



**National Student Loan Program**

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## **FFELP Consolidation for Students Enrolled or In-Grace A How-To Guide for Financial Aid Administrators**

This guide is intended to support aid administrators who are advising students about consolidating through the Federal Family Education Loan Program ("FFELP") while enrolled or in-grace.

### **If currently enrolled:**

1. The student must contact the holder(s) of the FFELP loan(s) to be consolidated to request permission to enter into early repayment. The holder(s) may want this request in writing. It is important to note that, by using this option, the student forfeits all rights to a grace period on the loan(s) being consolidated, now and in the future.
2. When requesting permission to enter into early repayment, the student should also request an in-school deferment to qualify for the lowest possible consolidation loan interest rate.
3. If permission to enter early repayment is granted, the student must submit a *Federal Consolidation Loan Application and Promissory Note* to the consolidating lender.

### **If in-grace:**

1. The student must submit a *Federal Consolidation Loan Application and Promissory Note* to the consolidating lender.
2. When completing the *Federal Consolidation Loan Application and Promissory Note*, the student may complete Box 26 to request that the consolidation loan be made after his or her grace period expires. If Box 26 is not completed, the student forfeits all rights to a grace period and monthly payments will begin within 60 days of the date the consolidation is made.

### **Important notes for all students:**

A student should consult his or her consolidating lender\* about interest rates and other consolidation terms.

The interest rate on a consolidation loan is the weighted average of the interest rates the loan(s) being consolidated in effect at the time the consolidation application is received by the lender.

Once a student has finished his or her education, the student may consolidate the original consolidation loan with any additional FFELP loans he or she borrows or may consolidate the new loans separately. A new interest rate will be established based upon rates in effect at that time.

Students are invited to view NSLP's *Loan Consolidation Pros and Cons* under "Loan Consolidation" in the "Repayment Assistance" section at [www.nslp.org](http://www.nslp.org).

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\* Federal law generally requires a student to consolidate with the holder of his or her FFELP loan(s), but the student may consolidate with any FFELP lender if (1) the student has FFELP loans at multiple holders, (2) the student is unable to obtain a consolidation loan through the current holder, or (3) the current holder does not offer the student an income-sensitive repayment schedule on the consolidation loan.