

Repayment Options for Federal Family Education Loan (FFEL) Program

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Repayment Schedule Options

If you are unable to make your current scheduled monthly payment, adjust your installment amount with a new repayment plan. Call our office, or visit

<https://www.mohela.com/borrower/resourcecenter/findform.aspx> and download the Repayment Options form. To obtain additional Title IV repayment information, contact the U.S. Department of Education at the following website:

studentaid.ed.gov/PORTALSWebApp/students/english/index.jsp . MOHELA offers:

- **Standard** – All loans default to this plan unless otherwise specified. Equal monthly payments are established for the life of the loan. The least amount of interest is paid on this plan, typically.
- **Graduated** – Begin with a smaller monthly payment, which gradually increases after a period(s) of time that is dependent upon the type and term of the loan.
- **2-Tier** – Pay only interest for the first 2 years. Payments increase in the 3rd year to include interest & principal.
- **3-Tier** – Pay only interest for the first 2 years. Payments increase in years 3-5 to include interest and part of the principal. Regular principal and interest payments begin in the 6th year.
- **Income-Sensitive** – This plan is based on income, with the monthly payment amount reviewed & adjusted every 12 months.
- **25-Year Extended** – Payments include both interest and principal; however, the payment is smaller due to a 25-year loan term for borrowers with loans disbursed on or after 10/07/98 with balances of \$30,000 or more.
- **Income-Based** – Effective 07/01/09 and available for Stafford, GradPLUS, and Consolidation loans (with no underlying Parent PLUS loans), you may qualify for this plan by providing documentation of a partial financial hardship. Your monthly installment amount is based on your annual Adjusted Gross Income (AGI) and family size. The installment amount may change every 12 months, as annual verification of your AGI and family size is required. The repayment period may exceed 10 years under this plan. In addition, if you meet certain requirements over a specified period of time, you may qualify for a cancellation of any outstanding balance on your loan(s). If you apply, you may be required to provide us with written consent for the Internal Revenue Service to disclose your AGI and other tax return information to us.

Payment Methods

For your convenience, MOHELA offers multiple ways by which you can pay your monthly installment, including:

- Check or debit card payments through our automated pay-by-phone system.
- On-line payments through our eBill system at <https://www.mohela.com/borrower/ebill/Default.aspx> .
- Automated debit directly from your checking or savings account.
- Check or money order payments via the U.S. Postal Service.

Loan Discharge & Forgiveness

Loan discharge or forgiveness is a release of a borrower's or co-maker's obligation to repay his/her loan(s), either in whole or in part. There are several circumstances under which a loan may be discharged or forgiven. A list of reasons under which a loan may be discharged or forgiven includes:

- Bankruptcy
- Closed School

- False Certification by the School
- False Certification as a Result of the Crime of Identity Theft
- Unpaid Refund
- Spouses and Parents of September 11, 2001 Victims
- Total and Permanent Disability
- Death
- Teacher Loan Forgiveness
- Loan Repayment Program for Civil Legal Assistance Attorneys (This program is currently not funded and is unavailable)
- Loan Forgiveness Program for Service in Areas of National Need (This program is currently not funded and is unavailable)
- Income-Based Repayment (IBR) Forgiveness

If you feel that you may qualify to have your loan(s) discharged or forgiven because of a situation listed above, visit our website at www.mohela.com for more information and/or to download the appropriate application.

Consolidation – Please contact Direct Loan Servicing at 1-800-557-7392 or visit www.dl.ed.gov for more information.

Advice/Assistance on Loan Repayment

If you have been unable to resolve a dispute concerning the terms of your loan(s), the Department of Education's Office of Student Financial Assistance has created the Student Loan Ombudsman's office to assist you with issues. Please contact the Ombudsman at:

Office of the Ombudsman
U.S. Department of Education
830 First Street NE
Washington, D.C. 20202-5144
Phone: 877-557-2575

Options to Postpone Repayment

If you can not make your student loan payment, a deferment or forbearance might be the right choice to keep your loan(s) from entering default.

Deferment – Installments may be deferred if you qualify for one of the deferments listed on your original promissory note(s). You must request a deferment and support any deferment status with proper documentation. During a deferment, the Federal government will pay all interest accrued on any *subsidized* loan(s) or subsidized portion of a Consolidation loan(s). Interest for which you are responsible will continue to accrue on any *unsubsidized* Stafford loan(s) and PLUS loan(s) or unsubsidized portion of a Consolidation loan(s) during periods of deferment. If you choose not to pay this interest during the deferment period, it will be capitalized (added to the principal balance of your loan(s)) when your deferment ends. Call our office, or visit <https://www.mohela.com/borrower/resourcecenter/findform.aspx> and download the appropriate deferment form. Capitalization of interest increases the total cost of your loan(s). For the purposes of deferment, the following definitions apply:

- Pre-08/15/83: A borrower who has a FFELP loan first disbursed prior to 08/15/83;
- Pre-07/01/87: A borrower who has a FFELP loan first disbursed prior to 07/01/87;
- New-1: A borrower whose first FFELP loan was made on or after 07/01/87 and before 07/01/93, or who had an outstanding balance on a loan obtained on or after 07/01/87, and before 07/01/93, when he/she obtained a loan on or after 07/01/93; or a borrower who obtained a Federal Consolidation loan made before 07/01/93, that repaid a FFELP loan disbursed before 07/01/87, for a period of enrollment beginning before 07/01/87;
- New-2: A borrower whose outstanding FFELP loans were all made on or after 07/01/93, and when his/her first FFELP loan was made on or after 07/01/93, had no outstanding FFELP loans that were made before 07/01/93.

- **Unemployment Deferment** – You must be unemployed or working less than 30 hours per week. You must also be receiving unemployment benefits or be registered with an eligible employment agency & seeking full-time work in any field in the United States.
- **Economic Hardship Deferment** – Only New-2 borrowers are eligible. You may qualify if you receive government public assistance, are a Peace Corp volunteer, or are working full-time and have a monthly income that does not exceed the greater of (a) the minimum wage rate or (b) an amount equal to 150% of the poverty guideline applicable to your family size.
- **In-School Deferment** – Full-time in-school deferments are available to all borrowers attending an eligible school. Half-time in-school deferments are only available to New-1 and New-2 borrowers. Parent PLUS borrowers may request that repayment of a Parent PLUS loan first disbursed on or after 07/01/08 be postponed while the dependent student, on whose behalf the loan was taken out, is enrolled and attending at least half time.
- **Temporary Total Disability Deferment** – You must be temporarily totally disabled and unable to work and earn money or attend school for a period of at least 60 days. A physician must certify your disability. You may also qualify if you are caring for a disabled dependent for a period of at least 90 days, and you are unable to work full-time (at least 30 hours per week) as a result. This deferment is available to all borrowers, except New-2 borrowers.
- **Teacher Shortage Area Deferment** – You must teach full-time in a public or nonprofit, private elementary or secondary school in a teacher shortage area defined by the Department of Education. Only New-1 Stafford borrowers are eligible. You must re-certify annually.
- **Graduate Fellowship Deferment** – You must be engaged in a full-time graduate fellowship program that provides sufficient financial support to allow for full-time study for at least 6 months. The borrower must be required to provide a statement of objectives, as well as periodic reports, projects or other evidence of progress.
- **Rehabilitation Training Deferment** – You must receive or be scheduled to receive rehabilitation training services from a rehabilitation training program that is licensed, approved, certified or otherwise recognized to provide training for vocational rehabilitation, drug abuse treatment, mental health services or alcohol abuse treatment programs, or by the Department of Veterans Affairs. A PLUS borrower, provided the PLUS borrower is not a new borrower, may also qualify based on the participation in a qualified training program by the dependent student for whom the parent borrowed a PLUS loan.
- **Internship/Residency Deferment** – You must have received a bachelor's degree prior to entering the program. The internship/residency program must lead to a certificate or degree. Consolidation borrowers do not qualify. Pre-08/15/83 PLUS borrowers may qualify. Pre-07/01/87 and New-1 Stafford borrowers may qualify.
- **Military Service Deferment** – You must be serving on active duty during a war or other military operation with a branch of the military (Army, Air Force, Marines, Navy or National Guard). Documentation with enlistment dates must be certified by a commanding officer. Your military service must have begun on or after 10/01/07, or include that date. You, or your representative, may be able to request this deferment, without documentation, for up to a year.
- **Armed Forces or Public Health Service Deferments** - Pre-08/15/83 PLUS borrowers may qualify. Pre-07/01/87 and New-1 Stafford borrowers may qualify. Consolidation borrowers do not qualify.
 - **Public Health:** A full-time officer in the Commissioned Corps of Public Health of the US Public Health Service (USPHS) may be eligible. Dates of service must be certified by a USPHS official.
 - **Armed Forces:** You must be active duty with a branch of the military (Army, Navy, Air Force, Marines, or Coast Guard) or in full-time active duty status as a member of the National Guard or the Reserves. Documentation establishing that you are in a period of full-time active duty status is required. National Guard members or Reservists may be eligible if serving for at least a year.
- **Post-Active Duty Deferment** – You must be a *member of the National Guard or Armed Forces Reserve (including a member in retired status) who is called or ordered to active duty service (eligible national or state duty) for a period of at least 30 consecutive days while enrolled at least half-time in an eligible school at the time of, or within 6 months prior to, your activation.* Active duty does not include training or service school attendance. Documentation must establish an end-of-military service date, and a verbal or written request for the option must be provided. Your military service must have begun on or after 10/01/07, or include that date.
- **ACTION Deferment** – You must be serving as a full-time paid volunteer in the ACTION Programs for at least a year. Pre-08/15/83 PLUS borrowers may qualify. Pre-07/01/87 and New-1 Stafford

borrowers may qualify. Consolidation borrowers do not qualify.

- **National Oceanic and Atmospheric Administration (NOAA) Deferment** – You must be serving in active duty in the National Oceanic and Atmospheric Administration Corps. Only New-1 Stafford borrowers may qualify.
- **Peace Corps Deferment** – You must be serving in the Peace Corps for a minimum of one year. A Peace Corps official must certify. Pre-08/15/83 PLUS borrowers may qualify. Pre-07/01/87 and New-1 Stafford borrowers may qualify. Consolidation borrowers do not qualify.
- **Parental Leave/Working Mother Deferments**
 - **Parental Leave:** You must be pregnant or caring for a newborn child (under 6 months of age) or a newly adopted child. You must be unable to work full-time or attend school and must have been enrolled at least half-time in school during the 6 months preceding the deferment. Only Pre-07/01/87 and New-1 Stafford borrowers may qualify.
 - **Working Mother:** You must have entered or re-entered the workforce within one year preceding the deferment. You must work full time and not be earning more than \$1.00/hour above the minimum wage. You must be the mother of a pre-school age child who has not enrolled in 1st grade higher. Only New-1 Stafford borrowers may qualify.
- **Tax-Exempt Organization Volunteer Deferment** – You must be serving as a full-time paid volunteer in a tax-exempt organization and provide service to low-income persons and their communities to assist them in eliminating poverty and poverty-related human, social and environmental conditions. You must serve for a minimum of one year and not make more than the minimum wage. Certification by the program director. Must be submitted. Pre-08/15/83 PLUS borrowers may qualify. Pre-07/01/87 and New-1 Stafford borrowers may qualify. Consolidation borrowers do not qualify.
- **Post-Enrollment Deferment** - For PLUS and GradPLUS loans first disbursed on or after 07/01/08, the borrower may request that repayment begin 6 months following the less-than –half-time status of the dependent student (Parent Plus) or the student borrower (Parent PLUS or GradPLUS).
- **Parent PLUS Borrower With Dependent Student Deferment** – New-1 Parent PLUS borrowers may elect to have repayment of a PLUS loan postponed while the dependent student, on whose behalf the loan was taken out, is enrolled and attending at least half-time.

Forbearance – If you are unable to make your scheduled payments, and do not qualify for a deferment, you may be able to temporarily stop making payments, as long as you intend to repay your loan. This action is called forbearance. During forbearance, you are responsible for any interest that accrues on all loans during the forbearance period. If you choose to not pay this interest during the forbearance period, it will be capitalized at the end of each forbearance period. Capitalization of interest increases the total cost of your loan(s). Call our office, or visit

<https://www.mohela.com/borrower/resourcecenter/findform.aspx> and download the appropriate forbearance form.

- **Temporary Hardship Forbearance** – You may request this forbearance in increments up to six months, not to exceed 12 months per agreement. You may also request this forbearance verbally over the phone with a MOHELA representative or online at <https://www.mohela.com/borrower/resourcecenter/findform.aspx>.
- **In-School Forbearance** – You must be enrolled in school. The dates of approval are based on certified dates of attendance, for a maximum of 12 months per agreement. You may also request this forbearance verbally over the phone with a MOHELA representative or online at <https://www.mohela.com/borrower/resourcecenter/findform.aspx>.
- **Active Military State Duty Forbearance** – You must be *servicing on active military state duty as a member of the National Guard (including a member in retired status) during a time when the governor activates National Guard personnel for active state duty for a period of more than 30 consecutive days. This forbearance is for a borrower who qualifies for a post-active duty student deferment, but who does not qualify for a military service deferment or other deferment while engaged in active military state duty.*
- **Teacher Loan Forgiveness Forbearance** – You may postpone repayment on eligible loans if you are employed as full-time teacher at a Title-I (low-income) school and expect to apply for Teacher Loan Forgiveness. You are eligible if the expected forgiveness amount for which the qualifying service is being performed will satisfy the anticipated outstanding balance of your eligible loans at the end of the fifth year of qualifying service. You must not have had a balance on a FFEL or Direct Loan Program loan as of 10/01/98, or on the date you obtained a Direct Loan or FFEL Program loan

after 10/01/98.

- **Internship/Residency Forbearance** – You must be engaged in an eligible internship/residency program.
- **Department of Defense (DOD) Loan Repayment Program Forbearance** – You must be performing service that would qualify you for partial loan repayment under the Student Loan Repayment Programs administered by the U.S. DOD. You must provide documentation from an authorized official of the DOD certifying the beginning and ending dates of your eligibility.
- **Economic Hardship Forbearance** – You may be eligible if your monthly Title IV student loan payments are equal to, or greater than, 20% of your total gross monthly income. You may provide:
 - Documentation of monthly payment(s) due on any Title IV student loan(s) not serviced by MOHELA.
 - Proof of your gross monthly income (such as copies of pay stubs dated within the last 90 days, or your most recently filed tax return)
 - If you are unable to provide the documentation listed above, you may still qualify if:
 - You receive no income; or
 - You are self-employed and have a newly formed business. You must provide a self-certifying statement of projected monthly income for the business and documentation of your involvement with that business.
- **National Community Service Forbearance** – You must be serving in a position for which you receive a national service educational award under the National and Community Service Trust Act of 1993 (AmeriCorps). Documentation from an authorized official certifying the beginning and ending dates of this service must be submitted.