

Federal Loan Consolidation

Loan consolidation may be an option if you have multiple lenders, variable interest rates, significant loan debt and/or different loan types. It allows you to combine multiple *federal* loans into one new loan at a fixed interest rate. Students do not have to be in repayment or grace status to consolidate.

A growing number of lenders are leaving the federal student loan program because it is no longer profitable. Contact your lender first to determine whether or not they still participate in federal loan consolidations.

For more information go to William D. Ford Direct Loan Consolidation at: www.loanconsolidation.ed.gov or call 1-800-557-7392

Eligible loan types

Stafford Loans, Perkins Loans, Health Profession Student Loans (HPSL),
William D. Ford Direct Loans, Grad PLUS Loans

For a list of all your federal loans – www.nslds.ed.gov

Loan consolidation offers both benefits and disadvantages.

Benefits:

- Fixed interest rate
- Single lender
- Lower, more manageable payment
- Extended repayment period (up to 30 years based on loan total)

Disadvantages:

- Longer repayment term
- Greater interest paid over life of loan
- Interest may be slightly higher than on original loan due to rounding
- May lose certain deferment options
- May lose current forgiveness benefits
- May lose current loan incentives

A federal consolidation cannot include private loans.

Private Loan Consolidation

Loan consolidation may be an option if you have multiple lenders and/or significant loan debt. It allows you to combine multiple *private* loans into one new loan. Students must be in repayment or grace status to consolidate. Repayment begins immediately.

Borrowers should beware that they will lose their federal borrower benefits if they consolidate their federal student loans into a private consolidation loan. Borrowers should always use federal loan options first before considering a private loan consolidation.

Students can consolidate with the lender of their choice. However, there are very few lenders that offer private loan consolidation due to the recent credit limitations.

Wells Fargo offers private loan consolidation, for more information call 800-378-5526.

Please Note: You may need to apply with a co-signer if you don't meet the minimum requirements. Non-certified private education loans cannot be consolidated.