

## Federal Student Loan Consolidation

Federal Student Loan Consolidations were previously available through FFELP Lenders (banks, credit unions and other lending institutions) as well as through the federal government in the form of a Federal Direct Consolidation Loan. Recent legislative cuts made by Congress have resulted in federal student loan consolidation becoming uneconomical. This, combined with the credit market deterioration, has caused virtually all FFELP Lenders to suspend participation in the federal consolidation loan program. Therefore, students wishing to consolidate their education loans will need to consolidate through the Federal Direct Consolidation Loan Program.

To qualify for a Direct Consolidation Loan, borrowers must have at least one Direct Loan or Federal Family Education Loan (FFEL) that is in **grace, repayment, deferment or default status**. Loans that are in an in-school status cannot be included in a Direct Consolidation Loan. Therefore, if you are currently in school, consolidation is not something that you can pursue at this time.

When you graduate or are no longer enrolled at least half time, you may wish to consider whether consolidation is right for you. To help you make that decision, please visit the Direct Consolidation Loan website (<http://loanconsolidation.ed.gov/>). There you can learn more about Direct Consolidation Loans, including questions to ask to determine if a consolidation loan is right for you, the specific eligibility criteria the loan terms and interest rate calculation. You can also contact the Direct Loan Consolidation Information Center at 1-800-557-7392.

Please feel free to contact the Financial Aid Office if you have any questions regarding the above information.