

Direct Consolidation Loans

A Direct Consolidation Loan is designed to help student borrowers to simplify loan repayment. Even though a student may have several different federal student loans, a student will need to make only one payment per month for all the loans the student may consolidate. The student may even consolidate just one loan into a Direct Consolidation Loan to get benefits such as flexible repayment options.

Most federal student loans or PLUS Loans can be consolidated. The Direct Loan Servicing Center provides students with a complete listing of eligible loans. The toll-free telephone number of the Servicing Center's Consolidation Department is 800.557.7392.

Exit Counseling and Repaying Your Loans

Students may borrow and not begin repayment as long as they remain enrolled at least half-time. Repayment begins six months after they cease to be at least half-time students. Payment of the principal is further deferred during study under a graduate fellowship program approved by the U.S. Commissioner of Education, during up to three years as a full-time Peace Corps or VISTA or similar national program volunteer.

Upon leaving school, or enrolling in less than 6 credits per semester, federal regulations require that the student participate in an exit counseling session at www.dlssonline.com.

This session is designed to provide the student with information regarding rights and responsibilities with regard to loan repayment, which include but are not limited to grace period, loan terms and conditions, where to send payment, payment options, conditions to defer repayment and what happens when the student's loan goes into default. To get an idea of what the repayment schedule might be, the student can get customized estimates by using the on-line repayment calculators at Direct Loans on the Web at www.dl.ed.gov.

When the Student Cannot Pay the Loan

When a student is having difficulty in repaying the loan, the student can apply for forbearance (a temporary suspension or reduction of payments), or a deferment (the student delays the repayment entirely). Deferments are granted when the student is enrolled at least half-time in an approved post-secondary program or graduate fellowship program, is in rehabilitation training, is unemployed (3-year limit), or is experiencing economic hardship (3-year limit). The student should contact the Advocate Unit at HESC. They will review options and provide solutions for the student. Call 888.215.0196 or go to loanadvocate@hesc.org.

Loan Default and Regaining Eligibility for Federal Aid

When the student does not make loan payments and did not apply for forbearance or a deferment in a timely manner, the loan goes into default. If the loan is in default, the student cannot receive any federal Title IV aid, i.e. Pell Grant, loans, FWS and SEOG, until the student participates in one of the programs below to repay the loan:

1. -Loan Rehabilitation Program: The student can repair damaged credit by making 12 agreed-upon, voluntary, consecutive, on-time monthly payments to HESC.
2. -Renewed Eligibility for Financial Aid Program (REFA) or Renewed Eligibility for Title IV Aid (RETA): These programs help the student regain eligibility for all Title IV student financial aid programs. Before filing, however, the student must make 6 agreed-upon, voluntary, consecutive, on-time monthly payments to HESC, and must continue monthly payments to continue eligibility.

To find out more, the student can email defaulthelp@hesc.org or call 800.666.0991.

Loan Cancellation/Forgiveness/Discharge

Under certain circumstances, a student loan, or a portion of the loan, may be cancelled, forgiven, or discharged in cases such as death, total or partial disability and false certification. The student can call 800.666.0991 for information.