consolidation calculator would be the best tool to determine your interest rate.

### Example:

Type	Balance	Interest Rate
Perkins	\$ 5,000.00	5.00%
Stafford	\$ 8,500.00	6.80%
GradPlus	\$10,000.00	8.50%
<b>TOTAL</b>		\$23,500
<b>Weighted Average Interest Rate:</b>		7.14%
<b>Consolidation Interest Rate</b> (round up to nearest 1/8th)		7.25%

## Do I have to consolidate all of my student loans?

No. You can choose which loans you want to consolidate, and you may find that it makes sense to exclude some loans. Loans not included in the consolidation are still used to determine your maximum repayment term. Private loans are not eligible for federal loan consolidation.

## I heard interest rates may be dropping. How will this affect my existing consolidation loan?

The interest rate on existing consolidation loans is fixed and will not change.

## What if my parents have PLUS loan(s)?

PLUS loans are also eligible for consolidation but cannot be consolidated with your student loans. Students can consolidate the loans they borrowed and parents can consolidate PLUS loans they borrowed.

## What happens to the accrued interest on a loan I want to consolidate?

The accrued interest will be added to the loan's principal balance to determine a "payoff" amount. The principal balance of your consolidation loan will be the sum of the amounts required to "payoff" the loan(s) that are consolidated.

## Can I add loans to my consolidation loan?

You may add an eligible loan if a Federal Request to Add-on Loans form is received within 180 days following the date the outstanding consolidation loan was made. After the 180-day period, you may not add loans to the outstanding consolidation loan. Note that the interest rate and repayment terms on your consolidation loan may be affected by adding loans.

## What happens to the interest on my consolidation loan during periods of deferment?

While in an authorized deferment, the federal government pays the interest on the subsidized portion of the consolidation loan. Note: Perkins and HPSL become unsubsidized once consolidated. Interest accrues on the unsubsidized portion of the loan.

## Is consolidation the only way to lower my payment?

Borrowers who have accumulated more than \$30,000 in federal education debt since 1998 can extend their repayment loan term up to 25 years or utilize a graduated repayment plan that starts with payments as low as monthly interest accrual. Many lenders also offer combined billing, so that you can get one bill for all your loans from that lender.