



Module 1 - Path to Loan Consolidation




COURSE INTRODUCTION

Balancing student loan debt can be quite daunting. The amount owed often consists of multiple loans that Borrowers have agreed to repay along their college and/or post-secondary journey. Despite the valuable education received, determining how to repay each lender can lead to anxiety and mental distress. A loan consolidation combines the amounts of each loan to create one manageable loan repayment plan. Loan Consolidation shifts the control of the debt to the Borrower, which can provide relief and lessen feelings of stress caused by such a huge financial commitment.

In Module 1: “Path to Loan Consolidation,” Borrowers will begin their path by exploring the loan consolidation process using the Federal Student Aid Loan Consolidation Demo. Borrowers will have an opportunity to assess their understanding of the loan consolidation process and its benefits. Borrowers will then apply the skills learned to navigate completing their Loan Consolidation application.

To ensure a successful start on your DISB P.A.T.H, this program encourages Borrowers to commit 60 minutes to focus on completing Module 1: “Path to Loan Consolidation.”

 **START YOUR PATH**

 **LOAN CONSOLIDATION LITERACY CHECKPOINT**

 **FINAL DESTINATION**

Lesson 1 of 4

ARRIVE



“It always seems impossible until it's done.” - Nelson Mandela

Start Your Path 1

Welcome



Start Your Path 2

Learning Objectives

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PATH TO LOAN CONSOLIDATION

IN THIS MODULE, YOU WILL

- Identify loans that can be consolidated
- Identify the benefits of obtaining a Loan Consolidation
- Complete the student Loan Consolidation application with Federal Student Aid

Start Your Path 3

Essential Questions

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**PATH TO LOAN
CONSOLIDATION**

QUESTIONS TO CONSIDER

- What kinds of loans can be consolidated?
- How can having one manageable loan payment be beneficial?

Photo of a woman on a headset with question marks above her head.

Start Your Path 4

Affirmation



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MONEY MINDSET AFFIRMATION

I AM WORTHY OF FINANCIAL SUCCESS.

The graphic is a collage on a light grey, textured background. In the top left, the letters 'DISB' are in a bold, blue, sans-serif font, underlined with a blue and green bar. To the right, three blue arrows point right. In the center-left, a Polaroid-style photo shows three small green seedlings in metal cans filled with soil, arranged in a row. To the right of the photo is a dark blue, torn-edge rectangular area containing white text. At the bottom center, a hand-drawn black arrow points towards the bottom right corner of the dark blue area.

START YOUR PATH



“Doing the best at this moment puts you in the best place for the next moment.” - Oprah Winfrey

Glossary

As you navigate your Loan Consolidation Path, there are key terms to know. Take a moment to review.

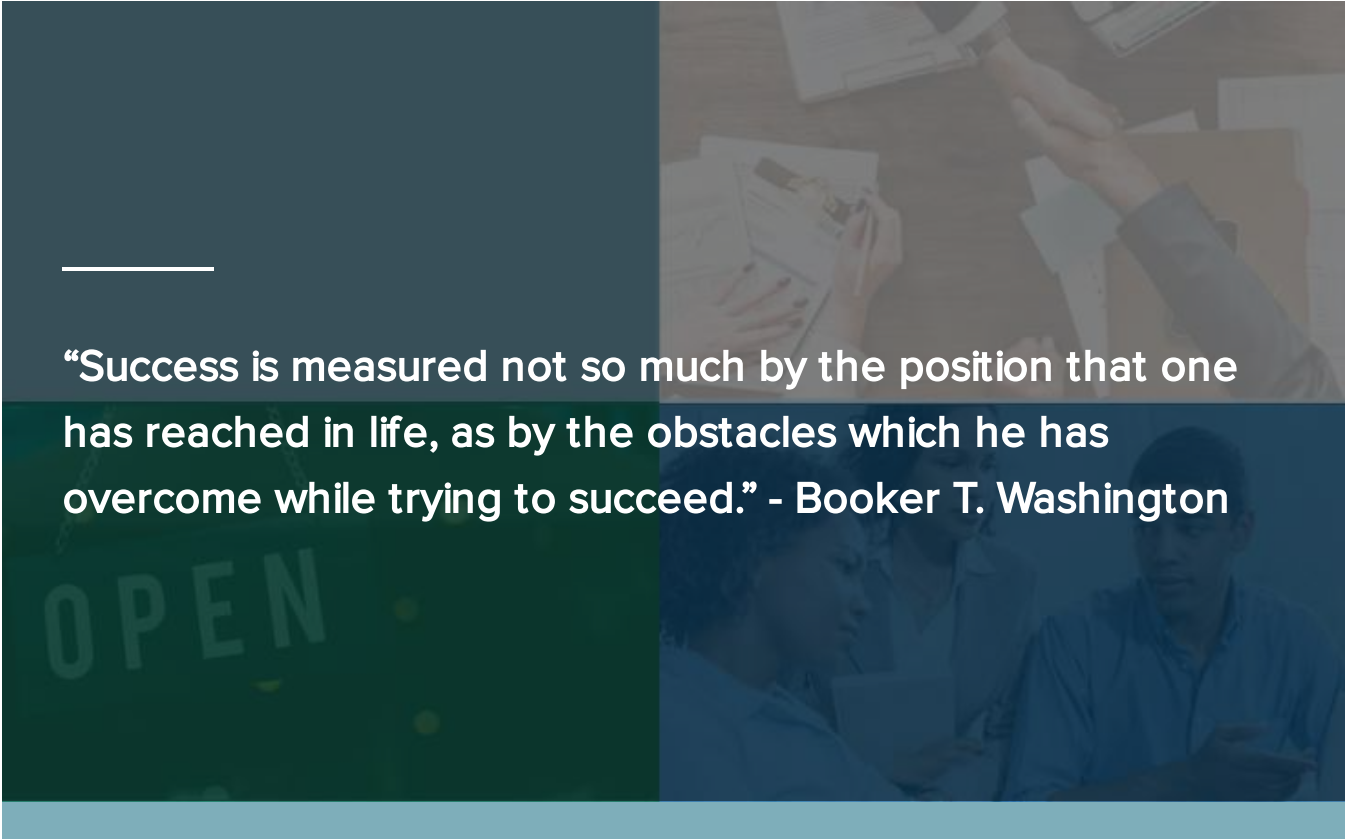
Student Loan

A loan funded by the federal government to help pay for your education. A federal student loan is borrowed money you must repay with interest.

<p>Private Loan</p>	<p>A loan made by a private organization, such as a bank, credit union, state-based or state-affiliated organization, that has terms and conditions that are set by the lender.</p>
<p>Direct Consolidation Loan</p>	<p>A loan that combines several student or parent loans into one bigger loan from a single lender, which is then used to pay off the balances on the other loans. They also provide an opportunity for alternative repayment plans, making monthly payments more manageable.</p>
<p>Direct Subsidized loan</p>	<p>A type of federal student loans (made through William D. Ford Federal Direct Loan Program) where a borrower isn't generally responsible for paying interest while in an in-school, grace*, or deferment period.</p>
<p>Direct Unsubsidized Loan</p>	<p>A loan borrowed through the Direct Loan Program that offers undergraduate, graduate, and professional students a low, fixed interest rate and flexible repayment terms. Financial need is not required to qualify. The borrower is generally responsible for paying all the accumulated interest until the loan balance is paid off.</p>
<p>Graduate PLUS Loan</p>	<p>A loan made by the U.S. Department of Education to graduate or professional students and parents of dependent undergraduate students. The borrower is fully responsible for paying the interest regardless of the loan status.</p>
<p>Federal Family Education Loan (FFEL)</p>	<p>A program that worked with private lenders to provide education loans guaranteed by the federal government. The FFEL Program ended in 2010. All loans are now made through the William D. Ford Federal Direct Loan Program.</p>
<p>Health Education Assistance Loan (HEAL)</p>	<p>The Health Education Assistance Loan (HEAL) Program insured loans made by participating lenders to eligible graduate students in schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, public health, pharmacy, chiropractic, or in programs in health</p>

	<p>administration and clinical psychology. It is no longer possible to obtain a new HEAL Program loan. The making of new HEAL Program loans was discontinued on September 30, 1998.</p>
Parent Plus Loan	<p>A loan made by the U.S. Department of Education to graduate or professional students and parents of dependent undergraduate students. The borrower is fully responsible for paying the interest regardless of the loan status.</p>
Perkins Loan	<p>A federal student loan made by the recipient's school for undergraduate and graduate students who demonstrate financial need.</p>

LOAN CONSOLIDATION LITERACY CHECKPOINT



“Success is measured not so much by the position that one has reached in life, as by the obstacles which he has overcome while trying to succeed.” - Booker T. Washington

Borrower Profile Checkpoint



Rasheedah has just received notification from her loan service provider that her grace period will soon end.

Meet Rasheedah

Rasheedah is a 37-year-old African American single mother and talented baker. She has always had dreams of owning her own bakery since her high school days in culinary arts class. She bakes cakes, pies, and cupcakes for all occasions. She is well sought after by family and friends.

She graduated high school with honors and gained acceptance into a District University, where she later earned a Business degree. Each year, she signed her promissory note with a little worry of how she would repay the loan amount, but remained hopeful. While in college, she became a mother. She began working part-time as a local barista and continued to cater whenever opportunities presented themselves.

A few months before graduation, Rasheeda's mother had a health scare. Although all is well, her mother now requires a little extra attention and care. Once Rasheedah graduated, she was offered an Assistant Manager position at the local coffee house, and she continued catering. After settling into a work-life

balance, she knew that more would be needed financially in order to care for her mom and provide for her daughter who would soon be preparing for college.

As time passed, Rasheedah was promoted to Manager at the local coffee house and she became a mom to her second child. Although she was thankful for the managerial job at the local coffee house, she knew her \$55,000 a year salary wouldn't be enough to support the growth of her family, caring for her mom, and building her baking business, she sought to attend a local university that offered a part-time MBA program online. Receiving acceptance, she felt that familiar tinge of worry as she signed the promissory note to repay the loan, but again remained hopeful. Despite the financial worry, Rasheedah felt that things would work out and repayment would be doable.

The Challenge

Rasheedah has received her Master's in Business Administration while working as a Manager for the local coffee house. Her catering business is also slowly growing. She is ready to devote more time to entrepreneurship and her baking business, but the grace period has ended, and loan repayment has begun. Rasheedah has accumulated 12 student loans: four subsidized, six unsubsidized, and two graduate plus; totaling a student loan debt of \$69,900. Several loan statements are arriving and the total repayment for each exceeds her budget. She wants to financially manage the cost of her student loans because she is aware that the late payments can impact her credit, which can interfere with building and growing her baking business. Rasheedah has reached out to the *DISB P.A.T.H* Center and has been informed that a Student Loan Consolidation would be a most helpful option for her loan repayment needs.

Rasheedah uses the [Federal Student Aid](#) tool to access the Loan Consolidation information. Let's follow along as she takes us through the *Consolidate Your Loans* demo to explore the process, identify what is required to complete the application process, and determine her new loan payment amount.

Consolidate Your Loan Demo



Consolidate Your Loan Demo.pdf

1 MB



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Now that you have explored the *Consolidate Your Loan* demo step-by-step, let's put your knowledge to the test. Watch the Federal Student Aid "Basics of Student Loan Consolidation" video to review the consolidation process and highlight the benefits. Then, answer a few questions to check your understanding.

Click [HERE](#) to watch the video below.

— THE —
BASICS
OF **LOAN**
CONSOLIDATION

[Loan Consolidation Basics: FSA Video | Wondering if student loan consolidation is right for you? Here's a helpful rundown.](#)

Question 1: Loan Consolidation lets you combine how many loans?

- A. Up to 5
- B. All loans
- C. The balance of your two highest loans

Question 2: Which of the following are benefits of loan consolidation?

- A. Fixed interest rate
- B. More payment options
- C. Lower monthly payments
- D. All of the above

Question 3 : A loan consolidation is good for someone who has a Federal Family Educational Loan, *FFEL*?

- A. FALSE
- B. TRUE

Answer keys

Question 1: Loan Consolidation lets you combine how many loans?

Correct answer: A. All loans

Feedback: You got it! Loan consolidation allows you to combine all loans into one monthly payment.

Question 2: Which of the following are benefits of loan consolidation?

Correct answer: D. All of the above

Feedback: You got it! Benefits of a loan consolidation includes a lower monthly payment, fixed interest rate, and more payment options.

Question 3 : A loan consolidation is good for someone who has a Federal Family Educational Loan, *FFEL*?

Correct answer: A. FALSE

Feedback: You got it! The Federal Family Education Loan can be included in the loan consolidation.

Great job for **continuing the path!** The **Student Loan Repayment** process can feel overwhelming. You are on your path to **financial freedom** and that is **worth the extra push** to continue your journey.

Pause to take a **mindfulness moment** to remind yourself **“I am worthy of financial success.”**

When you are ready, **“Continue”** the Path to Loan Consolidation.

Application Checkpoint

Now that you have explored the Federal Student Loan step-by-step *Consolidate Your Loan* demo and watched the “Basics of Loan Consolidation” video, it’s time to apply your knowledge and skills in completing the [Consolidation Loan Application](#). Click the link to complete the Consolidation Loan Application.

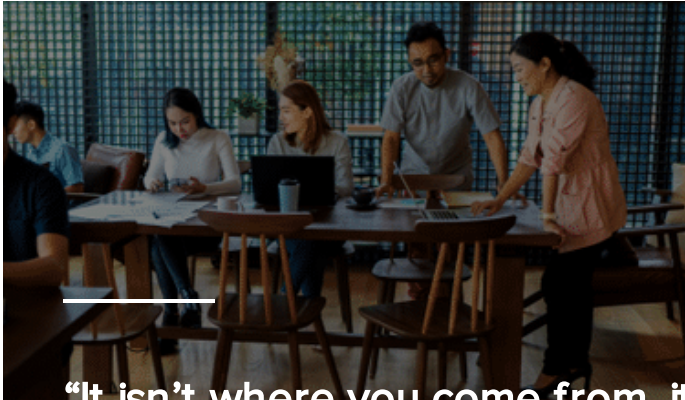


Loan Consolidation Checklist.docx

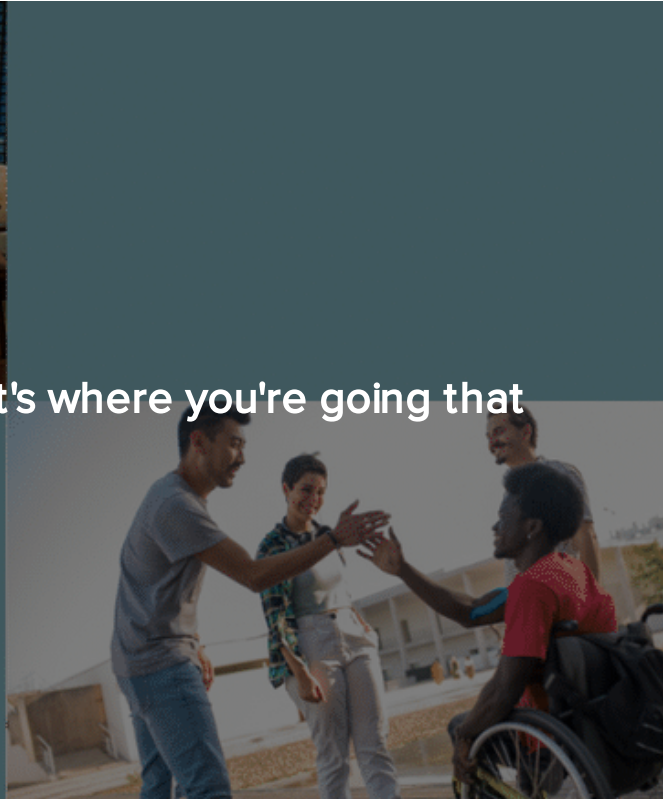
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FINAL DESTINATION



“It isn’t where you come from, it’s where you’re going that counts.” - Ella Fitzgerald





DISB P.A.T.H to Resources

With time to navigate the Loan Consolidation Course, engage in the Consolidate your Loan Demo, and watch “The Basic of Loan Consolidation” video, you have gained a better understanding of the loan consolidation repayment options. To extend your learning about other student loan repayment options, please browse to learn more.

Student Loan Ombudsman Repayment

To learn more about the **DISB** and how they can extend support, take a moment to view this informational video to learn about the many loan repayment options and support.

INFORMATIONAL VID...

DISB Financial Resource Guide

To learn more about **DISB** and how they can support your financial goals, peruse the financial guide to gain insight about loan repayment options and support.

DIGITAL RESOURCE

The logo for DISB (Department of Information Systems and Business) is located in the top left corner. It consists of the letters "DISB" in a bold, dark blue font, with horizontal lines above and below the text.

Path to Understanding

Question 1: A consolidation loan is defined as:

- A. A loan made by the U.S. Department of Education to graduate or professional students and parents of dependent undergraduate students.
- B. A loan that combines several student or parent loans into one bigger loan from a single lender, which is then used to pay off the balances on the other loans.
- C. A loan made by the U.S. Department of Education to graduate or professional students and parents of dependent undergraduate students.

Question 2: All are benefits of loan consolidation, except?

- A. Fixed interest rate
- B. Limited to one payment option
- C. Lower monthly payments

Question 3: The interest rate for a loan consolidation increases every five years of the loan.

- A. TRUE
- B. FALSE

Answer keys

Question 1: A consolidation loan is defined as:

Correct answer: B. A loan that combines several student or parent loans into one bigger loan from a single lender, which is then used to pay off the balances on the other loans.

Feedback: You got it! A loan that combines several student or parent loans into one bigger loan from a single lender, which is then used to pay off the balances on the other loans.

Question 2: All are benefits of loan consolidation, except?

Correct answer: B. Limited to one payment option

Feedback: You got it! Benefits of a loan consolidation includes lower monthly payment, fixed interest rate and more payment options.

Question 3: The interest rate for a loan consolidation increases every five years of the loan.

Correct answer: B. FALSE

Feedback: You got it! A loan consolidation has a fixed interest rate for the life of the loan.

You've Arrived!

Congratulations! You have completed Module 1 - Path to Loan Consolidation of the DISB P.A.T.H Loan Repayment Course.

