

TERMS AND CONDITIONS OF STUDENT LOAN DEFERMENT, FORBEARANCE, AND FORGIVENESS/CANCELLATION

DEFERMENT

Deferments are an entitlement; therefore, if you meet the eligibility requirements you must be granted the deferment if you request it. The following are circumstances under which you may qualify for a deferment.

- **In-School** – During times when a borrower is enrolled in school on at least a half-time basis. No time limit.
- **Graduate Fellowship** – When a borrower is enrolled full-time in a graduate fellowship program. No time limit.
- **Rehabilitation Training** – During a time when a borrower is participating in a rehabilitation program. No time limit.
- **Unemployment** – During times of unemployment when the borrower is actively looking for full-time employment. Time limit of three years.
- **Economic Hardship** – Available when a borrower is experiencing economic hardship. Time limit of three years.
- **Military Service** – When a borrower is serving on active duty during a war or other military operation or national emergency (including qualifying National Guard duty).
- **Military Active Duty Student** – When a borrower is called to active National or State duty and is a member of the National Guard or Reserves (including retired members) and was enrolled at least half time in school at the time of, or within six months prior to, being called to active duty.

FORBEARANCE

Discretionary:

- **Financial difficulties**
- **Reduced-payment**

Mandatory:

Lender must grant a mandatory forbearance for certain situations:

- **Student loan debt is greater than 20 percent of monthly income**
- **Internship or Residency**
- **National Service** – Serve in a national service position for which borrower receives a national service educational award under the National and Community Service Trust Act of 1993 (AmeriCorps).
- **Department of Defense Student Loan Repayment Program** – Perform service that would qualify the borrower for partial loan repayment under the Student Loan Repayment Programs administered by the U.S. Department of Defense under 10 U.S.C. 2171.
- **Teacher Loan Forgiveness Program** – Borrower maintains eligibility under the Teacher Loan Forgiveness Program and the lender believes that the cancellation amount will satisfy the anticipated outstanding loan balance at the time of the expected cancellation.

Mandatory Administrative:

Lender must grant a mandatory administrative forbearance for the following applicable situations:

- **Local or National Emergency**

- **Military Mobilization**
- **Designated Disaster Area**
- **Repayment Accommodation** – Granted for a period when the borrower/endorser is making payments, for a period of:
 - up to three years where the effect of a variable interest rate on standard or graduated repayment schedule would result in a loan not being repaid within the maximum repayment period
 - up to five years where the effect of decreased installment amounts paid under income-sensitive repayment schedule would result in the loan not being repaid within the maximum repayment period
- **Death** – during time required to process a death discharge
- **Teacher Loan Forgiveness** – while lender is waiting for completed loan forgiveness application

Administrative:

There are certain circumstances under which the lender can administratively forbear your loan. Typically, in situations where the lender is waiting for documentation, such as in the following situations:

- **Bankruptcy filing**
- **Borrower ineligible for deferment**
- **Closed school, false certification, identity theft cancellation processing**
- **Death claim processing**
- **Delinquency before or after certain deferments or forbearances**
- **Natural disasters, local or national emergency, or military mobilization**
- **New out-of-school dates after conversion to repayment**
- **Repayment alignment** – synchronize repayment of loans
- **Spouses and parents of September 11, 2001 victims** – processing application
- **Total and permanent disability processing**
- **Unpaid refund discharge processing**

LOAN FORGIVENESS

Teacher Loan Forgiveness:

- **Discharge condition** – Borrower must teach full-time for five consecutive complete school years in a designated elementary or secondary school serving students from low-income families.
- **Amount of forgiveness** – Up to \$5,000 (up to \$17,500 for teachers in certain specialties) of the total loan amount outstanding after completion of the fifth year of teaching.

Areas of National Need: *(Funds for this program have not yet been appropriated)*

Amount of forgiveness is \$2,000 for each year of service, not to exceed \$10,000.

- **Early childhood educators** – Employed full-time as an early childhood educator.
- **Nurses** – Employed full-time in a clinical setting or as a member of the nursing faculty at an accredited school of nursing as defined in section 801 of the Public Health Service Act (42 U.S.C. 296).
- **Foreign language specialists** – Individual possesses a baccalaureate or advanced degree in a critical foreign language and is employed full-time in:
 - an elementary or secondary school as a teacher of a critical foreign language
 - an agency of the United States Government in a position regularly requiring the use of such critical foreign language

- an institution of higher education as a faculty member or instructor teaching a critical foreign language
- **Librarians** – Employed full-time as a librarian in:
 - a public library serving a geographic area within which the public schools have a combined average of 30 percent or more of the schools’ total student enrollment composed of children meeting a measure of poverty under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965
 - a school that qualifies under 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such a school
- **Highly-qualified teachers serving students who are limited English proficient, low-income communities, and underrepresented populations** – Is “highly-qualified” as defined in section 9101 of the Elementary and Secondary Education Act of 1965 and is employed full-time as a:
 - teacher educating students who are limited-English proficient
 - teacher in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such a school
 - teacher, and an individual from an underrepresented population in the teaching profession as determined by the Secretary
 - teacher in an educational service agency as defined in section 9101 of the Elementary and Secondary Education Act of 1965
- **Child welfare workers** – Employed full-time in public or private child welfare services, and possesses a degree in social work or a related field with a focus on serving children and families.
- **Speech-language pathologists and audiologists** – Possesses a minimum of a graduate degree in speech-language pathology, audiology, or communication sciences and disorders and is employed full-time as a speech-language pathologist or audiologist in an eligible preschool program or a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such a school.
- **School counselors** – Employed full-time as a school counselor (as defined in section 5421(e) of the Elementary and Secondary Education Act of 1965) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such a school.
- **Public sector employees** – Individual is employed full-time in:
 - public safety (first responder, firefighter, police officer, other law enforcement or public safety officer)
 - emergency management (including emergency medical technician)
 - public health (including full-time professionals engaged in health care practitioner occupations and health care support occupations defined by the Bureau of Labor Statistics)
 - public interest legal services (including prosecution, public defense, or legal advocacy in low-income communities at a nonprofit organization)
- **Nutrition professionals** – Individual must be licensed, certified, or a registered dietician who has completed a degree in a relevant field and is employed full-time as a dietician with an agency of the special supplemental nutrition program for women, infants, and children under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786).
- **Medical specialists** – Individual must possess a degree from a medical school and be accepted into or currently participate in a full-time graduate medical education training program or fellowship (or both) to provide health care services (as recognized by the Accreditation Council for Graduate Medical Education) that requires more than five years of total graduate medical training and has fewer United States medical school graduate applications than the total number of positions available in such program or fellowship.

- **Mental health professionals** – Individual must possess no less than a Master's degree in social work, psychology, or psychiatry and is employed full-time providing mental health services to children, adolescents, or veterans.
- **Dentists** – Individual must possess a degree from an accredited dental school (as accredited by the Commission on Dental Accreditation), has completed residency training in pediatric dentistry, general dentistry, or dental public health and is employed full-time as a dentist or a member of the faculty at a program or school accredited by the Commission on Dental Accreditation.
- **STEM employees** – Employed full-time in applied sciences, technology, engineering, or mathematics.
- **Physical therapists** – Employed full-time as a physical therapist providing physical therapy services to children, adolescents, or veterans.
- **Superintendents, principals, and other administrators** – Employed full-time as a school superintendent, principal, or other administrator in a local educational agency, including an educational service agency in which 30 percent or more of the schools are schools that qualify under 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such a school.
- **Occupational therapists** – Employed full-time as an occupational therapist providing occupational therapy service to children, adolescents, or veterans.

Civil legal assistance attorneys: *(Funds for this program have not yet been appropriated)*

Amount of forgiveness is \$6,000 for each year of service, not to exceed \$40,000 per borrower. Individual must be continually licensed to practice law and is employed full-time by a nonprofit organization that provides legal assistance with respect to civil matters to low-income individuals without a fee, or a protection and advocacy system or client assistance program that provides legal assistance with respect to civil matters.

Loan Cancellation Programs:

- **Bankruptcy** – Typically, FFEL loans are not dischargeable under bankruptcy, but under certain circumstances the borrower may be eligible for discharge.
- **Closed school** – if the borrower is unable to complete his or her program due to the school's closing.
- **Death** – if the borrower dies, or in the case of a parent PLUS loan, the loan is cancelled if the dependent student or the parent dies.
- **False certification** –
 - If the school admits the borrower based on his or her ability to benefit from the training even though the borrower did not meet the admission requirements.
 - If the school signed the borrower's name on an application or promissory note, unless the borrower benefited from the loan proceeds.
 - If the school endorsed the borrower's name on a check or signed the borrower's name on an EFT or Master Check authorization, unless the borrower benefited from the loan proceeds.
- **False certification as a result of the crime of identity theft** – If the borrower's eligibility to receive a loan was falsely certified due to the borrower's identity being stolen.
- **Spouses and parents of September 11, 2001 victims** - Available to the spouses and parents of public servants and victims who died or became permanently and totally disabled due to physical injuries suffered in the September 11, 2001 terrorist attacks.
- **Total and permanent disability** – Available to borrowers who are deemed to be totally and permanently disabled by a doctor of medicine or osteopathy.
- **Unpaid refund** – Available to borrowers who are owed a refund of loan funds, but the school failed to return the funds to the lender.