

Pros and Cons of Consolidation Loans

	PROS	CONS
Able to consolidate several types of student loans. See eligible loan programs under the "What is a Consolidation Loan" heading.	✓	
Choose to consolidate all loans or just some loans.	✓	
Fixed interest rate is calculated using the weighted average interest rate of the underlying loans rounded up to the nearest one-eighth of one percent. These loans will not exceed 8.25%. Portion attributed to HEAL loans is variable.	✓	
Maximum repayment term is 30 years depending on type of repayment plan chosen and/or amount of money being consolidated.	✓	
4 available repayment plans for you to choose from: <ul style="list-style-type: none"> - Standard: Monthly payment amount is fixed over the life of the loan. - Income Sensitive: Monthly payments are based on your earnings and change with changes in your income. - Graduated: Monthly payments start low and gradually increase over the life of the loan. - Extended: Allows you to extend your payments over a 25-year period under a level or graduated repayment schedule if your loans total more than \$30,000. 	✓	
Availability of discharge due to school closing or false certification.	✓	
Availability of deferment and forbearance options.	✓	
Married couples are eligible to consolidate their loans together into one loan.	✓	
One lender/servicer and one monthly payment, eliminating the need to make multiple payments to multiple lenders.	✓	
Consolidation loan can be consolidated with additional qualifying loans.	✓	
May reduce monthly payment amounts: <ul style="list-style-type: none"> - At least \$50 per month for standard repayment. - May be lower for graduated and income-sensitive repayment. - Monthly payments cannot be less than the accruing monthly interest. 	✓	
Ability to change repayment options.	✓	
Interest subsidy continues for subsidized Stafford loans during authorized deferment periods.	✓	
May be allowed to consolidate defaulted loans.	✓	
No minimum loan amount.	✓	
No limit on the number of loans that may be consolidated.	✓	
Longer repayment period.		✓
Loss of some borrower benefits (such as certain deferment options or forgiveness options).		✓
No grace period before repayment begins. If you consolidate during the grace period, you lose any remaining portion of your grace period.		✓
If spouses consolidate their loans together, both spouses must meet the eligibility requirements for deferments and discharges and both remain responsible for repaying the entire amount consolidated.		✓
Cannot consolidate same loans at a later date unless additional qualifying loans are added.		✓