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Publication Date: July 3, 2006

DCL ID: FP-06-12

Subject: Revised Addendum for Federal Consolidation Loan Program Application and Promissory Note

SUMMARY: This letter announces a revised application and promissory note addendum that explains the changes to the terms and conditions of FFEL Federal Consolidation Loans by the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, Pub. L. 109-234 (the Supplemental Appropriations Act).

Posted on 07-03-2006

Dear Colleague:

Included with this letter is a revised addendum for the Federal Consolidation Loan application and promissory note that explains the changes to the terms and conditions of Federal Consolidation Loans made in the FFEL Program as a result of the Supplemental Appropriations Act. These changes apply to FFEL Consolidation Loan applications received on or after June 15, 2006, the effective date of the legislation. The attached revised addendum replaces the addendum for Federal Consolidation Loans that was included in [Dear Colleague Letter FP-06-05](#) that was posted to our IFAP website on April 25, 2006.

In addition to revising the addendum to reflect the changes made by the Supplemental Appropriations Act, we have also revised the explanation of the new identify theft discharge to clarify that only the portion of a consolidation loan attributable to eligible underlying FFEL or Direct Loan program loans may be discharged under this provision. Until a revised Consolidation Application/Note is developed and approved for use, the attached addendum will be used with the current Consolidation Application/Note to inform borrowers of the changes to loan terms made by the Appropriations Act and the recent Higher Education Reconciliation Act of 2005.

Implementation of the Revised Federal Consolidation Loan Application and Promissory Note Addendum

FFEL program participants should begin providing the revised Consolidation Application/Note addendum to all individuals who apply for Federal Consolidation Loans on or after June 15, 2006.

Printing Instructions

No changes to, deletions from, or additions to the language of the Federal Consolidation Application/Note addendum are permitted.

The Federal Consolidation Application/Note addendum must be printed using black ink on white paper. The typeface, point size, and general presentation of the addendum may not be changed from the documents that the Department has approved.

Obtaining Copies for Reproduction

The revised addendum will be available in PDF format on the Department's IFAP website (<http://ifap.ed.gov>) and as an attachment to this letter. In addition, the document will be available on the National Council of Higher Education Loan Programs (NCHELP) website at www.nchelp.org.

Guaranty agencies and lenders are responsible for ensuring that the addendum they use is identical to the document approved by the Department. No changes may be made to the document except as expressly authorized above.

Sincerely,

Jeff Baker, Director
Policy Liaison and Implementation
Federal Student Aid
U.S. Department of Education

Attachments/Enclosures:

[Addendum to the Federal Consolidation Loan Application and Promissory Note FFEL Program in PDF Format, 24KB, 1 page](#)

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Addendum to the Federal Consolidation Loan Application and Promissory Note Federal Family Education Loan Program

The Higher Education Reconciliation Act of 2005 (HERA) and the Emergency Supplemental Appropriations Act of 2006 changed some of the terms of Federal Consolidation Loans made under the Federal Family Education Loan Program (FFELP). As a result, certain terms of the loan you receive under the accompanying Federal Consolidation Loan Application and Promissory Note (Application and Promissory Note) differ from the terms in the Application and Promissory Note and Borrower's Rights and Responsibilities Statement.

This Addendum describes the changes made to the loan terms by the HERA and the Emergency Supplemental Appropriations Act. Your loan is subject to those changes. The changes set forth in this Addendum are incorporated into and made a part of the accompanying Application and Promissory Note that you sign and the Borrower's Rights and Responsibilities Statement.

- **Section B., Spouse Information, and all references throughout the Application and Promissory Note to consolidating jointly with your spouse.** *Effective for Applications and Promissory Notes received on or after July 1, 2006*, a married couple may no longer borrow a Federal Consolidation Loan as joint borrowers. You do not need to complete Section B of the Application and Promissory Note or provide other information relating to your spouse or your spouse's loans.
- **Section F., Borrower Certification and Authorization.** *Effective for Applications and Promissory Notes signed on or after July 1, 2006*, by signing your Application and Promissory Note, you are certifying, under penalty of perjury, that if you have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, you have completed the repayment of such funds to the U.S. Department of Education, or to the loan holder in the case of a Title IV federal student loan.
- **Section F., Borrower Certification and Authorization, Paragraph 34.D.** Paragraph 34.D. is revised to read as follows: "I do not have any other application pending for a Federal Consolidation Loan."
- **Instructions for Completing the Federal Consolidation Loan Application and Promissory Note, Section E., Repayment Plan Selection.** The Note at the end of Section E is revised to read as follows: "You may apply for a Federal Consolidation Loan from a lender that holds your FFELP loan(s) or from another FFELP lender. Alternatively, if you are eligible for a FFELP consolidation loan and you are unable to obtain a Federal Consolidation Loan or a Federal Consolidation Loan with income-sensitive repayment terms that are acceptable to you, you may apply for a Federal Direct Consolidation Loan from the U.S. Department of Education."
- **Borrower's Rights and Responsibilities Statement, Item 8, Loan Discharge & Forgiveness.** *Effective July 1, 2006*, all or a portion of a Federal Consolidation Loan is also eligible for discharge if it is determined that the borrower's eligibility for one or more FFELP or William D. Ford Federal Direct Loan Program loans that were consolidated was falsely certified as a result of a crime of identity theft.
- **Borrower's Rights and Responsibilities Statement, Item 9, Deferment.** *Effective July 1, 2006*, if all of the Title IV loans included in the Federal Consolidation Loan were first disbursed on or after July 1, 2001, a borrower may receive a deferment for a period of up to three years during which the borrower is serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency.