



# EdFed

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## What Type of Loans Do You Have?, Part 2

Direct loans are another story. Federal Stafford and PLUS loans are also offered through the something called the William D. Ford Direct Loan Program. You can find out more about these loans at [www.ed.gov/directloan](http://www.ed.gov/directloan). When placed in default, these loans get immediately assigned to the Education Department's debt collection service.

You've no doubt heard about financial aid in the form of college grants, such as Federal Pell grants and Federal Supplemental Educational Opportunity Grants (FSEOG). Well, despite the name grant – which suggests that you're being given money that doesn't have to be repaid – in certain cases you might have to pay back part of a federal grant that you received while in school. Repayments are usually required if you dropped out of a program for which you were awarded a grant, or if you had an overaward, meaning the amount given to you was more than you were actually eligible to receive.

Lastly, two other types of loan you may have are Supplemental Loans for Students (SLS), and National Direct Student Loans (NDSL). If you have very old loans and none of the previously mentioned sources can find records of them, another alternative is to contact the Federal Student Aid Information Center online at [www.federalstudentaid.ed.gov](http://www.federalstudentaid.ed.gov) or call the center at 1-800-4-FED-AID (1-800-433-3243). They'll have your loan holder and loan history information, or can give you the address and telephone number of the agency for any loans you may have.

Knowing the type of loans you have will also help you determine how expensive (or potentially how cheap) it was to finance your college education. For instance, as of July 1, 2006, the rates on federal student loans rose to 6.8 percent from 4.77 percent. Before that time, rates were floating, meaning they could vary each year. Now that is no longer the case. Presently, the rates on Stafford Loans are fixed at that 6.8 percent level. Rates for PLUS loans – Parent Loans for University Students – are set at 8.5 percent. Because of this one change, a higher education report from the U.S. Public Interest Research Group estimates that a student who graduates with about \$17,500 debt is going to pay back \$5,800 more in interest with a 15-year repayment period than he or she would have previously paid, due to the higher rates.