

Loan Consolidation at a Glance



Consolidate today to save money and take advantage of benefits!

Many borrowers choose to consolidate their student loans through the Federal Family Education Loan (FFEL) Program because it can provide long-lasting benefits, including a lower monthly payment and a fixed interest rate.

Loan Consolidation Advantages/Disadvantages

ADVANTAGES

- ▶ Consolidation eliminates multiple payments to multiple lenders or servicers, giving the borrower a new loan with one holder and a single monthly payment.
- ▶ May provide an opportunity for the borrower to lock in a low interest rate.
- ▶ Consolidation may allow an extended repayment period, depending on total debt. This usually means a lower monthly payment.

DISADVANTAGES

- ▶ Consolidating your current loans over a longer repayment term will increase the total amount of interest paid on your outstanding debt, and therefore increases your total overall amount repaid.
- ▶ You may lose incentives offered by your current lender; review the terms of your consolidation loan carefully.
- ▶ You will lose interest subsidy and cancellation benefits for Perkins loans if they are included in the consolidation loan.

FREQUENTLY ASKED QUESTIONS

Who is eligible to consolidate?

As a FFEL borrower, you are eligible to consolidate your outstanding FFEL loans if you are currently in repayment on your student loans.

When is the best time to consolidate my loans?

Remember, you must be in repayment status on the current loans you wish to include in the consolidation.

I am still in school. Is it possible to take advantage of consolidation before I complete my education?

The option to place your loans into repayment status while still in school was eliminated as of July 1, 2006. You cannot consolidate your loans unless you are in repayment status, which begins six months and one day after graduation, or after you cease to be enrolled at least half time.

What will my interest rate be if I consolidate my loans?

The interest rate on your new consolidated loan will be the current weighted average of the loans you are including in the consolidation, rounded up to the nearest one-eighth percentage.

Is there a minimum to consolidate?

Lenders may require a minimum eligible loan amount before creating a new consolidation loan. Because each has specific terms, you should consult with your lender prior to consolidating.

Possible Scenarios

Assuming the highest interest rate on consolidation loans (8.25%), this chart will give you an idea of what your monthly payment might be after consolidating your loans.

AMOUNT CONSOLIDATED	INTEREST RATE*	REPAYMENT TERM**	MONTHLY PAYMENT
\$20,000	8.25%	10 years	\$245
\$30,000	8.25%	10 years	\$368
\$40,000	8.25%	15 years	\$388
\$50,000	8.25%	20 years	\$426
\$60,000	8.25%	25 years	\$473

* See FAQs for more information about how consolidation loan interest rates are calculated.

** Your repayment term length is based on your total education debt.

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Will I pay any up front loan fees to consolidate?

No, there are no fees charged and there are no prepayment penalties if you are able to repay your consolidation loan early.

Can I apply for a consolidation loan through any lender?

- ▶ You may choose to consolidate your loans through any FFEL consolidation lender. Contact your preferred lender for more information.
- ▶ Be wary of direct mail solicitations from lenders. Contact your lender first, before proceeding with any consolidation process.

How long does it take once I apply for the consolidation loan?

- ▶ As a general rule, it can take anywhere from 30 days to 90 days to complete your loan consolidation application.
- ▶ Be sure to continue to make your current monthly payments on any loans until you've been notified that your new consolidation loan is complete.
- ▶ Or, you may request a deferment or forbearance during the time your loan consolidation application is being processed.
- ▶ Contact your lender or servicer for assistance.

When is my first payment due once my loan consolidation is completed?

- ▶ Once your loans are consolidated your first payment will be due within 60 days.
- ▶ There is no six-month grace period for loan consolidation. However, there are deferment and forbearance options that allow you to postpone payments.

Can I continue to borrow money to pay for college after I have consolidated my current loans?

Yes, as long as you are enrolled and meet the program eligibility requirements, you may continue to borrow to pay for your education-related expenses. (Keep in mind that any new Stafford loans that are disbursed to you on or after July 1, 2006 will have a 6.8% fixed interest rate.)

If I already have a consolidation loan can I re-consolidate my loans?

- ▶ You are eligible to re-consolidate your loans if you have borrowed a new loan that is not part of your original loan consolidation or you had a loan that was not included in the prior consolidation.
- ▶ A borrower cannot re-consolidate simply to lock in a lower interest rate.

My spouse also has student loans. Can we consolidate these loans together?

- ▶ As of July 1, 2006, this is no longer an option.

If I have a Direct loan, can I apply for a FFEL consolidation?

Most lenders will combine Direct and FFEL Program loans. Typically, the lender requires the borrower to have at least one underlying FFEL Program loan with them. Some lenders may consolidate Direct loans for borrowers who have no FFEL Program loans. Check with your current lender(s) on individual requirements.

I defaulted on one of my student loans. Am I still eligible to consolidate?

- ▶ Yes. Generally, borrowers are eligible to consolidate their defaulted loans if they have made three consecutive voluntary and on-time monthly payments. Contact your guarantor and lender for more information.
- ▶ Also, borrowers can consolidate through the Direct Loan program at any time if they agree to participate in the income contingent repayment plan.

For assistance or clarification on consolidation questions, contact your lender.

Or you may call EdFUND, provider of loan guarantee services, toll free at 877.2EdFUND (877.233.3863).



Effective date: 7.01.06

Always be sure to check with your lender for complete information regarding your loan options.