ELIGIBLE LOANS

Those in government and nonprofit service can choose to consolidate their student loans into the Federal Direct loan program. Remember, only Federal Direct loans are eligible for Public Service Loan Forgiveness.

Most students borrow federal student loans (like Stafford loans and GradPLUS loans). Students borrow these federal student loans from one of two major federal student loan programs: the Federal Family Education Loan (FFEL) program or the Federal Direct loan program. Federal student loans from the FFEL program are issued by private banks and lending institutions like Sallie Mae, but are still federal student loans. Federal Direct loans are federal student loans issued directly by the United States Department of Education. Students do not choose whether they get their federal student loans from a FFEL lender or from Federal Direct; schools participate in one or the other program.

FIND OUT WHAT KIND OF STUDENT LOANS YOU HAVE

Look up your federal student loans in the National Student Loan Data System: www.nslds.ed.gov

GET YOUR ELIGIBLE LOANS INTO THE FEDERAL DIRECT LOAN PROGRAM BY CONSOLIDATING

Use the online Federal Direct Consolidation Loan application available at the Department of Education's website: http://loanconsolidation.ed.gov/

Eligible Loans

When students graduate, many consolidate their federal student loans into a Federal Consolidation Loan in order to reduce and extend the payments. Federal Consolidation Loans may be available from private lenders and are available from Federal Direct. Only Federal Direct Loans (including Stafford loans, GradPLUS loans and consolidation loans) are eligible for Public Service Loan Forgiveness.

Borrowers that have already consolidated eligible federal student loans into a FFEL Federal Consolidation Loan have the right to reconsolidate into a Federal Direct Consolidation Loan. The provision of the CCRAA creating the right to reconsolidate took effect July 1, 2008.

Ineligible Loans

Parent PLUS loans are not eligible and consolidation loans including Parent PLUS loans are not eligible. Borrowers are cautioned that consolidating Parent PLUS loans with loans eligible for Public Service Loan Forgiveness should be avoided.

Some students also borrow commercial loans from state or private lenders, and it is important to note that commercial loans are never eligible for Public Service Loan Forgiveness. Students that went to school before 2006 are more likely to have a substantial amount of commercial student loan debt because an important federal student loan, the GradPLUS loan, only became available in 2006.

Equal Justice Works provides this information for educational and informational purposes only, and it is not intended and should not be construed as legal advice.

02/09