**General Call Monitoring Standards for Non-Default**

**Introduction**

**Greeting**

1. Agent clearly identified self
2. Agent clearly identified agency
3. Agent advised calls may be monitored or recorded for Quality Assurance
   1. Dependent upon the call type (inbound vs. outbound)

**Authentication/Demographics**

1. Verified the borrower’s first and last name and date of birth
   1. If the borrower does not verify by DOB, the last 4 of SSN must be verified
2. Followed proper identification procedures if the customer is not the borrower
   1. Immediate Family Member (IFM) procedures
   2. Third Party Authorization procedures
3. Verified/updated the address
4. Verified/updated the phone number
5. Verified/updated the e-mail address (if available)

**Professionalism/Accuracy and Urgency**

1. Agent was polite with overall tone of voice, attitude and demeanor.
2. Agent was enunciating words properly and was not chewing or eating while on the phone with the caller.
3. Agent maintained appropriate control of the call in an efficient and timely manner.
4. Agent provided accurate information to the borrower/answered inquiries accurately.
5. Agent encouraged expedient correspondence turnaround (if applicable).

**Method of Resolution**

**Delinquency Call**

1. Agent advised of the day’s delinquent, past due amount and upcoming payment.
2. Agent inquired for past due payment in full to cover the delinquency prior to the next due date.
   1. If the borrower could cover the past due payment, the agent must ensure that the borrower can continue making payments before continuing with that resolution.
3. If payment cannot be made, and the borrower has forbearance time remaining, the agent must offer a forbearance to bring the account current to resume the next monthly installment that is due.
4. If payments cannot be made the following month, the agent must offer a lower payment option, focusing on IDR programs first.
   1. When focusing on the IDR plans, the agent must:
      1. Explain the IDR options – IBR, ICR, and REPAYE
      2. Explain questions about payment amount, denials and income verification
      3. Must explain that it must be completed online or via an application that must be returned to ensure the borrower is properly placed on the plan.
5. If lower payments are still not an option then deferment options must be reviewed before forbearance options.

**Special Consideration for Members of the Military**

Can the agent identify which program(s) the servicemember may qualify for?

**Servicemembers Civil Relief Act (SCRA)**

1. Agent described the eligibility requirements to receive SCRA benefits.
   1. SCRA applies only to loans taken out by a servicemember before the servicemember entered active-duty military service.
   2. The SCRA covers all active duty servicemembers, Reservists and the members of the National Guard *while on active duty*. The protection begins on the date of entering active duty and generally terminates within 30 to 90 days after the date of change in status from active duty to reserves, etc.
2. Agent properly verified servicemember eligibility for SCRA benefits.
   1. The eligibility of the servicemember for SCRA benefits is determined by accessing the DMDC database directly by the servicer.  The servicemember can also provide alternative documentation, such as:
      1. Military orders to support active duty
      2. The certification of the borrower’s military service from an authorized official using a form approved by the Secretary
3. Agent is able to discuss loan eligibility.
   1. A Title IV loan made before the servicemember entered active duty service
   2. A consolidation loan made after the borrower has started active duty military service is not eligible for benefits under the SCRA even if the underlying loans were taken out prior to the start of active-duty service
4. Agent is able to describe the benefits of SCRA.
   1. SCRA limits the interest charged on the servicemembers loans to six percent
   2. The SCRA benefit must be applied to the longest eligible period verified with the official electronic database, or alternative evidence of military service status received
   3. Late Fees are waived
   4. Interest is not capped

**Service in Areas of Hostilities**

Agent is able to describe how servicemembers must qualify for special pay while serving in areas of hostility.

1. No interest payments are required on Direct Loans made on or after October 1, 2008, for up to 60 months.
2. Servicemember qualifies for 0 percent interest, documentation indicating that are serving in a hostile pay area must be submitted. The following documents can be used as proof:
3. Statement from commander stating the servicemember is serving in a hostile pay area (the statement must include beginning and end dates)
4. Orders (must including beginning and end dates)
5. Leave and Earning Statement (LES) indicating the servicemember is receiving hostile pay (if the servicemembers is choosing to send in the LES it must be submitted every month)

**Military Service Deferment**

Agent is able to explain the following requirements of how the servicemember can qualify for a Military Service Deferment:

1. During a period of active duty military service during a war, military operation, or national emergency
2. During the 13 months following the conclusion of qualifying active duty military service, or until you return to enrollment on at least a half-time basis, whichever is earlier, if:
   1. you are a member of the National Guard or other reserve component of the U.S. armed forces and
   2. you were called or ordered to active duty while enrolled at least half-time at an eligible school or within six months of having been enrolled at least half-time

**National Guard Duty Mandatory Forbearance**

Agent is able to explain to a National Guard member how the Nation Guard Duty Mandatory forbearance is available to some members of the National Guard if

1. Guard Member is not eligible for the Military Service deferment, but is called to State active duty that qualifies for the Post-Active Duty Student deferment.
2. Guard Member must have been activated to National Guard duty within six months of being enrolled in school at least half time.
3. Only federal loans are eligible

**[Department of Defense Loan Repayment Program Mandatory Forbearance](javascript:void(0))**

Agent is able to advise the borrower about the Department of Defense Loan Repayment Program Mandatory forbearance and how the program is available to servicemembers who are performing the type of service that qualifies for partial repayment of student loans under the Department of Defense Loan Repayment Program.

1. Eligibility varies by agency. Talk to your commanding officer to find out if you are eligible.
2. Only federal loans are eligible.
3. If the servicemember is in the National Guard and waiting for a military student loan payment to go through, he or she can temporarily postpone your payments by applying for this forbearance.

**Public Service Loan Forgiveness Program (PSLF)**

1. Agent properly described the eligibility requirements to qualify for PSLF.
   1. The borrower must be currently employed or planning to pursue a career with a Public Service organization or;
   2. The borrower must be a current full-time AmeriCorps or Peace Corps volunteer.
2. Agent properly advised of loan types available for PSLF, if prompted by the borrower.
3. Federal Direct Stafford Loans (Direct Subsidized Loans)
4. Federal Direct Unsubsidized Stafford Loans (Direct Unsubsidized Loans, including TEACH Loans)
5. Federal Direct PLUS Loans (Direct PLUS Loans) for parents and graduate or professional students
6. Federal Direct Consolidation Loans (Direct Consolidation Loans)
7. Federal Direct joint (spousal) Consolidation Loans (borrower or spouse)
8. Special Direct Consolidation Loans
9. Agent properly advised the borrower of options available to qualify for PSLF if the borrower is ineligible.
   1. Direct the borrower to studentloans.gov to review their options and consolidate their loans through the Federal Direct Loan program to become eligible.
      1. If the borrower is unsure of their loan type, the borrower should be directed to www.nslds.ed.gov for review of their Federal loan types and other miscellaneous information.
10. Agent properly advised the borrower of the payment requirement of 120 qualifying payments for PSLF eligibility.
11. Must have been made after October 1, 2007
12. Must be on-time (no later than 15 days after the scheduled due date)
13. Must be made each month, satisfying in full the installment amount due for that month
14. Must be made when the loan is not in a default status

**NOTE:** If the borrower wishes to pay extra and enter a paid ahead status, any future bills that the borrower satisfies may not immediately count as qualifying payments. If the borrower wishes to pay more than the required monthly payment, the borrower must be advised to contact the servicer and request to have paid ahead status permanently removed.

1. Agent properly advised the borrower to make payments under an eligible repayment plan based on the information as listed below:
2. Income-Driven Repayment (IDR) plans
3. Other Eligible Repayment Plans
   1. Standard Repayment Plan with a 10-year repayment period
   2. Any other Direct Loan Program repayment plan with payments that are at least equal to the monthly payment amount that would have been required under the Standard Repayment Plan with a 10-year repayment period
4. Agent properly advised borrower of maintaining a full-time employment status around PSLF by working in one or more jobs for the greater of:
5. An annual average of at least 30 hours per week (or for a contractual or employment period of at least 8 months, an average of 30 hours per week); or
6. The number of hours the employer considers full-time, unless employment is with two or more employers

**NOTE:** For purposes of the full-time requirement with a Section 501(c)(3) non-profit or other private non-profit public service organization, qualifying employment does not include time spent on job duties that are related to religious instruction, worship services, or any form of proselytizing.

1. Agent properly advised the borrower of w[ork for a qualifying Public Service Organization](https://myfedloan.org/manage-account/loan-forgiveness-discharge-programs/public-service-loan-forgiveness.shtml?src=tertiaryAd) as listed below:
2. A Federal, State, local, or Tribal government organization, agency, or entity (includes most public schools, colleges and universities);
3. A public child or family service agency;
4. A non-profit organization under section 501(c)(3) of the Internal Revenue Code that is exempt from taxation under section 501(a) of the Internal Revenue Code (includes most not-for-profit private schools, colleges, and universities);
5. A Tribal college or university; or
6. A private non-profit organization (that is not a labor union or a partisan political organization) that provides at least one of the following public services:
   1. Emergency management
   2. Military service
   3. Public safety
   4. Law enforcement
   5. Public interest law services
   6. Early childhood education (including licensed or regulated child care, Head Start, and state-funded pre-kindergarten)
   7. Public service for individuals with disabilities and the elderly
   8. Public health (including nurses, nurse practitioners, nurses in a clinical setting, and full-time professionals engaged in health care practitioner occupations and health care support occupations)
   9. Public education
   10. Public library services
   11. School library services
   12. Other school-based services

### If the borrower is consolidating their loans, the agent must convey the following:

#### Consolidating Could Make Loans Eligible for PSLF

* 1. Only Direct Loans are eligible for PSLF. Consolidating your ineligible loans into a Direct Consolidation Loan can make borrower loans eligible for PSLF, as long as they meet all other program requirements.

#### Information about Qualifying Payments for PSLF

* 1. If the borrower has already made qualifying payments, a good option may be to consolidate without including the Direct Loans. When borrowers consolidate, they create a new Direct Loan. As a result, any of the required 120 qualifying payments borrowers already made will be "erased."
  2. Continuing with consolidation without their existing Direct Loans allows them to begin making qualifying payments on their new Consolidation Loan without losing qualifying payments they may have already made on their existing Direct Loans.

#### Repayment Options for PSLF

* 1. Though consolidating may qualify the borrower for an extended repayment term, the borrower still needs to select a repayment plan with a repayment term of 10 years (unless they request an Income-Driven Repayment Plan) to make qualifying payments toward PSLF.

**Teacher Education Assistance for College and Higher Education Grant (TEACH)**

1. Agent properly advised the conditions for receiving a TEACH Grant.
   1. The borrower must meet the basic eligibility criteria for the Federal Student Aid programs.
   2. Complete the Free Application for Federal Student AID (FAFSA).
   3. Be enrolled as an undergraduate, post baccalaureate, or graduate student at a school that participates in the TEACH Grant Program.
   4. Meet certain academic achievement requirements (generally scoring above the 75th percentile on one or more portions of a college admissions test or maintaining a cumulative GPA of at least 3.25).
   5. Receive TEACH Grant counseling that explains the terms and conditions of the TEACH Grant service obligation. You must complete counseling each year that you receive a TEACH Grant.
2. Agent properly advised the borrower must sign a TEACH Grant Agreement to Serve
   * 1. This must be completed each year that the borrower receives a TEACH Grant on the TEACH Grant website.
     2. By signing the Agreement to Serve, the borrower agrees to the terms and conditions and acknowledges that if the service obligation is not fulfilled as described in the agreement, the TEACH Grant funds will be converted to a loan that must be repaid
3. Agent properly advised the borrowers that if the service obligation is not complete, all TEACH Grant funds received will be converted to a Direct Unsubsidized Loan. This loan must be repaid to the Department of Education, with interest charged from the date the TEACH Grant was disbursed.
4. Agent properly advised the borrower must agree to teach in the following capacity:
   1. In a high-need field, defined as:
      1. bilingual education and English language acquisition
      2. foreign language
      3. mathematics
      4. reading specialist
      5. science
      6. special education
      7. any other field that has been identified as high-need by the federal government, a state government, or a local education agency, and that is included in the annual Teacher Shortage Area Nationwide Listing (Nationwide List)

If students plan to teach in a high-need field that is included in the Nationwide List, that field must be listed for the state where they teach either at the time they begin their qualifying teaching service or at the time they received a TEACH Grant.

* 1. At an elementary school, secondary school, or educational service agency that serves students from low-income families (elementary and secondary schools – public and private – and educational service agencies serving low-income students are listed in the annual Teacher Cancellation Low-Income Directory. In addition, elementary or secondary schools operated by the Department of the Interior’s Bureau of Indian Education - BIE - or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE qualify as low-income schools); or
  2. For at least four complete academic years within eight years after completing (or ceasing enrollment) the course of study for which they received the grant.

1. Agent properly advised that students may request a temporary suspension of the eight-year period for completing their TEACH Grant service obligation based on:

a. Enrollment in a TEACH Grant eligible program or a program that a state requires completion in order to receive a certification or license to teach in that state’s elementary or secondary school.

b. A condition that is a qualifying reason for leave under the Family and Medical Leave Act.

c. A call or order to active duty status for more than 30 days as a member of the armed forces reserves, or service as a member of the National Guard on fulltime National Guard duty under a call to active service in connection with a war, military operation, or national emergency.

**Total and Permanent Disability**

**Application Process**

1. Agent properly advised of methods by which to apply for TPD.
   1. Request TPD mail paper application
   2. Apply online
   3. Download and/or print blank TPD application
2. Agent properly informed borrower collection will suspend 120 days to allow applicant the opportunity to complete application and submit documentation.
3. Agent properly informed the three ways to document disability:
   1. U.S. Department of Veterans Affairs (VA) showing VA has determined borrower unemployable due to service-connected disability;
   2. Social Security Disability Insurance (SSDI) Supplemental Security income (SSI) benefits notice of award for SSDI or SSI benefits stating next scheduled disability review will be within 5 to 7 years from the date of most recent SSA disability determination; or
   3. Certification from a physician indicating you are totally and permanently disabled. Certification must indicate inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death; has lasted for a continuous period of not less than 60 months; or can be expected to last for a continuous period of not less than 60 months.
4. Agent advised of the TPD application process once information is received.
   1. Will contact all loan holders and/or TEACH Grant and instruct them to suspend collection activity until eligibility can be determined.
   2. Will check to make sure application is complete. If application is incomplete, will notify borrower of requirements to complete application.
   3. If all documents are received and complete, a determination will be made and decision mailed to borrower and loan holders.

**Approval and Discharge Process**

1. Agent advised proper procedures when the Department Approves TPD discharge request for the following circumstances:
   1. Veteran
      1. Will notify borrower and the holders of loans and/or TEACH Grant service obligation of the approval.
      2. Will instruct the loan holders to return any loan payments received on or after borrower’s disability date to the person who made the payments. For this purpose, the borrower’s “disability date” is the effective date of the VA’s determination that borrower became unemployable due to a service‑connected disability.
      3. After being notified that the Department has approved borrower’s discharge request, borrower’s loan holders will discharge loans.
   2. SSA or Physician Certification
      1. Will notify borrower and the holders of borrower’s loans and/or TEACH Grant service obligation of the approval.
      2. Will instruct the loan holders to return any loan payments received after the disability date to the person who made the payments. For this purpose, borrower’s “disability date” is the date TPD received the documentation of borrower’s SSA notice of award for SSDI or SSI benefits, or the date the physician certified borrower’s discharge application, depending on the type of documentation borrower provided to show they are totally and permanently disabled.
      3. After being notified that the Department has approved borrower’s discharge request, borrower’s loan holders will transfer loans and/or TEACH Grant service obligation to TPD for discharge. Borrowers will then be subject to a 3-year post-discharge monitoring period that begins on the date the discharge is approved. There are requirements that borrowers must meet during the post-discharge monitoring period.
2. Agent advised the requirements for 3 year post-discharge monitoring period.

The 3-year post-discharge monitoring period does not apply to borrowers who are approved for a total and permanent disability (TPD) discharge based on a Veterans Administration (VA) determination of un-employability due to a service‑connected disability.

* 1. Loan holders will transfer borrower’s federal student loans and/or TEACH Grant Program service obligation to TPD for discharge.  If borrower is approved for TPD discharge based on SSA documentation or a physician’s certification, the borrower will be subject to a 3-year post-discharge monitoring period that begins on the date the discharge is approved. The Department will reinstate the borrower’s obligation to repay their discharged federal student loans or complete their discharged TEACH Grant service obligation if at any time during the 3-year monitoring period:
     1. The borrower has annual employment earnings that exceed the poverty guideline amount for a family of two in borrower’s state, regardless of borrower’s actual family size;
     2. Borrower receives a new Direct Loan, Perkins Loan, or TEACH Grant;
     3. A disbursement of a Direct Loan, Perkins Loan, or TEACH Grant that borrower received before the discharge date is made, and the borrower does not ensure the return of the full amount of the disbursement within 120 days of the disbursement date; or
     4. Borrower receives a notice from the SSA stating that they are no longer totally and permanently disabled, or that their disability review will no longer be the 5-year or 7-year review period indicated in their most recent SSA notice of award for SSDI or SSI benefits.
  2. In addition, during the 3-year post-discharge monitoring period, the borrower must promptly notify or respond to the Department if:
     1. Borrower receives annual earnings from employment that exceed the [Poverty Guideline amount](https://www.disabilitydischarge.com/Poverty-Guidelines/) for a family of two in your state, regardless of your actual family size;
     2. There is a change in borrower’s address or telephone number;
     3. Borrower receives a request to provide the Department with documentation of his annual earnings from employment; or
     4. Borrower receives a notice from the SSA that s/he is no longer totally and permanently disabled, or that his/her disability review will no longer be the 5-year or 7-year review period indicated in borrower’s most recent SSA notice of award for SSDI or SSI benefits.

1. Agent properly advised of reinstatements (if applicable to the borrower’s situation).

If borrower’s obligation to repay their federal student loans or complete their TEACH Grant service obligation is reinstated under the conditions described in “post-discharge 3 year monitoring” the borrower will again be responsible for repaying their loans or completing their TEACH Grant service obligation. However, the borrower will not be required to pay interest that would have accrued on the loans during the time their loans were discharged due to total and permanent disability.

* 1. If borrower’s obligation to repay his/her federal student loans or complete his/her TEACH Grant service obligation is reinstated, TPD will notify borrower of the reinstatement by U.S. Mail and return borrower’s loans to the status that existed at the time borrower applied for a TPD discharge. The notice of reinstatement will include:
     1. The reason(s) for reinstatement
     2. An explanation that the first payment due date on the reinstated loans will be no earlier than 60 days after the date of the notification of reinstatement
     3. Information on how you may contact the Department if you have questions about the reinstatement or believe that the Department’s determination was based on incorrect information

1. Agents properly advised of future eligibility for New Loans or TEACH Grants.
   1. If the Department grants a TPD discharge of borrower’s federal student loans or TEACH Grant service obligation, the borrower will not be eligible to receive a new Direct Loan, Perkins Loan, or TEACH Grant in the future unless:
      1. Borrower obtain a certification from a physician that they are able to engage in substantial gainful activity; and
      2. Borrower sign a statement acknowledging that the new loan or TEACH Grant service obligation cannot be discharged in the future on the basis of any injury or illness present at the time the new loan or TEACH Grant is made, unless borrower’s condition substantially deteriorates so that borrower again is totally and permanently disabled.
   2. In addition, if borrower’s request a new Direct Loan, Perkins Loan, or TEACH Grant during the 3-year post‑discharge monitoring period, borrower must resume repayment on the previously discharged loans or acknowledge that s/he is once again subject to the terms of borrower’s TEACH Grant service obligation before borrower can receive the new loan or TEACH Grant.
2. Agent properly advised of TPD – Refund procedures at the direction of the Department:
   1. Will instruct the loan holders to return any loan payments received on or after borrower’s disability date to the person who made the payments. For this purpose, the borrower’s “disability date” is the effective date of the VA’s determination that borrower became unemployable due to a service‑connected disability; or date TPD received the documentation of borrower’s SSA notice of award for SSDI or SSI benefits; or the date the physician certified borrower’s discharge application, depending on the type of documentation borrower provided to show they are totally and permanently disabled.
3. Agent properly advised that a 1099C will be sent after loans and/or TEACH Grants are discharged for amounts at or in excess of $600 for tax filing purposes.

**Income Driven Repayment**

1. Agent properly discussed the borrowers eligibility for the IDR plans that are available based on the following requirements:
   1. REPAYE Plan
      1. Applies to any borrower with eligible federal student loans.
   2. PAYE and IBR Plans
      1. The following eligibility requirements must be met to quality for each plan:
         1. Indicate that the borrower is required to make payment under the PAYE or IBR plan (based on borrower’s income and family size) must be less than what borrower would pay under the [Standard Repayment Plan](https://studentaid.ed.gov/sa/repay-loans/understand/plans/standard) with a 10-year repayment period
         2. If the amount borrower would have to pay under the PAYE or IBR plan (based on your income and family size) is more than what borrower would have to pay under the 10-year Standard Repayment Plan, borrower wouldn't benefit from having his/her monthly payment amount based on borrower’s income, so the borrower doesn't qualify
         3. Requirement for PAYE or IBR is met if the borrower’s federal student loan debt is higher than their annual discretionary income or represents a significant portion of their annual income.
      2. In addition to meeting the requirement described above, to qualify for the PAYE Plan borrower must also be a new borrower as of Oct. 1, 2007, and must have received a *disbursement* of a Direct Loan on or after Oct. 1, 2011. A new borrower must not have had no outstanding balance on a Direct Loan or FFEL Program loan when you received a Direct Loan or FFEL Program loan on or after Oct. 1, 2007.
   3. ICR Plan
      1. Agent must ensure that any borrower with eligible federal student loans can make payments under this plan.
      2. This plan is the only available income-driven repayment option for parent *PLUS loan* borrowers. Although PLUS loans made to parents can’t be repaid under any of the income-driven repayment plans (including the ICR Plan), parent borrowers may consolidate their Direct PLUS Loans or Federal PLUS Loans into a *Direct Consolidation Loan* and then repay the new consolidation loan under the ICR Plan (though not under any other income-driven plan).
2. Agent properly explained the following (when asked by the borrower) how monthly payments are calculated under the IDR.
   1. The borrower’s payment amount under an income-driven repayment plan is a percentage of their *discretionary income*. The percentage is different depending on the plan. The chart below shows how payment amounts are determined under each income-driven plan. Depending on your income and family size, you may have no monthly payment at all. The chart below provides further clarification

|  |  |
| --- | --- |
| **Income-Driven Repayment Plan** | **Payment Amount** |
| REPAYE Plan | Generally 10 percent of the discretionary income. |
| PAYE Plan | Generally 10 percent of the discretionary income, but never more than the 10-year Standard Repayment Plan amount |
| IBR Plan | Generally 10 percent of the discretionary income if they are a *new borrower* on or after July 1, 2014\*, but never more than the 10-year Standard Repayment Plan amount  Generally 15 percent of the discretionary income if they are not a new borrower on or after July 1, 2014, but never more than the 10-year Standard Repayment Plan amount |
| ICR Plan | The lesser of the following:   1. 20 percent of the discretionary income or 2. what they would pay on a repayment plan with a fixed payment over the course of 12 years, adjusted according to their income |

* 1. Agent properly explained the following information (when asked by the borrower) how the payment can be estimated:
     1. Borrowers are instructed to use the [Repayment Estimator](https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action). The Repayment Estimator provides a comparison of estimated monthly payment amounts for all federal student loan repayment plans, including income-driven plans. This comparison is important because the income-driven plans may not provide the borrower with the lowest payment amount based on their individual circumstances. Their payment may be lower under another repayment plan.
  2. Agent properly provided the explanations (when asked by the borrower) the length of time for each payment plan. The following chart provides the proper explanations:

Income Driven Repayment plans have different repayment periods.

|  |  |
| --- | --- |
| **Income-Driven Repayment Plan** | **Repayment Period** |
| REPAYE Plan | 20 years if all loans they are repaying under the plan were received for undergraduate study.  25 years if any loans they are repaying under the plan were received for graduate or professional study. |
| PAYE Plan | 20 years |
| IBR Plan | 20 years if they are a new borrower on or after July 1, 2014  25 years if they are not a new borrower on or after July 1, 2014 |
| ICR Plan | 25 years |

* + - 1. Under all four plans, any remaining loan balance is forgiven if their federal student loans aren't fully repaid at the end of the repayment period. For any income-driven repayment plan, periods of economic hardship deferment and periods of repayment under certain other repayment plans will count toward their total repayment period. Whether the borrower will have a balance left to be forgiven at the end of the repayment period depends on a number of factors, such as how quickly the borrower’s income rises and how large the borrower’s income is relative to the debt owed. Because of these factors, the borrower may fully repay the loan before the end of the repayment period.
      2. If the borrower is making payments under an income-driven repayment plan and also working toward loan forgiveness under the [Public Service Loan Forgiveness (PSLF) Program](https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service), the borrower may qualify for forgiveness of any remaining loan balance after making 10 years of qualifying payments, instead of 20 or 25 years. Qualifying payments for the PSLF Program include payments made under any of the income-driven repayment plans.

1. Agent properly explained (when asked by the borrower) the Title IV loans that qualify for the IDR plan. The chart provided below shows the types of Federal student loans that borrowers can repay under each of the IDR plans:

Only federal student loans can be repaid under the income-driven plans. Private student loans are not eligible.

If a loan type is listed as “eligible if consolidated,” this means that if the borrower consolidate that loan type into a Direct Consolidation Loan, the borrower can then repay the consolidation loan under the IDR. For example, only Direct Loans may be repaid under the REPAYE, PAYE, and ICR plans. However, if the borrower consolidates a FFEL Program Loan or *Federal Perkins Loan* into a Direct Consolidation Loan, the borrower may then be able to repay the Direct Consolidation Loan under the REPAYE, PAYE, and ICR Plan (depending on the type of loan that is consolidated).

Consolidation is not the right choice for all borrowers or all loan types. In particular, the borrower may lose certain loan benefits if he/she consolidates a Federal Perkins Loan.

| **Loan Type** | **REPAYE Plan** | **PAYE Plan** | **IBR Plan** | **ICR Plan** |
| --- | --- | --- | --- | --- |
| Direct Subsidized Loans | Eligible | Eligible | Eligible | Eligible |
| Direct Unsubsidized Loans | Eligible | Eligible | Eligible | Eligible |
| Direct PLUS Loans made to graduate or professional students | Eligible | Eligible | Eligible | Eligible |
| Direct PLUS Loans made to parents | Not eligible | Not eligible | Not eligible | Eligible if consolidated\* |
| Direct Consolidation Loans that did not repay any PLUS loans made to parents | Eligible | Eligible | Eligible | Eligible |
| Direct Consolidation Loans that repaid PLUS loans made to parents | Not eligible | Not eligible | Not eligible | Eligible |
| Subsidized Federal Stafford Loans (from the FFEL Program) | Eligible if consolidated\* | Eligible if consolidated\* | Eligible | Eligible if consolidated\* |
| Unsubsidized Federal Stafford Loans (from the FFEL Program) | Eligible if consolidated\* | Eligible if consolidated\* | Eligible | Eligible if consolidated\* |
| FFEL PLUS Loans made to graduate or professional students | Eligible if consolidated\* | Eligible if consolidated\* | Eligible | Eligible if consolidated\* |
| FFEL PLUS Loans made to parents | Not eligible | Not eligible | Not eligible | Eligible if consolidated\* |
| FFEL Consolidation Loans that did not repay any PLUS loans made to parents | Eligible if consolidated\* | Eligible if consolidated\* | Eligible | Eligible if consolidated\* |
| FFEL Consolidation Loans that repaid PLUS loans made to parents | Not eligible | Not eligible | Not eligible | Eligible if consolidated\* |
| Federal Perkins Loans | Eligible if consolidated\* | Eligible if consolidated\* | Eligible if consolidated\* | Eligible if consolidated\* |

1. Agent properly advised (when asked by the borrower) how to apply for an IDR plan.

**Deferment**

1. Agent properly explained the meaning of deferment when requested by the borrower.
   1. Request for postponement of payments that are not automatically granted.
   2. During a period of deferment, the borrower is not required to make payments but interest does accrue on unsubsidized loans and capitalizes on the principal balance at the expiration of the deferment.
2. Agent properly advised the borrower if he/she qualifies for a deferment based on the type of loan the borrower has. The chart below provides an overview of loan programs and eligibility requirements for specific situations for deferment.

| **Situations That May Apply for Deferment** | **Direct Loans** | **FFEL loans** | **Perkins Loans** |
| --- | --- | --- | --- |
| During a period of at least half-time enrollment in college or career school | Yes | Yes | Yes |
| During a period of study in an approved graduate fellowship program or in an approved rehabilitation training program for the disabled | Yes | Yes | Yes |
| During a period of unemployment or inability to find full-time employment | Yes (for up to 3 years) | Yes (for up to 3 years) | Yes (for up to 3 years) |
| During a period of economic hardship (includes Peace Corps service) | Yes (for up to 3 years) | Yes (for up to 3 years) | Yes (for up to 3 years) |
| During a period of service qualifying for Perkins Loan *discharge*/*cancellation* | No | No | Yes |
| During a period of active duty military service during a war, military operation, or national emergency | Yes | Yes | Yes |
| During the 13 months following the conclusion of qualifying active duty military service, or until you return to enrollment on at least a half-time basis, whichever is earlier, if   * The borrower are a member of the National Guard or other reserve component of the U.S. armed forces and * The borrower was called or ordered to active duty while enrolled at least half-time at an eligible school or within six months of having been enrolled at least half-time | Yes | Yes | Yes |

The aforementioned situations may apply to the following types of deferments offered to borrowers:

* 1. In School (including graduate/post-graduate fellowships and rehabilitation training) Deferment
     1. The borrower must be enrolled at a Department of Education approved school on at least a half-time basis.
  2. In School Deferment for Direct PLUS loans
  3. Unemployment Deferment
     1. The borrower must be working less than 30 hours per week and seeking full-time employment; or
     2. The borrower is receiving unemployment compensation and must provide proof of benefits.
  4. Economic Hardship Deferment (EHD)
     1. The borrower has been granted an EHD under either the FFEL or the Federal Perkins Loan programs for the period of time for which the borrower has requested an economic hardship deferment for his/her Direct Loan; or
     2. The borrower is receiving payment under a Federal or State public assistance program, such as aid to Families with Dependent Children, Supplemental Security Income (SSI), Food Stamps, or State general public assistance; or
     3. Is working full-time and has a monthly income that does not exceed the greater of:
        1. The minimum wage rate described in Section 6 of the Fair Labor Standards Act of 1938; or
        2. An amount equal to 150% of the poverty guideline applicable to the borrower’s family size as published annually by the Department of Health and Human Services. If a borrower is not a resident of a State identified in the poverty guidelines, the poverty guideline to be used for the borrower is the poverty guideline (for the relevant family size) used for the 48 contiguous States; or
        3. Is serving as a volunteer in the Peace Corps.
  5. Engaged in service that qualifies for cancellation

1. Agent properly advised the borrower (when asked by the borrower) how he/she applies for deferment.
   1. Submission of proper form as well as any applicable documentation.
   2. How to obtain the proper form via mail, e-mail, and/or website.
   3. How to submit the documentation via mail, e-mail, or fax.
2. Agent properly ensured that the borrower understands how long he/she may defer payment on the loan.
   1. There is no limit to how long payments can be deferred while in school if one of the following are met:
      1. Enrolled at least half-time in an eligible institution; or
      2. In a graduate or post-graduate fellowship program; or
      3. In a rehabilitation program for disabled individuals
   2. Payment can be deferred for up to a total of 3 years (36 months) on the basis that the borrower is:
      1. Seeking but unable to find full-time employment; or
      2. Experiencing economic hardship; or
      3. Performing service that qualifies the borrower for cancellation

**Forbearance**

1. Agent properly ensured that the borrower did not qualify for deferment, but in fact qualified for forbearance.
2. Agent properly explained the meaning of forbearance when requested by the borrower.
   1. During a period of forbearance, the borrower is not required to make payments but interest does accrue on both subsidized and unsubsidized loans, which capitalizes on the principal balance at the expiration of the forbearance.
3. Agent properly provided the borrower with the documentation that must be submitted in addition to the application if necessary.
4. Agent properly explained the difference between the two types of forbearances.
5. Discretionary – The lender decides whether to grant forbearance or not based on:
   1. Financial hardship; or
   2. Illness
6. Mandatory – The lender is required to grant the forbearance if the borrower meets the eligibility requirements based on:
   1. The borrower is serving in a medical or dental internship or residency program and meet specific requirements; or
   2. The total amount the borrower owes each month for all student loans received is 20 percent or more of total monthly gross income; or
   3. The borrower is serving in a national service position for which a national service award was received
   4. The borrower is performing teaching service that would qualify for teacher loan forgiveness
   5. The borrower qualifies for partial repayment of loans under the U.S. Department of Defense Student Loan Repayment Program
   6. The borrower is a member of the National Guard and have been activated by a governor, but is not eligible for a military deferment.

**Negative Amortization and Capping vs. Non-Capping Interest Events**

1. Agent properly advised the borrower why his/her loan amount is getting larger and not paid down.
2. Agent properly explained which payment plan a borrower would need in order to reduce the loan balance.
3. Agent properly explained to the borrower that if the payment does not cover interest, the interest will become a part of principal (interest capitalization) under the following conditions:
   1. Annually on July 31 (for interest accrued effective through June 30, unless the borrower pays the interest before July 30).
   2. After a forbearance on any loan, unless the borrower pays the interest during the forbearance.
   3. After a deferment on an unsubsidized loan, unless the borrower pays the interest during the deferment.
   4. When a borrower is on an IDR based on Personal Financial Hardship (PFH) and either is no longer eligible for PFH or leave the IDR plan.

**Note:**

Non-Capping Forbearances can only be applied for certain situations\* and for a maximum of 60\*\* days per event. The 60 day non-capping forbearance should only be used in the following situations:

* The borrower is waiting for paperwork to be completed to determine such things as IBR eligibility
* The borrower is waiting for a consolidation to complete
* Transfer forbearance to cure delinquency NOT to REDUCE delinquency, The loan must be

between one and 59 days delinquent at the time of transfer

* When a borrower has a Partial Financial Hardship (PFH) interest does not capitalize until the borrower is no longer eligible for PFH or decides to elect to go with another repayment plan

\* While a borrower is repaying under PFH he or she is not limited to the amount of time he or she is eligible for non-capping interest

\*\*A Servicer, may when instructed to by FSA, in the case of a natural or national disaster apply the non-capping forbearance *up to 90 days.*

**Note:** *Neg-Am and Regular Interest are paid before allocating payment to non-capping interest.*

**Loan Discharge**

**School Closure Discharge**

1. Agent properly advised the criteria for a discharge and eligibility for a discharge:
   1. Discharge Criteria:
      1. School closure while the borrower is enrolled and failed to complete the program because of the closure.
         1. If the borrower was on an approved leave of absence, the borrower is considered enrolled at the school.
      2. The school closes within 120 days after the borrower withdrew.
   2. Ineligible for discharge:
      1. Borrower withdrew more than 120 days before the school closes.
      2. Borrower is completing a comparable educational program at another school
         1. Through a teach-out agreement with the school;
         2. By transferring academic credits or hours earned at the closed school to another school; or
         3. By any other comparable means.
      3. Borrower has completed call the coursework for the program, even if the borrower has not yet received a diploma or certificate.
2. Agent properly advised the discharge process.
3. Borrower should complete and submit discharge application.
4. Borrower should continue to making payments on his or her loan to prevent it from going into default or accruing additional interest. Note the following-
   1. If the borrower has a Direct Subsidized Loan, Direct Unsubsidized Loan the borrower can be granted a forbearance until a decision is made on borrower’s application. Explain if forbearance is granted, no collection on the account will be made until it is determined if borrower is eligible for a loan discharge.
5. Agent properly advised (when asked by the borrower) what happens if a loan discharge is approved or denied.
   1. Discharge approval:
      1. No longer obligated to make loan payments.
      2. Servicer will determine if borrower will be eligible for a refund for some or all payments made on the loan.
      3. Adverse credit record related to a default might be deleted.
      4. No tax refund offset or wage garnishment will take place to collect on the discharged loans.
      5. May regain eligibility for federal student aid if the borrower has no other defaulted loans.
   2. Discharge denial:
      1. Remain responsible for repaying the loan. Can discuss repayment options, eligibility for IDR plans.
      2. Recommend contact state licensing agency and ask if there is a tuition recovery fund or performance bond that will cover borrower damages based on the school closure. If the school filed bankruptcy, inform borrower to file a claim for borrower’s loss in the bankruptcy proceeding. Inform can also consult an attorney about any options they might have through the court system.

**Bankruptcy Discharge**

1. Agent properly identified, after being notified by the borrower, endorser or third party, an instance of bankruptcy filing with intent to file or that the party has filed.
2. Agent obtained, or attempted to obtain, information such as:
   1. Filing Date
   2. Case Number
   3. Any additional information provided by the party providing the information
3. Agent advised to submit any supporting documentation to the mailing address/fax/e-mail for further review.
4. Agent properly notified the correct internal parties for monitoring of the account and potential forbearance application during the period of bankruptcy monitoring.

**Death Discharge**

1. Agent properly identified, after being notified, an instance of a deceased borrower or endorser.
2. Agent collected information from the third party (authorized or unauthorized), such as:
   1. Date of Death
   2. Name of Funeral Home
   3. City and State of Funeral Home
   4. Name of closest living relative and address/phone number
3. Agent properly notified the correct internal parties of the instance for monitoring of the account and to send proper documentation to the closest living relative to return a death certificate for potential discharge.
4. Agent advised of the mailing address to send the Death Certificate of the deceased borrower or endorser to expedite the process of review and potential discharge.
5. Agent properly identified specific circumstances, provided below, and counselled accordingly:
   1. If a borrower or a student on whose behalf a parent borrowed a Direct PLUS Loan passes, the loan obligation of the borrower and any endorser to make any further payments on the loan would be discharged .
   2. In the case of a Direct Consolidation Loan that repaid a Direct PLUS Loan or a Federal PLUS Loan obtained on behalf of a student who passes, an amount equal to the portion of the outstanding balance of the consolidation loan, as of the date of the student's death, attributable to that Direct PLUS Loan or Federal PLUS Loan would be discharged.

**Ability to Benefit Discharge**

1. Agent properly counselled the borrower on their option for discharge based on the following eligibility requirements:
   1. The borrower did not have a high school diploma or GED; or
   2. The borrower must have been enrolled in college or career school prior to July 1, 2012 or currently enrolled in an eligible career pathway program.
2. Agent properly advised that in order for the borrower to show the ability to benefit, a test must have been taken and passed.
   1. The test must be one approved by the U.S. Department of Education.
3. Agent properly advised the borrower’s and parent PLUS borrower’s loans (and any endorser) may be discharged if the borrower was improperly certified with the ability to benefit.
4. Agent advised how to obtain an application and offered to send to the borrower.
5. Agent provided instruction on how to complete the application and return any documentation to support the request for discharge.

**False Certification and Unauthorized Disbursement Discharge**

1. Agent properly identified that the borrower may be eligible for a False Certification Discharge if the borrower’s loan application or promissory note was falsely certified, based on the following eligibility requirements:
   1. The school signed the borrower’s name on the loan application or promissory note without the borrower’s authorization; or
   2. The school certified the eligibility of a student who, because of a physical or mental condition, age, criminal record, or other reason acceptable to the Department, would not meet the requirements for employment in the student’s state of residence where the loan was originated in the occupation for which training was provided; or
   3. Certified the individuals eligibility for a Direct Loan as a result of the crime of identity theft committed against the individual; or
      1. Identity theft does not have to be committed by the school.
   4. If the school, without the borrower’s authorization, endorsed the borrower’s loan check or signed the borrower’s authorization for electronic funds transfer, unless the proceeds of the loan were delivered to the student or applied to charges owed by the student to the school.
2. Agent advised how to obtain an application and offered to send to the borrower.
3. Agent provided instruction on how to complete the application and return any documentation to support the request for discharge.

**Unpaid Refunds**

1. Agent properly identified an unpaid refund and explained the concept of an unpaid refund to the borrower.
2. Agent advised how to obtain an application and offered to send to the borrower.
3. Agent provided instruction on how to complete the application and return any documentation to support the request for discharge.

**Documentation**

1. Agent documented the call and relevant information accurately.
2. Agent documented and logged complaint information (if applicable).

**Payment Calls**

1. Agent was able to assist the borrower if he or she was having trouble accessing his or her web based account in order to make a payment (if the servicer offered that service).
2. The agent was able to assist the borrower in how to set up a direct debit to make the borrower’s payment by direct debit from his or her checking account.
3. Agent was able to take a payment through the phone using the routing numbers for the borrower’s checking account.
4. Depending on the servicer, the agent was able to explain the servicer did not take credit/debit cards to make payments on a federally insured student loan.
5. If the servicer takes credit and debit cards, the agent was able to explain the card could not be taken unless the borrower’s payment was overdue and the borrower was at eminent risk of default OR
6. The borrower is living abroad and has no United States banking relationship the use of a credit/debit card is acceptable as the borrower would otherwise have a limited ability to make a payment any other way.