

## Private Loan Consolidation Information

The Financial Aid Office has gathered the following information about private loan consolidation from the Student Loan Borrower Assistance, “Get Answers” and from [finaid.org](http://finaid.org). Students should visit these websites listed below for additional information and carefully review and understand rates and terms before refinancing any private loan. Be sure that you’re working with a reputable lender before making any application.



### [Is it a good idea to get a private consolidation loan?](#)

Consolidating private loans into a private consolidation loan may be a good idea if you think you can get a better deal. However, **it is very dangerous to consolidate federal loans into a private consolidation loan. You will lose your rights under the federal loan programs once you choose to consolidate with a private lender.** <http://www.studentloanborrowerassistance.org/start-here/get-answers/>



The SmartStudent™  
Guide  
to Financial Aid

<http://www.finaid.org/about/>

**Please Note: You should NOT consolidate your federal student loans together with your private education loans. They should be consolidated separately, as the federal consolidation loans offer superior benefits and lower interest rates for consolidating federal student loans.**

Please visit: <http://www.finaid.org/loans/privateconsolidation.phtml> for the most up to date information.



## Private Student Loan Consolidation

[Private student loans](#) cannot, in general, be consolidated with federal student loans. The low interest rates on [federal consolidation loans](#) are not available to private education loans. Nevertheless, there are several options for refinancing private education loans.

Since most private education loans do not compete on price, a private consolidation [loan](#) is merely replacing one or more private education loans with another. So the main benefit of such a consolidation is obtaining a single monthly payment. Also, since the consolidation resets the term of the loan, this may reduce the monthly payment (at a cost, of course, of increasing the total interest paid over the lifetime of the loan).

However, since the interest rates on private student loans are based on your [credit score](#), you may be able to get a lower interest rate through a private consolidation loan if your credit score has improved significantly since you first obtained the loan. For example, if you've graduated and now have a good job and have been building a good credit history, your credit score may have improved. If your credit score has increased by 50-100 points or more, you may be able to get a lower interest rate by consolidating your debt with another lender. You can also try talking to the current holder of your loans, to see if they'll reduce the interest rate on your loans rather than lose your loans to another lender.

### Home Equity Loans

Private education loans tend to have interest rates that are in the same ballpark as home equity loans. If your private education loan has a variable interest rate, you might consider using a fixed rate home equity loan to pay off the private education loan, effectively locking in the interest rate.

### Education Lenders

The following education lenders will consolidate private education loans. These are private consolidation programs, so the interest rates are dictated by the lender, not the government. There may be additional fees charged for originating these loans.

**You should NOT consolidate your federal student loans together with your private education loans. They should be consolidated separately, as the federal consolidation loans offer superior benefits and lower interest rates for consolidating federal student loans.**

When evaluating a private consolidation loan, ask whether the interest rate is fixed or variable, whether there are any fees, and whether there are [prepayment penalties](#).

**For the most updated information, it's best to check the individual lender websites.**

For additional information visit: <http://www.finaid.org/loans/privateconsolidation.phtml>