

Chapter 1 : 7 Best Companies to Refinance & Consolidate Student Loans | LendEDU

Borrowers who want to consolidate their federal student loans. Note: There is no application fee to complete a Direct Consolidation Loan application. You may be contacted by private companies that offer to help you consolidate your loans, for a fee.

What is Student Loan Consolidation? March 16, Author: Melanie Lockert As a student loan borrower, managing one monthly payment can be tough. For borrowers with multiple student loans, consolidation can be a useful option as it simplifies the repayment process with one monthly payment. What Is Student Loan Consolidation? Student loan consolidation is the process of merging multiple student loans into one new loan with one easy monthly payment, rather than multiple payments each month. Essentially, the new loan pays off your old student loans when you consolidate. Because your old student loans are paid off, the consolidation process is not reversible. You can consolidate your loans after you graduate, leave school or drop below half-time enrollment. Keep in mind that if you apply for a consolidation loan during your grace period, you may end up forfeiting some of it once the loan is approved and repayment begins. Student loan consolidation can vary depending on the type of loans you have. Most federal student loans are eligible for consolidation after you graduate college. There are no fees to apply for a Direct Consolidation Loan and no credit check is required. When you consolidate, your new loan has a fixed interest rate that is calculated using the weighted average of your previous interest rates. The benefit to extending your repayment period is lowering your monthly payments, making your loan more manageable to pay back. However, it will likely mean paying more in interest and increasing the overall cost of the loan. Depending on your repayment term, you could pay more in interest and you may lose some of your borrower benefits with your current student loans by consolidating. Consolidating Private Student Loans If you have private student loans, you can consolidate them with a private lender. One bonus of consolidating your private student loans is that you could potentially lower your interest rate, too. There are typically no application fees for consolidating your private student loans; however, you do have to qualify for the loan with a credit evaluation. Depending on your credit, you could be eligible for a better rate than the one you had on the loans you are consolidating. A lower interest rate could save you money in the long run, making it easier to chip away at your principal balance. Lenders want to know that you have good credit and sufficient income to pay back your new loan. For private student loan borrowers who meet these criteria, consolidating is a good way to lower your monthly payments, reduce your interest rate and make payments more manageable. You may also be able to release your cosigner from your private student loans through student loan consolidation. Where most federal student loan borrowers are eligible for consolidation through a Direct Consolidation Loan, not all private student loan borrowers are eligible for private consolidation. Consolidating Federal and Private Student Loans If you are looking to consolidate both your federal and private student loans into one loan, you can apply for a Private Consolidation Loan since Direct Consolidation Loans are only for federal loans. Consolidating your federal and private student loans is similar to consolidating private loans. You undergo a credit evaluation with a private lender who offers combined consolidation, and if you qualify, your new loan pays off your federal and private student loans. Keep in mind that when you consolidate your federal and private student loans with a private lender, you lose your federal student loan benefits such as any eligibility for an income-driven plan or Public Service Loan Forgiveness. Having these options available to you may outweigh the benefits of consolidating with a private lender, so consider the consequences carefully. If keeping these federal student loan benefits is important to you, then it may be a better idea to consolidate your federal and private student loans separately. In some cases, it may even be a smart financial move, saving you money on interest.

Chapter 2 : What is Student Loan Debt Consolidation - Discover Student Loans

If any of the loans you want to consolidate are still in the grace period, you have the option of indicating on your Direct Consolidation Loan application that you want the servicer that is processing your application to delay the consolidation

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of your loans until closer to the grace period end date.

Chapter 3 : Private Student Loan Consolidation & Refinancing | Discover Student Loans

If you have questions about consolidating your federal education loans before you apply, you can also contact the Student Loan Support Center at The Federal Direct Consolidation Loan Application and Promissory Note is not available in Spanish.

Chapter 4 : Refinance Student Loans At Lowest Rates | Student Loan Help

If ED accepts this application for a Direct Consolidation Loan, I understand that ED will send funds to the holders of the loans that I want to consolidate to pay off those loans.