

Frequently Asked Questions for Consumer Advocates and Counselors

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Loan Rehabilitation

1. How do collectors describe any requirement or option to make a payment before the reasonable and affordable rehabilitation payment is worked out?

Private Collection Agency (PCA) customer service representatives are allowed to discuss a variety of ways to resolve the debt prior to bringing up loan rehabilitation. PCA staff is not currently required to calculate the Reasonable and Affordable monthly payment amount using the 15 percent rule until they are explicitly discussing loan rehabilitation. In some cases, this option may not be discussed if borrowers choose another repayment approach. The Department is in the process of reviewing our instructions to PCAs to ensure that borrowers receive basic information about all repayment options before selecting the approach that best meets their financial circumstances.

2. What happens if borrower makes an initial rehabilitation payment and then the confirmed rehabilitation payment is calculated to be more (or less)?

PCA employees are allowed to create an estimated reasonable and affordable payment amount based on verbal information provided by the borrower. PCA staff may suggest that the borrower start making payments based on this estimated amounts, but they must also inform the borrower that if the reasonable and affordable payment amount increases when recalculated based on actual documentation, any payments for amounts below the final calculated amount will not count toward the nine payments needed to complete loan rehabilitation. If the final payment is less than the estimated amount, estimated payments will count toward the nine payments, with excess amounts applied to reduce the borrower's outstanding balance.

3. Are there any borrowers who are not eligible to rehabilitate using the 15 percent formula?

Only borrowers who are eligible to rehabilitate their loans may use the 15 percent formula. Borrowers meeting the following criteria are not eligible for loan rehabilitation:

- FFEL and Direct Loans that were previously rehabilitated on/after 8/14/08;
- Perkins loans that were previously rehabilitated—regardless of date;
- Loans where the borrower was determined to have been ineligible for the loan in the first place (e.g., because of inaccurate information on the FAFSA or an error by the school) (there are currently fewer than 7,000 loans in Federal Student Aid's default portfolio that fail this eligibility criterion);
- Loans obtained under fraudulent pretenses (there are currently fewer than 800 loans in Federal Student Aid's default portfolio that fail this eligibility criterion);
- Borrowers who have not provided a valid social security number (SSN), date of birth and a mailing address in order to rehabilitate (in rare instances, Federal Student Aid did not receive the correct SSN or a date of birth when the loan was assigned);
- Loans against which a judgment has been obtained;
- PCAs are not allowed to rehabilitate borrowers in bankruptcy (Federal Student Aid may authorize rehabilitation for affected borrowers on a case-by-case basis);
- FFEL borrowers assigned to a PCA must provide three references in order to rehabilitate them.

We should note that some borrowers who are eligible for a rehabilitation payment based on the 15 percent formula do not qualify for a corresponding repayment plan in non-default servicing. As a result, these borrowers—estimated at roughly 10 percent of the total number of borrowers who rehabilitate their loans—may have a much higher repayment amount after their loan is rehabilitated and transferred to regular servicing. One example of this would be a PLUS borrower who upon rehabilitation would not be eligible for an income-driven repayment plan. Given that borrowers in default only have one opportunity to rehabilitate their loans, it is important that those in this situation have a clear plan for how they will make payments at the higher, post-rehabilitation amount. For example, alternative repayment plans are available, but only if the borrower provides documentation to their non-default servicer showing why the terms and conditions of the other available repayment plans are not adequate to accommodate the borrower's exceptional circumstances

4. If a borrower submits the income and expense form instead of the 15 percent formula, we understand that the Department uses the Internal Revenue Service (IRS) expense standards as guidelines for acceptable expenses. Are there circumstances where ED will accept higher expenses than those in the IRS standards?

The Department will not accept expenses in excess of limits set in the IRS standards. For expense categories that are not limited in the IRS standards, such as medical costs, the Department also does not set a limit.

5. How is the rehabilitation payment amount determined for borrowers using the income and expense form?

When the new rehabilitation regulations were implemented on July 1, 2014, Federal Student Aid provided instruction to calculate rehabilitation payments based on the income and expense form at 100 percent of the difference between the borrower's household income and household expenses (after some reported expenses may have been subjected to reasonability limits). Setting the second formula at 100 percent of "discretionary income" creates a high likelihood that payments based on the income and expense form would be higher than those based on the 15 percent formula. Upon consideration we now believe that while this approach is allowable under the regulations, it does not fully conform to the intent of the option to use income and expense forms to set rehabilitation payment amounts.

Accordingly, Federal Student Aid will change its guidance to require that, beginning June 1, 2015, a rehabilitation payment amount based on the income and expense form be set at 15 percent of "discretionary income," defined as the difference between the borrower's household income and household expenses (after some reported expenses were subjected to reasonability limits). The manner in which a borrower's income or expenses are determined and the standards for determining the reasonability of those expenses will not change.

6. How is household size considered in determining the 15 percent rehabilitation payment?

Household size is used to determine the poverty level for the borrower, as it is a variable in the Federal poverty level table.

7. The regulations say that the 15 percent calculation should be based on a borrower's adjusted gross income (AGI), but what happens if the borrower is married?

For borrowers who provide a copy of their Federal tax return as documentation of income, Federal Student Aid uses the AGI from that return; if the borrower and spouse filed jointly, then the spouse's income would be included in the calculation. For borrowers who provide alternative documentation of income, Federal Student Aid currently includes the spouse's income in the calculation only if the borrower and spouse are living together; in the future, to increase consistency with the IBR plan (on which the rehabilitation calculation is based) we plan to only include spousal income for borrowers who provide alternative documentation when a borrower indicates that they filed jointly.

8. What documentation is required from the borrower to show family size and AGI?

The Department typically uses the borrower's Federal tax return to determine AGI and a borrower's certification for family size. If the borrower provides some other form of documentation, AGI and family size are determined using the material provided. Currently, the Department captures this information on form, which is attached. However, in the future, to increase consistency with the IBR plan (on which the rehabilitation calculation is based) we will not require a borrower to complete a form, and simply request that the borrower send documentation of all taxable income (and, if applicable, spouse's income).

Alternative Documentation of Income for Rehabilitation Repayment Agreements

Alternative documentation for changes in family size depends on the reason for the change, but could include death certificate, divorce decree, adoption or custody agreement, etc. Acceptable alternative documentation for various income types is shown below:

Taxable Income

Income Type	Monthly Average Amount: Borrower	Monthly Average Amount: Spouse	Provide the Following Proof
1. Employment Income	\$	\$	2 most recent pay stubs (Dated within past 90 days) 1040-ES worksheet if self-employed
2. Unemployment Benefits	\$	\$	Award letter or pay stub (Dated within past 90 days)
3. Alimony	\$	\$	Divorce decree
4. Other Taxable Income	\$	\$	Evidence of source and amount

Non-Taxable Income

Income Type	Monthly Average Amount: Borrower	Monthly Average Amount: Spouse	Provide the Following Proof
5. Child Support	\$	\$	No proof needed
6. Worker's Compensation	\$	\$	No proof needed
7. Social Security	\$	\$	No proof needed
8. Other Non-Taxable	\$	\$	No proof needed

9. Can the collector reduce the garnishment amount for a borrower rehabilitating?

Both guaranty agencies and Federal Student Aid are required by regulation to suspend administrative wage garnishment (AWG) after the fifth valid loan rehabilitation payment. It is important to understand that a rehabilitation payment is only considered valid when we have all the documentation from the borrower. Payments based on preliminary information provided by phone do not count toward the five valid rehabilitation payments needed to suspend AWG unless they are equal to or greater than the eventual valid repayment amount calculated based on complete documentation. Prior to the suspension of AWG, borrowers can request a hearing to reduce AWG amounts during which they can document that the AWG amount represents an economic hardship. This should also be the process for FFEL loans held by guaranty agencies.

We should also clarify that PCA employees do not have authority to start or stop wage garnishments; these decisions are made by a federal employee. If a borrower is with a PCA and they request a hearing, the request does go to the PCA, but the PCA only facilitates Federal Student Aid the information needed for the hearing. A borrower can do a hardship hearing with the Department and it is a federal employee that decides if the garnishment can be reduced.

10. Is the garnished amount included as an expense in determining the reasonable and affordable payment?

Yes.

11. Is there such a thing as an "accelerated" rehabilitation program?

While there is no formal "accelerated" rehabilitation program, under the regulatory definition of a timely payment it is possible to shorten the amount of time it takes to complete the nine payments needed to complete a valid rehabilitation. Under the regulations any rehabilitation payment received 20 days before or after the due date is considered timely; as a result, it is conceivably possible to complete nine valid rehabilitation payments in seven calendar months, as shown in the following example for a borrower whose monthly due date is the 15th.

Due Date	Payment Made	Days Early or Late
1/15/2015	2/4/2015	20 days late
2/15/2015	2/15/2015	On time
3/15/2015	3/15/2015	On time
4/15/2015	4/15/2015	On time
5/15/2015	5/15/2015	On time
6/15/2015	6/15/2015	On time
7/15/2015	7/15/2015	On time
8/15/2015	8/15/2015	On time
9/15/2015	8/26/2015	20 days early

Individual rehabilitation agreements that can be completed in fewer than nine calendar months are sometimes established by PCAs and guaranty agencies based on individual borrower circumstances but we are not aware of agencies intentionally marketing this option as a broadly available program or plan. We are in the process of clarifying our guidance to all PCA's to ensure that rehabilitation regulations in this area are applied consistently across the default portfolio.

Total and Permanent Disability (TPD) Discharge

12. Is the Department working with the Social Security Administration (SSA) to streamline the Benefits Planning Query (BPQY) process

Yes, by July 1, 2015, the Secretary of Education, in consultation with the Director of the Social Security Administration, will develop a plan to identify and assist any Federal student loan borrower who receives Social Security Disability Insurance in determining whether they qualify for a total and permanent disability discharge, initiating the discharge process for all qualified borrowers, and assisting other borrowers in entering a suitable repayment plan.

13. Will the Department accept documentation of SSA status other than the BPQY?

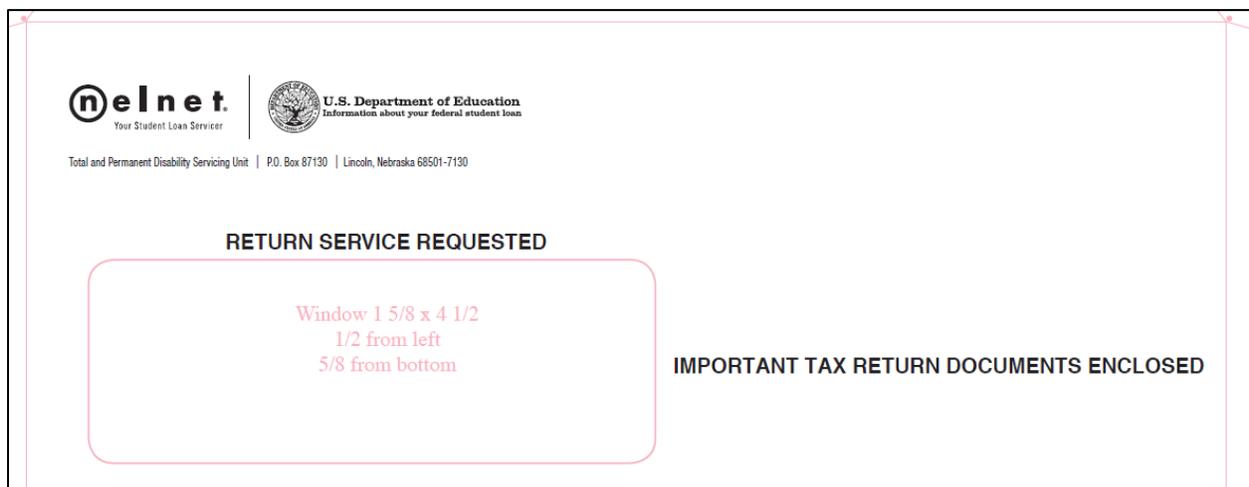
Yes, the Department's TPD servicer will accept any SSA-branded correspondence that clearly confirms that the applicant has received a Medical Improvement Not Expected (MINE) rating with SSA.

14. When a borrower submits an authorized representative form, is it correct that all documentation and correspondence should be sent to both the borrower and the representative?

Yes. Once an authorized representative form has been received, notifications regarding the TPD process are sent to both the borrower and the representative.

15. Are the tax forms sent after discharge clearly indicated as coming from the government (rather than Nelnet) or as important tax forms?

Tax forms are sent in a co-branded envelope with the statement 'Important Tax Return Documents Enclosed' printed on the outside (see below).



16. For TPD, the Department has said that borrowers cannot be working when they apply for TPD even though earnings are allowed after approval. Is this still the Department's position?

Applicants may be working provided that they are not engaged in "substantial gainful activity," which is defined in regulation at 34 CFR 685.102(b) as a level of work performed for pay or profit that involves doing significant physical or mental activities, or a combination of both. An applicant's inability to engage in substantial gainful activity is certified by a physician or demonstrated through the provision of SSA or VA documentation. The process for documenting this certification is described in more detail on the TPD application form.

In the case of a physician certification or SSA documentation, during the three-year monitoring period the Department verifies that the borrower cannot engage in substantial gainful activity by reviewing earnings documentation submitted by the borrower and ensuring that it not exceed the HHS poverty guideline for a family of two.

Treasury Offset Program (TOP)

17. What form will the Department (and others) accept for borrowers seeking a hardship suspension of offset? Is this form different than the form for garnishment? If so, is it publicly available? Is this form different than the form for garnishment? If so, is it publicly available?

The financial statement form that Federal Student Aid prefers borrowers use to request hardship suspension of offset depends on the type of Federal payment being offset.

Tax Refunds: We do not suspend offset of tax refunds due to hardship (though we may refund offsets of tax refunds in cases of extreme hardship, which is generally limited to borrowers facing eviction or foreclosure).

Social Security Benefits: The financial statement form that Federal Student Aid prefers borrowers use for suspending (or reducing) offset of their Social Security benefits is not currently available on the myedebt.com web site; DRG operators send this form to borrowers after verifying the borrower's eligibility for suspension. The package we send to borrowers is attached for your reference. We are planning to add the financial statement form part of this package to the website, but do not yet have an implementation date for this.

[Request to Stop or Reduce Offset of Social Security Benefits](#)

The financial statement form for administrative wage garnishment (AWG) is slightly different, but Federal Student Aid would accept the AWG form from a borrower for SSA offset suspension purposes. The AWG financial statement form is available at the following link:

[AWG Request for Hearing](#)

Federal Salary: Borrowers whose Federal salary is being offset should request a hearing, using the hearing request forms available at the following link:

[Federal Salary Offset](#)

18. If a borrower submits the wrong form, but with the same information, will the Department consider that anyway?

Yes. Provided the borrower submits the same information requested in our form, we will perform the hardship review.

19. Or, will it promptly inform the borrower as soon as it receives the form so that the borrower can submit the correct form?

Regardless of whether the official form is used or if information is provided through alternative means, if information needed to make a determination is missing, we will reach out to the borrower to request the missing information.

20. Are borrowers facing offset informed about the TPD program?

The Status of Financial Status form used to request a financial hardship (embedded above) includes information on the TPD discharge. When Federal Student Aid staff reviewing the form believes the borrower could be eligible for a TPD discharge, they inform the borrower.

Third-Party Authorizations

21. Is there consistent guidance other than for TPD on acceptable third-party authorization forms?

Federal Student Aid has not provided servicers with forms or specific guidance regarding third-party authorizations, though multiple requirements do establish the servicer's responsibility to protect borrower's personally identifiable information (PII) and the release of information. We are in the process of moving to a single form and process that will be used by all Department servicers.

22. Is it acceptable for Department contractors or FFEL loan holders to create barriers such as requiring notarization of third-party authorization forms?

Although some restrictions may seem to be "barriers," servicers must balance making things easy for borrowers with their obligation to protect borrower privacy under federal law and Federal Student Aid's servicing requirements. Servicers have reported instances of borrower impersonations, such as third-party debt relief companies claiming to act on behalf of borrowers without their permission. They are therefore vigilant when ensuring third parties are authorized. One servicer who required notarization of third party forms has rescinded this requirement and, as noted above, we are moving to a standardized form and process to ensure consistency and streamline access for authorized parties while ensuring borrower's privacy.

23. Is there any reason why a loan servicer or other contractor cannot speak by phone with a third party if the borrower gives permission to do so?

No. If the borrower is on the phone with the third party, they can grant one-time permission for that conversation. Longer-term permission is also allowable, provided that the servicer (1) has an authorization to release information signed by the borrower and (2) the servicer is able to establish that the caller is authorized to discuss the borrower's account. All servicers use a third-party authorization form. They also have a list of verification questions designed to determine that the caller is among those authorized to receive information and/or discuss the borrower's account. If, however, the caller is unable to fully answer the verification questions the agent will not discuss the account with them.

In addition to the process standardization discussed above, we are considering moving to a process where servicers will accept verbal authorization for individual calls where the borrower confirms on the line that the 3rd party has authorization. Without written authorization, verbal authorization must occur each call.

FSA ID Issues

24. Which third parties are allowed to access the National Student Loan Data System (NSLDS) and other federal aid information?

Access to NSLDS is limited to those that participate in Title IV programs and have been approved by Federal Student Aid. These participants can grant their third-party servicers access to NSLDS to perform work on their behalf. The school grants access to each servicer individually and monitors and controls the access to NSLDS.

25. What is the guidance from the Department about third-party access to FSA ID and other federal aid information?

Borrowers are directed to not share their FSA ID with third parties. The Department does not endorse sharing FSA ID information with anyone, including third-party servicers. The Systems of Record Notice for NSLDS is available at <http://www.gpo.gov/fdsys/pkg/FR-2013-06-28/pdf/2013-15574.pdf> and references the Routine Uses listing the purposes system data can be used and who can access the data.

Collection Fees

26. What is the current commission system for paying Department collection agencies?

PCA commissions vary depending on the method of collection and are typically a percentage of the amount collected. There is one percentage for collections received directly from the borrower or through the AWG process; another for collections via loan rehabilitation; and a third for collections from a loan consolidation. In addition, PCAs receive a flat fee for Administrative Resolutions, which involve obtaining information needed to support the collection process. Examples of administrative resolutions include the submission of a valid certified death certificate that allows Federal Student Aid to close an account due to death; the referral of TPD-eligible borrowers to the TPD contractor, and the provision of data related to a borrower's incarceration. Beginning July 1, 2015, PCAs will receive a fixed fee for loan rehabilitations rather than a percentage of the amount collected.

More specific information on these contracts is available publically online at:

[Private Collection Agencies](#)

Incarcerated Borrowers

27. Are servicers required to continue collecting from incarcerated borrowers?

In general, the Department has no authority to cease servicing and collection activities for incarcerated borrowers. Depending on the specific circumstance Federal Student Aid servicers may apply broadly available benefits such as forbearances or income-driven repayment plans, or may take other actions to temporarily suspend collection activities for incarcerated borrowers. In cases of defaulted loans where a borrower's incarceration extends beyond 10 years, however, the Department will write off debts as uncollectable. Should borrowers whose loans have been written off as a result of prolonged incarceration

subsequently wish to make repayment arrangements, the debts can be reinstated.

A borrower seeking to document the length of their incarceration must provide written verification through a letter completed on the penal institution's letterhead and signed by a prison official. The letter must include the borrower's name, social security number, date of birth, inmate number, and release date or date of eligibility for parole, whichever is sooner. The letter must also include the name, title, and phone number of the official verifying the provided information. Alternatively, this information can be provided via an e-mail from a prison official. The e-mail must be without adulteration and must clearly identify the name of the penal facility and the name and title of the sender. Documentation should be provided to the private collection agency servicing the borrower's account or sent to the following address:

US Department of Education
PO Box 5609
Greenville, TX 75403-5609

28. Is there separate guidance for servicers in this area?

No. Other than the default write-off policy discussed in the above response, incarcerated borrowers are subject to the same rights and responsibilities as other borrowers and are treated accordingly by Department servicers and collection agencies.

29. Are there any differences between FFEL and Direct?

No.

30. If FFEL agencies refer or assign accounts to the Department once they learn that a borrower is incarcerated, does the Department still assign that account to a collection agency or are these accounts handled separately?

Guaranty agencies generally do not provide information on whether a borrower is incarcerated when assigning a loan to the Department, so these loans are transferred to PCAs for collection at the same time as any other defaulted loan. As noted in the response to question 1, PCA's may subsequently suspend collection activity or write off a debt after establishing that the borrower is subject to prolonged incarceration.

31. What is the process for suspending or writing off these accounts?

Write-offs are applied automatically when Federal Student Aid is aware of an incarceration in excess of 10 years. As noted above, other actions to temporarily suspend servicing or collection activity are based on individual circumstances stemming from conversations between the servicer/PCA and the borrower.

Alternative Repayment Plans

32. Are there any standard criteria for alternative repayment plans?

All Department servicers are required to offer alternative repayment plans. The alternative repayment regulations at §685.208(1) CFR state that the Department may provide an alternative repayment plan for a borrower who demonstrates to the Secretary's satisfaction that the terms and conditions of the other available repayment plans are not adequate to accommodate the borrower's exceptional circumstances. The regulations also authorize the Department to require a borrower to provide evidence of exceptional circumstances before approving an alternative repayment plan. The regulations do not define exceptional circumstances; Department servicers currently have discretion to identify exceptional circumstances in the context of their work with the small number of individual borrowers who believe they require terms not

available under the other repayment plans. The Department is currently working with our servicers to determine whether additional standardization would benefit borrowers.

PCA Complaint Process

33. What is the current process for borrowers seeking to lodge or file complaints against Department collection agencies?

Borrowers can submit complaints to PCA's or to the Department directly. PCA's are required to submit all valid complaints they receive to the Department for review. Federal Student Aid is in the initial stages of developing a consolidated complaint system for all student loan servicing and collection issues; upon completion, this system will simplify and consolidate the complaint process and support additional analysis and targeted oversight.

34. Does the Department track this information and if so, is it public?

Complaint information is tracked by the Department to inform oversight and contract management activities. This information is not publically available, but the Department is considering the extent to which to publicize at least some complaint data as part of the development of the new consolidated complaint system.

35. Are PCAs required to include an address for complaints on all outgoing correspondence and on borrower-facing websites?

Federal Student Aid does not currently require collection and servicing vendors to include instructions on how to submit complaints on correspondence and borrower-facing websites. As part of the process of implementing our consolidated complaint system, we plan to add this requirement for all vendors interacting with borrowers.

36. Is the following information on the myeddebt.com Web site about collection agency complaints correct?

"Each of the Department's contracted collection agencies has set up a "Special Assistance Unit" to address customer concerns. If your account is assigned to one of the contracted collection agencies, and you have concerns about their servicing of your account, the Department of Education requests that you call the Default Resolution Group call center at 1-800-621-3115. They are supposed to direct you to the correct Special Assistance Unit personnel.

If the Special Assistance Unit is not able to resolve your concern, you may file a written complaint. The Department of Education says that the Default Resolution Group takes all complaints seriously and takes action as necessary to resolve the issue. To file a written complaint, you should send a letter with any evidence to: Chief of Contract Analysis and Compliance US Department of Education 61 Forsyth Street, SW 19T89 Atlanta, GA 30303."

Yes, this information is still correct. We will provide updated information as we move to our consolidated complaint system.

Joint Consolidation

37. Are there any circumstances, including for example domestic violence situations, in which the Department or other loan holders are allowed to split joint consolidation loans?

The statute does not allow the Department to split joint consolidation loans unless one spouse did not actually have underlying loans in the consolidation and so should not have been included in the loan. Borrowers facing unique circumstances, such as domestic violence, are encouraged to contact the Federal Student Aid Ombudsman, which offers confidentiality, and can explore with an individual customer the options for mitigating the issues.

Judgments and Pending Judgments

38. While loans reduced to judgment may not be consolidated, is there any reason why a loan in litigation cannot be consolidated?

Litigation is a last resort pursued for a relatively small number of borrowers at significant expense to the Department of Justice and the court system. Borrowers have many opportunities to resolve their debt through rehabilitation, consolidation, or other repayment methods prior to the point at which litigation is undertaken. After that point, the government believes it is in the best interest of taxpayers to pursue the litigation to its conclusion.

39. For Department-held loans with judgments, will the Department vacate judgments?

The Department generally does not vacate judgments, which, as noted above, are only pursued as a last resort for a relatively small number of borrowers and which require a great deal of effort by the Department of Justice to put in place.

40. Under what conditions? If the Department requires three on-time payments to vacate the judgments, will the Department accept payments calculated using the IBR formula?

For some Department-held FFEL loans with State court judgments for which liens have expired, the Department will sometimes work with borrowers to resolve their defaults through other means such as consolidation. The terms of these resolutions are determined on a case-by-case basis. (This is not done for Federal court judgments, which typically have longer liens and for which the Department of Justice will represent the Federal Student Aid to keep judgments in place.)

Servicers and Consolidation

41. What information is provided to borrowers required to select a consolidation servicer?

The actual consolidation servicer selection process is as follows: At the on-line application site borrowers are asked to "Choose one of the federal loan servicers listed below to complete the consolidation and then service your Direct Consolidation Loan. The servicers listed are the U.S. Department of Education's consolidation servicers." *[Borrowers see a drop-down menu with the servicers listed and are provided with the opportunity to select one.]*

A second paragraph reads: "**Note:** The current servicer of the loans that you want to consolidate may be one of the listed consolidation servicers. If your current servicer is listed, you may choose to keep your current servicer for your new Direct Consolidation Loan, or you may choose a different servicer." Federal Student

Aid provides servicer performance information, in the form of quarterly servicer survey scores and success in avoiding delinquency and default, on the IFAP website which is available to the general public. In addition, the Federal Student Aid data center provides extensive data on the portfolios of each servicer. Federal Student Aid considering adding links to the data center to the loan consolidation application page so borrowers can more easily access information to compare servicer performance.

42. If the account is in collection and the borrower is consolidating with the assistance of a collection agency, does the collection agency select a servicer on behalf of the borrower?

PCAs do not determine which servicer will receive a consolidation from default. The Department created a rotating schedule under which each PCA sends their consolidation data to a different servicer for each quarter of the year.

43. Outside of consolidation, what is the process for assigning servicers to borrowers entering repayment? Are there any cases in which this is not random, beyond the fact that volume is allocated based on the performance metrics.

Federal Student Aid uses a loan distribution engine (LDE) for servicer assignment, with assignment occurring at **disbursement** with a booked loan. The logic first determines if the borrower already has a loan, and if so, who services it. The loan is then routed to that servicer. If there are no existing loans then the new loan is assigned based on Federal Student Aid's performance metric allocations.

Discharges and Other Entitlements

44. Are all the latest discharge/deferment/other entitlement forms available in Spanish? If so, are they on-line somewhere in a central place?

Most forms are available in Spanish on myeddebt.com at:

[Forms Page \(Spanish\)](#)

More broadly, "Español" appears in the upper right hand corner of every page on myeddebt.com. When you click on that it moves you to the Spanish version of the web site.

Federal Student Aid wants borrowers to discuss all options and eligibility requirements prior to applying for a deferment or forbearance, application forms for these entitlements are only available from individual loan servicers. This is to avoid situations where borrowers who are unaware of all options inadvertently apply for forbearance when they could be eligible for income-driven repayment, deferments, or discharge. All servicers provide the following forms in both English and Spanish:

- Economic Hardship Deferment (HRD)
- Education Related Deferment (EDU)
- In-School Deferment (SCH)
- Parental Leave & Working Mother Deferment (PLWM)
- Parent Plus Borrower Deferment (PLUS)
- Public Service Deferment (PUB)
- Temporary Total Disability Certification (TDIS)
- Unemployment Deferment (UNEM)

- General Forbearance (GFB)
- Mandatory Forbearance (SERV)
- Student Loan Debt Burden Forbearance (SLDB)
- Income Driven Repayment Plan Request (IDR)

Unpaid Refund Discharges

45. Will the Department or loan servicers grant unpaid refund discharges when the borrower has already paid off the loan (involuntarily or voluntarily)?

When it is determined that a borrower is eligible for any valid discharge, payments made on loans that were discharged are refunded if the borrower can be found. If there are outstanding debts, however, any refunds would be moved to those debts first before a refund was calculated and processed.

46. Is there any guidance on this from the Department to loan servicers?

Yes, consistent with the regulatory requirements outlined in CFR 685.212, servicers are required, upon receipt of acceptable documentation and approval of a discharge request, to return to the borrower, or, for a discharge based on death, the borrower's estate, any payments received after the date that the eligibility requirements for discharge were met.

False Certification Discharges

47. Does the Department require borrowers to meet certain conditions beyond those listed in the regulations for disqualifying status discharges? If so, what are those conditions and where is this information posted?

No, the Department does not require conditions beyond those listed in the regulations in order to qualify for a loan discharge based on false certification – disqualifying status. This type of discharge relates to borrowers who, at the time of enrollment, had a condition that under state law or regulation would prevent their employment in the field for which they were being trained. Borrowers applying for this discharge must provide proof of their status or condition and a copy of the prohibiting statute or regulation.

48. The form for false certification discharges specifies that discharges related to ability-to-benefit (ATB) tests only apply prior to July 1, 2012. In cases where schools still knowingly admit students without a high school diploma after that date, are borrowers eligible for a discharge? What form should they use and what type of discharge would apply?

Borrowers are not eligible for a false certification discharge due to ATB if the borrower is not eligible to demonstrate student eligibility for Title IV aid through ATB (if the student does not meet the ATB grandfathering test that was outlined in DCL [GEN-12-03](#)). If the school gave a student a loan when the student did not have a high school diploma and was not able to use ATB as a path to student eligibility, then we would treat this as a school error and require the school to return the funds. If the student could not resolve the situation with the school directly, we would ask that the student call the Ombudsman.

Settlements and Compromises

49. What is the most recent guidance on settlements and compromises for FFEL, Direct Loans, and Perkins Loan?

Settlements and compromises are only available to defaulted borrowers and are intended as a last resort after other repayment options have been exhausted. Specific guidance related to settlements and compromises is confidential, given that publicizing this information is not in the best interest of the government as it could enable borrowers to reduce their repayments below the amount they can legitimately afford.

Bankruptcy Discharges

50. To what address should bankruptcy notices be sent when a case is filed?

There are two issues related to bankruptcy filing:

- Notification of bankruptcy filing. The general rule is to notify the loan servicer. Notifications to any of the below addresses will be processed, and in any case most entities monitor PACER for new bankruptcies on their loans.

U.S. Department of Education
Bankruptcy Department
PO Box 65128
St. Paul, MN 55165

U.S. Department of Education
Federal Student Aid
830 1st Street, NE
Washington, DC 20202

U.S. Department of Education
P.O. Box 5609
Greenville, TX 75403

- Amending claim when loan holder changes. This can cause issues when loans have moved to a different servicer and that servicer has not yet amended their claim, so the prior servicer/holder shows as the payee. In these cases, trustees can e-mail FSABankruptcy@ed.gov and we will notify them of the change and notify the servicer to get the claim amended.

October 2015