

Grace Period and Repayment Counseling

We want to encourage all May 2011 and projected December 2011 graduates to complete online Grace Period and Repayment counseling for Stafford and Direct Loan borrowers. This counseling session provides information about how to manage your student loans after college, whether your loans are in the grace period (payment will start soon) or already in repayment. The information can be especially beneficial if you are having difficulty repaying your student loans. Learn more at <http://mappingyourfuture.org/oslc/counseling/index.cfm?act=Intro&OslcTypeID=49>

Loan Management Counseling

Loan management counseling session was developed to provide loan management, financial literacy, and career planning information to assist student loan borrowers who are preparing for graduation. You can complete these online sessions at <http://mappingyourfuture.org/oslc/counseling/index.cfm?act=Intro&OslcTypeID=50>

Special Direct Consolidation Loan Program Unveiled

The U.S. Department of Education (the Department) will offer Special Direct Consolidation Loans to eligible borrowers, beginning in January 2012. This is a short-term consolidation opportunity, ending June 30, 2012, for borrowers with

- at least one student loan held by the Department (a Direct Loan or a Federal Family Education Loan [FFEL] owned by the Department and serviced by one of the Department's servicers); **and**
- at least one commercially-held FFEL loan (a FFEL loan that is owned by a FFEL lender and serviced either by that lender or by a servicer contracted by that lender).

Special Direct Consolidation Loans are intended to help borrowers manage their debt by ensuring all of their federal loans are serviced by the same entity, resulting in one bill and one payment (borrowers repay loans to a loan servicer). Borrowers will also receive an interest rate reduction on Special Direct Consolidation Loans as a repayment incentive.

The information below describes the eligibility requirements and benefits of taking out a Special Direct Consolidation Loan.

Who is eligible for a Special Direct Consolidation Loan?

You must have at least one loan owned by the Department of Education and at least one commercially-held FFEL loan to qualify for a Special Direct Consolidation Loan

What federal student loans are eligible for the Special Direct Consolidation Loan program?

While you must have both a Department-owned loan and a commercially-held FFEL loan to be eligible, **ONLY** your commercially-held FFEL loans are eligible for consolidation under this initiative. These include:

- FFEL Subsidized and Unsubsidized Stafford Loans;
- FFEL PLUS Loans (both those taken out by graduate/professional students and those taken out by a parent to pay for the costs of an undergraduate student); and
- FFEL Consolidation Loans

In order to be eligible for consolidation under this initiative, these loans *must be* in grace, repayment, deferment, or forbearance.

The following loans are ineligible for this program:

- FFEL loans in default or subject to a bankruptcy proceeding;
- Perkins Loans;
- Health Education Assistance Loans (HEAL), Health Professions Student Loans (HPSL), Nursing Student Loans (NSL), Loans for Disadvantaged Students (LDS); and
- Private student loans

How will I know if I am eligible for a Special Direct Consolidation Loan?

A Department of Education servicer will notify you if you meet the eligibility criteria for a Special Direct Consolidation Loan. When you are notified of your eligibility, you will also receive information on how to apply for a Special Direct Consolidation Loan. Notifications will begin January 17, 2012.

What are the Benefits of Special Direct Consolidation Loans?

- Interest rate reduction:** If you consolidate into a Special Direct Consolidation Loan, you will receive a 0.25% interest rate reduction from the current interest rate on your commercially-held FFEL loan(s) as of the date of consolidation. The interest rate will be fixed for the life of the loan and cannot exceed 8.25%.
- Repayment term will not be changed:** The repayment term on your Special Direct Consolidation Loan (the length of time you have to repay the loan) will remain the same as your current repayment terms and will not be reset. As a result, you will pay less interest over the life of the loan than you would with a traditional Direct Consolidation Loan.
- Credit for Previous Income-Based Repayment (IBR) Payments:** If you made any IBR loan payments on your commercially-held FFEL loans prior to consolidation, those payments will count toward the required repayment time for cancellation if you remain in IBR. Under IBR, any remaining loan balance is forgiven after 25 years of repayment.
- Eligibility for loan forgiveness under the Public Service Loan Forgiveness (PSLF) Program:** By consolidating your commercially-held FFEL loans into a Special Direct Consolidation Loan, those loans become Direct Loans, and as result, are eligible for the PSLF Program if you meet the additional program requirements. Under this program, you may qualify for forgiveness of the remaining balance due on your eligible Direct Loans after you have made 120 payments on those loans under certain repayment plans while employed full time by certain public service employers.

How are Special Direct Consolidation Loans different than traditional Direct Consolidation Loans?

	Traditional Direct Consolidation Loan	Special Direct Consolidation Loan
Repayment Term	The repayment term for the loan starts over, giving students longer to repay their loan. A longer repayment term may result in lower monthly payments but will ultimately increase the amount the borrower will pay over the life of the loan since more interest will accrue during a longer repayment period.	Each loan that is consolidated retains its original repayment term. As a result, borrowers will pay less interest over the life of the loan than they would under the traditional consolidation program.
Interest Rate	A fixed rate based on the weighted average of the interest rates of those loans being consolidated rounded up to the nearest one-eighth of 1%, not to exceed 8.25%.	A fixed rate (not to exceed 8.25%) after applying the 0.25% interest rate reduction to the FFEL loans being consolidated.
Electronic Debit Benefit	Eligible for a 0.25% interest rate reduction if the loan is repaid through the Department's automatic debit system.	Eligible for an additional 0.25% interest rate reduction if the loan is repaid through the Department's automatic debit system.

If you have questions about canceling a traditional Direct Consolidation Loan application, visit <http://loanconsolidation.ed.gov>.

Will I be required to sign a new promissory note to obtain a Special Direct Consolidation Loan?

Yes, by consolidating your loans into a Special Direct Consolidation Loan you are securing a new loan. This requires a new promissory note.

What repayment options are available for Special Direct Consolidation Loans?

You can choose any of the following repayment plans to repay your Special Direct Consolidation Loan:

- Standard Repayment Plan
- Graduated Repayment Plan
- Extended Repayment Plan
- Income-Contingent Repayment (ICR) Plan
- Income-Based Repayment (IBR) Plan

However, it is important to remember that your repayment term does not start over when you receive a Special Direct Consolidation Loan. Instead, each commercially-held FFEL loan that you consolidate will retain its original repayment term. This means, for example, that if you had made three years of loan payments on a 10-year standard repayment plan prior to consolidating a Federal Stafford Loan and you choose the Standard Repayment Plan for your Special Direct Consolidation Loan, your remaining repayment term would continue to be 7 years.

Please note that if your Special Direct Consolidation Loan includes parent Federal PLUS Loans, or Federal Consolidation Loans that repaid parent PLUS loans, that portion of your consolidation loan may not be repaid under the IBR Plan. However, you have the option of paying that portion of your loan under the ICR Plan.

Want More Info?

If you have further questions about Special Consolidation Loans, you can call 1-800-4-FED-AID (1-800-433-3243) for more information

Contacting Eligible Borrowers

One of four federal loan servicers will contact eligible borrowers about the Special Direct Consolidation Loan opportunity. These servicers are FedLoan Servicing (PHEAA), Great Lakes Educational Loan Services, Inc., Nelnet, and Sallie Mae.

All four federal loan servicers will begin communicating with eligible borrowers at the time the online application becomes available on January 17, 2012. The Department's assignment of eligible borrowers to servicers will be done in a manner that supports our goal to have all of borrower's ED-held loans serviced by one federal loan servicer. Due to the number of eligible borrowers assigned to each servicer, the initial communication with eligible borrowers will occur over a several-week period.

For the most part, the four federal loan servicers will communicate with eligible borrowers through correspondence that is mailed via the U.S. Postal Service and/or e-mailed to borrowers' e-mail addresses on file with the servicer. In the correspondence, the federal loan servicer will explain the steps the borrower must complete to apply for a Special Direct Consolidation Loan. In addition, the servicer will provide the URL for the borrower to use to access and complete the online application.

Each eligible borrower will enter his or her FSA PIN to access the online application and follow the step-by-step instructions for completing the application. The application will be pre-populated with the borrower's eligible loan information obtained from the National Student Loan Data System (NSLDS).

Reminder: The online application process for Special Direct Consolidation Loans is unique to this short-term opportunity and is **not the same** as the application process for traditional Direct Consolidation Loans. For this reason, it is critical that potentially eligible borrowers wait to receive correspondence from one of the four federal loan servicers identified above before attempting to apply for a Special Direct Consolidation Loan.

Cancellation of Traditional Direct Consolidation Loan Applications

The guidelines that apply to canceling a traditional Direct Consolidation Loan application are summarized as follows:

<i>If the borrower has...</i>	<i>The borrower may...</i>
Received his or her loan statement and the 15-day period during which the borrower may make adjustments has passed	Not Cancel the traditional application
Received his or her loan statement and the 15-day period during which the borrower may make adjustments has not passed	Cancel the traditional application
Not yet received his or her loan statement	Cancel the traditional application

Forbearance Options

(From

<http://mappingyourfuture.org/paying/forbearance.htm>)

Forbearance is a way to temporarily lower or postpone your federal student loan payments.

- Your loan holder may grant forbearance if you are willing but temporarily unable to make full or partial payments and do not qualify for a [deferment](#) (the preferred option).
- During forbearance, interest continues to accrue on all [loan types](#).
- You may pay the interest, saving you money over the life of the loan.
- If you do not pay the interest, your loan holder will add it to your principal balance when your forbearance ends. This increases your total debt.
- Most forbearances are discretionary - it is completely up to your loan holder to grant one.
- Under certain provisions, loan holders are required to grant a mandatory forbearance.
- Forbearance is granted for a limited duration.

Most loan holders are willing to help you through tough times, as long as you notify them early, while you're still making payments, and before you [default](#) on your loan.

Do You Know Who You Owe?

There have been many significant changes in the Federal Student Loan Programs during the past two years. As you enter repayment, it is important that you have accurate records with detailed information about your student loans.

Under provisions of the Ensuring Continued Access to Student Loans Act, lenders had the option to "PUT" (sell) loans to the U.S. Department of Education (DOE). Lenders must notify borrowers if their loans have been sold to the Department of Education. If your loan was sold, you should have received a notice from your lender that they **sold** your loan and a second notice from the Department of Education that they **bought** your loan.

However, many families did not apparently understand these notices. Therefore, we want to encourage everyone to sign into the **National Student Loan Data System** and download copies of their loan records.

The **National Student Loan Data System (NSLDS)** is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data..

You can also review your rights and responsibilities by completing a "refresher" exit counseling session on the NSLDS web site.

Sign on at http://www.nsls.ed.gov/nsls_SA/ .

We have a great deal of additional information posted on our web site Please remember that this is a resource that will always be available to you.



Office of Scholarships and Financial Aid
6363 St. Charles Avenue
Campus Box 206
New Orleans, LA 70118

(504) 865-3231
(504) 865-3233 fax

e-mail: finaid@loyno.edu
www.loyno.edu/financialaid/

Important Web Sites for Students with Federal Loans

"NSLDS" for Students	www.nsls.ed.gov/nsls_SA/
Repayment Information	http://studentaid.ed.gov/PORTALSWebApp/students/english/repaying.jsp
Direct Loan Servicing	https://www.myedaccount.com/
Direct Consolidation Loans	http://loanconsolidation.ed.gov/StudentLoans.gov
StudentLoans.gov	www.StudentLoans.gov
Office of the Ombudsman	www.nsls.ed.gov/nsls_SA/
Defaulted Student Loans	http://www2.ed.gov/offices/OSFAP/DCS/index.html