

FAQ's

- **How are interest rates on student Consolidation loans determined?**

Federal student loans can carry a variable interest rate that is adjusted by Congress every year based on a formula dictated by federal regulations. The advantage to a federal consolidation loan is that you lock in a fixed interest rate for the life of your loan. However, if you consolidate today, you cannot re-consolidate your loan at a new lower rate in the future.

- **If a borrower wants to consolidate a Stafford Loan on which the borrower entered repayment status early, what interest rate for the underlying loan should be used when computing the weighted average interest rate on the consolidation loan?**

If the lender determines the borrower is still enrolled, the lender can put the Stafford Loan, that will now be in repayment status, into an in-school deferment status at the borrower's request. The interest rate on the loan would be the deferment rate. If the borrower consolidates the Stafford Loan, the deferment interest rate would be used in calculating the weighted average interest rate on the consolidation loan.

- **If I have already consolidated my student loans, can I consolidate them again?**

Once you have consolidated your student loans, you can only consolidate again if you have an eligible student loan that was not included in your previous consolidation, or you received a new eligible loan that was disbursed after your consolidation loan. Keep in mind that by combining these loans a new interest rate will be calculated using the weighted average interest rate of your new loan(s) with your existing consolidation loan.

- **Does the borrower forfeit the right to a grace period on the Stafford Loan that was put into repayment status?**

By entering repayment early, the borrower forfeits his or her grace period on the Stafford loan.

- **What lender should you consolidate with?**

To determine if you are eligible for consolidation, start by contacting your lenders. If all of your loans are with the same lender, you must start there. Otherwise, if your loans were taken directly from the Department of Education, or you have used multiple lenders, you can use an consolidation service. Rates can vary, as can the borrower benefits programs. As you select a consolidator, you want to choose someone who is credible and has a good reputation in the industry. Please contact the National Student Loan Data System web site @ www.nslds.ed.gov to identify all of your current lenders.

- **Can I pay off a student loan early?**

There are no penalties for paying off your student consolidation loan.