FEDERAL LOAN CONSOLIDATION

The following will give you information regarding federal consolidation and if it is right choice for you.

How consolidation works:
The loans must be in repayment or grace period. If you have defaulted loans, you may include them in the consolidation only if you have made satisfactory repayment arrangements with the holder of the defaulted loans. The consolidating lender, who then issues you one new loan, pays off the balance of existing federal loans you have included in the consolidation. The interest rate for a consolidated loan is the weighted average of the loans to be consolidated. A new repayment schedule is drawn up on the basis of your needs and the size of your debt. Whether or not it's the most advantageous route for you depends on factors such as the amount of your loans and whether or not you plan to exercise certain deferment or cancellation options.

Pros and cons of consolidation:
For many borrowers, consolidation can mean the difference between financial hardship and a manageable budget. But consolidation is not the best option for everyone. In making a decision to consolidate your loans, consider the following:

Pros:

- Lower monthly payments are made possible through the extended repayment terms offered under the consolidation program. Whereas most student loans must be repaid within 10 years, consolidation offers repayment plans ranging from 12 to 30 years, depending on the size of your debt.
- Consolidation also offers graduated and income-sensitive repayment schedules, whereby your payments begin at low amounts, increasing over time along with your earning power.
- Because consolidation results in one loan with a single lender, there is only one monthly payment to make.

Cons:

- You may pay a higher rate of interest. The weighted average interest rate of consolidation loans may be higher than the interest rate for some single loans you may currently have.
- Interest costs are increased whenever the repayment period is extended. The longer you take to repay your loan, the greater your total interest costs.
- The consolidated loan may offer fewer and more restrictive deferments. **Read the application and or promissory note carefully before you agree.**

Loans eligible for consolidation:
Subsidized and Unsubsidized Stafford Student Loans (formerly GSL), Federally Insured Student Loans (FISL), Health Education Assistance Loans (HEAL), Parent PLUS Loans (FFELP and Federal Direct), Federal Perkins Student Loans (formerly NDSL), Health Professions Student Loans (HPSL), Nursing Student Loans (NSL), and Loans for Disadvantaged Students (LDS).

A number of lenders are participating in loan consolidation programs including SallieMae SMART LOAN (800) 488-3533 www.salliemae.com, Collegiate Funding Services, (866) 930-2710 www.cfsloans.com, the Federal Direct Consolidation Loan Program (800) 557-7392 www.dlssonline.com, Sun Trust (800) 597-5286 www.suntrusteducation.com, and Wells Fargo (800) 658-3567 www.wellsfargo.com/student. For more information on consolidation or to receive application forms, you must contact an individual lender.

Note: Institutional/University Loans/Tuition Accounts do not qualify for consolidation. Further, you cannot consolidate federal loans with private alternative loans (such as Sallie Mae Signature, Citibank Citiassist, and Campus Door).

U.S ARMY LOAN REPAYMENT PROGRAM

The U.S. Army offers a loan repayment program as an incentive to enlist. If you serve as an enlisted person in the U.S. Army, in the Army Reserves, or in the Army National Guard, the U.S. Department of Defense will repay a portion of your Federal Perkins loan. This is a recruitment program and you should contact your local military recruiting office for additional information.