

Student Loans Consolidation Advice

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Getting the right loan consolidation advice from the right sources has often proved very difficult for students in the United States. With the rising cost of getting educated, what is increasingly becoming prevalent in recent times is a situation where fresh university graduates are laden with piled up debts even as their degrees struggle to get accepted in the labor market due to so-called inexperience.

In such cases, student loans are granted based on the student's possible income four to five years after s/he graduates. But if the student was given more loans together with a previous student loan, there may be need for such a student to consolidate all the loans mainly for management and ease of payment. Managing all the loans independently could be a Herculean task but consolidating them will make the whole lot easier and better to manage.

If you find yourself in the above situation, consulting loan experts or professionals for loan consolidation advice is the next best thing to do. Two types of consolidated loans are available i.e. Federal Direct Student Loan Program (FDLP) and Federal Family Education Loan Program (FFELP). FFELP is a consolidated loan advice and service that is offered by banks and other private lending agencies while FDLP is offered by the Department of Education of the United States. Seeking advice for student loan consolidation can be done at any time; so also applying to consolidate all your existing student loans so long as you meet the eligibility requirements. Under the FFEL, this eligibility demands that a student must have begun repayment of all the loans to be consolidated.

In addition, all of them must be within the period of grace for them to be allowed under the consolidation exercise. However, if the period has expired, the loan will be re-calculated to get the fixed average rate. Therefore, the advice is not to allow this period elapse because the loan becomes higher afterwards. Students who are receiving private loans from private lending organizations are not allowed to participate in the Federal Loan Consolidation program. One advice that is usually stated as a benefit of direct loan consolidation is the flexibility of repayment plans which largely depends on the amount of the loan taken. This ranges from ten to thirty years. Interest rates charged for consolidated loans are determined by a single factor - the average of the total interest rates for all the unpaid student loans being consolidated with a fixed interest rate of just 8.25%.