### BO14. One-Time Income Driven Repayment (IDR) Account Adjustment and Fresh Start Initiatives (Q&A)

**Question:**

Hi

**Question:**

If we receive a Parent PLUS loan application with default borrower status coded, are we required to pursue Fresh Start initiative with the parent borrower?

**Question:**

SME - Norwood-Struppa Thank you for attending today's session. Unfortunately, we had some technical difficulties and could not see any questions after 1:15pm ET. We will respond to all of the unanswered questions individually starting next week. Thank you, and we apologize for the inconvenience.

**Question:**

We have a student who has DW - Defaulted, Write-Off. Usually, the student has to call DMCS and speak to a supervisor. The default loan is not on the system. It will take DMC 60 days to get the student's default loan back on their system. If you do not talk to the supervisor DMCS rep will say there is no default loan. Is default loan borrowers with DW able to do the Fresh Start? If so, how does the student need to commutation with DMCS? DMCS will not communicate with the student because the default loan is not on their system. Will the government make sure they move it to good standing?

**Question:**

When will the default loan statuses update in NSLDS for those students who were eligible for fresh start, completed a BA with the school, and was awarded TIV aid?

**Question:**

Is the credit adjustment for IDR and PSLF available toward the loan - at any given period that forbearance or deferment was used?

**Question:**

Is the school required to do outreach to students who meet Fresh Start eligibility criteria when an ISIR is received?

**Question:**

Are Direct Consolidated Subsidized loans eligible for the Fresh Start Program?

**Question:**

When a parent who is in default tries to complete the PLUS app through StudentAid.gov, it won't allow the parent to proceed with the PLUS application. Will all of the parent pre-approvals need to be completed in a different manner if the parent is eligible for Fresh Start?

**Question:**

Do all of the account adjustments for IDR also apply to PSLF?

**Question:**

Is there an application for the One-time IDR Account Adjustment or is it automatically done?

**Question:**

How does a borrower confirm that the One-Time IDR Account Adjustment has occurred on their account?

**Question:**

Since there have been some changes to NSLDS since the initial guidance was issued, can I get some clarification as to what we should keep on file? Go to NSLDS, student's Financial Aid Dashboard > Loan Summary > Loan Detail, and save a screenshot or print out of the Loan Holder History?

**Question:**

When logging in to FSA online portals (COD, NSLDS, etc.) we are periodically prompted to complete the cybersecurity / data protection training, which states that we are not to take screenshots of any FSA systems. Are we now allowed to take screenshots on NSLDS?

**Question:**

The press release dated 10/25/22 on ed.gov states, "the Department will adjust a borrower’s account by granting credit toward IDR and PSLF for: Any month in which a borrower was in a repayment status, regardless of whether payments were partial or late, the loan type, or the repayment plan; Any month in which loans were in an eligible repayment, deferment, or forbearance status prior to consolidation..." Does this include months where no payment was made at all?

**Question:**

Can we follow the guidance and obtain student acknowledge from GEN--22-13 for disbursement in 22-23 or do we have to wait until the payment pause ends for a student to pursue this?

**Question:**

Can a borrower qualify for Fresh Start if the defaulted loan is in a bankruptcy status. The wording for Population 2 in GEN-21-03 seems to exclude loans in active bankruptcy from Fresh Start, so we just do not know whether these loans are eligible for the student who is returning to school to qualify for Fresh Start.

**Question:**

What is the freshstart period (1 year)?

**Response:**

SME- HONER: The Fresh Start period ends one year following the Covid 19 payment pause. It is in effect as early as when Fresh Start was announced in April 2022.

**Response:**

The pause has not ended. Therefore once it ends, will that then be the start date?

**Question:**

Has there been any discussion as to why the DOE cant review default statuses, against enrollment reporting, and waive default for students automatically?

**Response:**

SME - Honer: Per GEN-22-13, borrower must agree to have their loans transferred to a non-default servicer. Also, considering the expediency in which we need to provide these borrowers Title IV eligibility, GEN 22-13 provides guidance that will allow this to occur.

**Question:**

If a student goes into default on a loan, rehabilitates the loan (prior to COVID payment pause), but then the same loan fell into default a second time, also before the payment pause. Provided the loan qualifies for the other Fresh Start requirements, could a student benefit from the Fresh Start initiative? Or because they already rehabilitated the loan once (using their one-time rehabilitation option), it does not qualify? I know students who qualify for Fresh Start gets the one-time rehabilitation restored, but wasn't clear about students who already used said one-time rehabilitation prior to the payment pause and this Fresh Start initiative.

**Response:**

SME - Honer: Yes, if a borrower has previously taken advantage of a rehabilitation and subsequently defaults, that borrower is still eligible for the Fresh Start initiative. Also, please note that Fresh Start does not count against the one-time use of rehabilitation.

**Question:**

How are borrowers in default made aware of the Fresh Start initiative - by their loan servicer or the US Dept. of ED?

**Response:**

SME - Honer: Borrowers will be contacted by either DMCS or the Guaranty Agency holding the defaulted loan. Otherwise, the school will want to inform borrowers who have an ISIR indicating a defaulted loan that they may be eligible for Fresh Start and subsequently follow guidance in GEN 22-13.

**Question:**

Hello-When does the one time count end?

**Response:**

Hardy - SME: The One-Time IDR Account Adjustment will occur on or after July 1, 2023.

**Question:**

Will borrowers be refunded for overpayments if the one-time account adjustment results in them having overpaid to qualify for PSLF or time-based forgiveness (say, borrower was in year 8 for PLSF but got 3 yrs of payments added, putting them at 11 yrs of qualifying PSLF payments) ?

**Response:**

Hardy - SME: Payments made after the 120th payment date for PSLF will be refunded to borrowers. Note that the 120th payment date can never be earlier than the disbursement date of a Direct Consolidation Loan so payments made on loans included in the Direct Consolidation Loan will not be refunded.

**Question:**

For FFEL Program loans, the default date is the most recent "Insurance Claim Payment" date with a "Reason Code" of DF or DU shown under "Claim Details for Loan" in the "Loan Detail" section. There is no insurance claim payment information in NSLDS for these loans?

**Response:**

SME - Honer: If there is a defaulted FFEL loan that does not have an insurance claim payment date, it is most likely a FFEL loan that is held by ED. As such, there will not be a claim payment on these loans and the school should see that it is held by DMCS and not a guaranty agency. The school should use the date these loans transferred to DMCS as the default date.

**Response:**

The loan says is it commercially held.

**Response:**

SME - Honer: If the FFEL loan is defaulted and is held by a guaranty agency and does not show an insurance claim payment date, but does show a DF or DU code with a corresponding date, please use that date to determine eligibility. This is uncommon, but we understand that there are instances in which this occurs.

**Question:**

Which default date is the primary date to use for freshstart?

**Response:**

SME - HONER: Please see GEN 22-13. Therein it indicates the Fresh Start initiative is for borrowers who defaulted prior to March 13, 2020.

**Response:**

What if the original default was prior to the March date, then defualted after March 13, 2020? Does the student still qualify?

**Question:**

If a borrower wants to appeal to receive credit for the one-time adjustment credit for the periods of forbearance not mentioned above (slide 8) at what point in time should they contact their servicer? Should this be before July 1, 2023 or after?

**Response:**

SME - Hardy: The borrower should not contact their servicer until after the IDR Account Adjustment has been applied to their account which will occur after July 1, 2023.

**Question:**

We have seen Direct loans that show defaulted/Transferred to DMCS on or after 3/13/2020. Do these Direct loans qualify for Fresh Start?

**Response:**

SME - Honer: This is highly unusual as it is virtually impossible for a Direct Loan to default after the start of the COVID 19 payment pause. We will have to contact you to retrieve a screenshot of the Loan Detail to determine the circumstances in which you believed this to occur. FOLLOW UP.

**Question:**

IF a borrower fixed their default during the loan pause and are not in default - do they qualify for freshstart?

**Response:**

SME-Honer: If the loan is longer in default there is no need to apply the Fresh Start initiative. The borrower is naturally eligible for Fresh Start.

**Question:**

Does the mandatory forbearance for students in medical residency count towards the one-time adjustment?

**Response:**

SME - Hardy: Any type of forbearance, including the various mandatory forbearances, will qualify for the 12- and 36-month forbearance exceptions.

**Question:**

Subsidized and Unsubsidized FFEL Stafford Loans need to be consolidated into a Direct Loan to Qualify for the PSLF Program Correct? By Consolidating the loans does the student risk losing qualifying payments?

**Response:**

SME - Hardy: FFEL loans must be consolidated into the Direct Loan program to qualify for PSLF. With the One-Time IDR Account Adjustment, time in repayment from underlying FFELP loans will be credited toward the Direct Consolidation Loan for both PSLF and IDR Forgiveness. Under normal PSLF and IDR rules, payments made on the FFELP loan would not be credited to the Direct Consolidation Loan.

**Response:**

How does a student determine if they should use PSLF or IDR forgiveness?

**Response:**

SME - Hardy: I would suggest that you refer to the borrower to the content on StudentAid.gov for both PSLF and the One-Time IDR Account Adjustment.

**Question:**

None of the FFELP loans in NSLDS have the required DMCS information needed to document the Fresh Start Initiative. We called NSLDS and the only option was to leave a message. What can we do?

**Response:**

SME - Honer: FFEL loans are treated differently than Direct Loans as described in GEN 22-13 and will not generally show DMCS as holding the loan - rather they will show that they are held by a guaranty agency. In these case, you will want to follow guidance given in GEN 22-13. If there is a FFEL loan held by DMCS, it is an ED held loan and the default date is the day the loan was transferred to DMCS.

**Question:**

A loan with a DB status are they able to participate in fresh start initiative?

**Response:**

SME - Honer: Yes, defaulted loans in bankruptcy status are eligible for Fresh Start.

**Question:**

We are seeing FFELP loans serviced by DMCS but that have no Claim Date listed in NSLDS. We have not been able to get guidance from NSLDS or ED on how to resolve these for Fresh Start, considering we are required to document the Claim Date on FFEL Loans. Considering these students appear to qualify for Fresh Start how do we proceed?

**Response:**

SME - HONER: You will see this mentioned in today's presentation. If there is a FFEL loan that is serviced by DMCS, it means it is an ED held loan and should be treated in the same way as a DL loan. Essentially, the date the loan was transferred to DMCS is the date of default.

**Question:**

If an ISIR arrives with a default status listed, are schools required to offer the fresh start acknowledgement to the student if their loan history indicates eligibility? Or, is this only required if the student asks for Fresh Start?

**Response:**

SME - HONER: You are not required to pursue the student unless that student is actually enrolled. If the student is enrolled, you should begin the procedures as defined GEN 22-13. As noted in GEN 22-13 this student will be required to sign an acknowledgment - in essence asking to participate in Fresh Start.