

Federal Consolidation Loan Program

Great reasons why a Federal Consolidation Loan is so appealing.

- Reduces your monthly payment by extending your repayment term
- No prepayment penalties for accelerating the payback of your loan
- Low, fixed interest rate

What is a Federal Consolidation Loan?

A Federal Consolidation Loan is a powerful financial tool that allows you to reduce your monthly student loan payments by extending your repayment term from the standard ten years to up to 30 years, depending on the total amount of your education debts. It is also a practical student debt management tool that enables you to bundle all of the federal loans you received to finance your college education into a single loan. When you consolidate, your consolidation loan lender pays the outstanding balances on the loans you consolidate. In essence, you refinance your education debts.

Answers that will expand your perspective

Q. Is loan consolidation right for me?

A. Consolidation loans are not for everyone. Advantages and disadvantages depend on the type of loan, the loan amount, interest rates, disbursement date and repayment incentives. You'll also need to consider the various loan provisions, including interest subsidy, deferment, forbearance, forgiveness and cancellation. Ask your consolidation lender for details.

Q. What is the interest rate?

A. Your consolidation loan's interest rate is the weighted average of the interest rates on all loans being consolidated, rounded up to the nearest one-eighth of one percent. The new interest rate cannot be higher than 8.25 percent and is fixed for the life of the loan.

Q. When is the right time to apply?

A. Each loan you wish to consolidate must be in the grace period or repayment status. By applying for consolidation while still in your grace period, you may save yourself some money. Stafford loans disbursed after July 1, 1995, have two interest rates attached to them: one for in-school, grace and deferment periods and the other for repayment. Once you enter repayment on these loans, your interest rate will increase. If you consolidate your loans early enough in the grace period, the lender will use the lower, grace period interest rate to calculate your new consolidation loan rate. Therefore, it may be to your benefit to consolidate your loans before you enter repayment.

Here are some examples of how much consolidation could reduce your monthly payment

Loan Amount	\$15,000	\$25,000	\$40,000	\$60,000
Your Current Estimated Monthly Payment	\$152	\$254	\$406	\$609
Your Estimated Monthly Payment with Your New Loan Using Your Repayment Interest Rate	\$112	\$153	\$214	\$291
Monthly Reduction When You Apply While in Repayment	\$40 (27%)	\$101 (40%)	\$192 (47%)	\$318 (52%)
Your Estimated Monthly Payment with Your New Loan Using Your In-Grace Interest Rate	\$107	\$145	\$200	\$269
Monthly Reduction When You Pre-Apply	\$45 (30%)	\$109 (43%)	\$206 (51%)	\$340 (56%)

Repayment interest rate example uses a 4.06% rate under a standard unconsolidated repayment term of 10 years. Consolidation loan payment amounts are calculated under a level repayment plan using a 3.5% rate as the in-grace rate and a 4.125% rate as the repayment rate under an extended repayment term. All interest rate examples are for loans first disbursed between July 1, 1998, and June 30, 2003. Loans disbursed before this period have slightly higher interest rates; therefore, your actual rate and payment may differ.

How do I compare loans?

You can use the information listed here to compare loan options. If you would like additional information on a loan, please contact the lender directly using the telephone number provided or visit the lender's website.

Brookhaven College

Scholarship/Financial Aid Office
3939 Valley View Lane
Farmers Branch, TX 75244-4997
Phone: 1-972-860-4110
Fax: 1-972-860-4375
www.dcccd.edu/bhc

Federal Consolidation Loan Program Comparison

	Telephone Number	Website	Borrower Eligibility	Repayment Incentives ⁽¹⁾	Flexible Repayment Options
Collegiate Funding Services	1-866-930-2710	www.cfsloans.com	\$10,000 or more in eligible federal student loans	1.00% interest rate reduction after 36 months when the initial 36 scheduled payments are made on time Additional 0.25% reduction when payments are automatically withdrawn	Yes
Bank of America	1-800-375-9208	www.bhesc.org	\$7,500 or more in eligible federal student loans	1.00% interest rate reduction after 36 consecutive on-time payments Additional 0.25% reduction when payments are automatically withdrawn	Yes
Bank of Texas	1-800-788-1881	www.nelnet.net/flexloan	\$10,000 or more in eligible federal student loans in order to be eligible for the 1.00%/60-month benefit \$7,500 or more in eligible federal student loans in order to be eligible for the ACH benefit	1.00% interest rate reduction after 60 consecutive on-time payments Additional 0.25% reduction when payments are automatically withdrawn	Yes
Sallie Mae (Bank One, Chase Bank)	1-888-272-5543	www.salliemae.com	\$10,000 or more in eligible federal student loans	1.00% interest rate reduction after 48 consecutive on-time payments Additional 0.25% reduction when payments are automatically withdrawn	Yes
Citibank	1-800-967-2400	www.studentloan.com	No minimum listed	1.00% interest rate reduction after 48 consecutive on-time payments Additional 0.25% reduction when payments are automatically withdrawn	Yes
Educaid	1-888-953-9987	www.educaid.com	\$10,000 or more in eligible federal student loans to be eligible for the 0.50%/12-month benefit \$10,000 or more in eligible federal student loans to be eligible for the ACH benefit	0.75% interest rate reduction after 12 consecutive on-time payments Additional 0.25% reduction when payments are automatically withdrawn	Yes
Fleet Education Financing	1-800-842-2600	www.fleeteducation.com	\$7,500 or more in eligible federal student loans	1.00% interest rate reduction after 48 consecutive on-time payments Additional 0.25% reduction when payments are automatically withdrawn	Yes
Legacy Bank of Texas	1-800-366-4372	www.nthea.com	\$5,500 or more in eligible federal student loans	0.50% interest rate reduction after 36 consecutive on-time payments 0.25% reduction when payments are automatically withdrawn Early Loan Forgiveness Program: When account balance reaches \$600.00 or less, the loan is forgiven or paid in full. Current borrowers are eligible for the cash back program, based on the amount of consolidated loans	Yes
Loan Star (Comerica Bank, SunTrust Bank)	1-800-829-4599	www.loanstar.com	No minimum listed	Most valuable player—after 36 consecutive on-time payments, certificates are offered for a free payment and thereafter after 12 months for 5 certificates maximum 1.00% interest rate reduction after 48 consecutive on-time payments Additional 0.25% reduction when payments are automatically withdrawn	Yes
Wells Fargo Bank	1-800-658-3567	www.wellsfargo.com	\$10,000 or more in eligible federal student loans	No benefits listed	Yes

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A leading nationwide provider of innovative solutions for education financing and debt management.

1-866-930-2710

All CFS lenders are Equal Opportunity Lenders.

Please keep in mind that there are other options and programs offered by different lenders that you should investigate. Your choice should be made after you carefully review the various lenders to see what's best for you and your situation. You can borrow from any eligible lender of your choice.

⁽¹⁾ Borrower benefit program information provided is current as of 8/27/03. Please note that offerings may be for limited times only and may be discontinued at any time without prior notice. Please contact the lender to discuss current offering(s).

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