



# Direct Consolidation Loan Application and Promissory Note

## William D. Ford Federal Direct Loan (Direct Loan) Program

OMB No. 1845-0007  
Form Approved  
Exp. Date: 10/31/2027

**WARNING:** Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

---

### Section 1: General Instructions and Information

Before you begin, gather all your education loan records, account statements, and bills so that you will have all the information needed to complete the Direct Consolidation Loan Application and Promissory Note (Application/Promissory Note).

Type or print using blue or black ink. Do not use pencil. Enter dates as month/day/year (mm/dd/yyyy). Use only numbers. Example: June 1, 2024 = 06/01/2024. Follow the instructions within each section of the Application/Promissory Note.

Throughout the Application/Promissory Note, the words "we," "us," "our," and "ED" refer to the U.S. Department of Education and our servicers.

When you have completed the Application/Promissory Note, make a copy for your records and mail the original pages 2 through 14 to us in the envelope provided, along with the completed form(s) identified in the Repayment Plan Selection section and any required additional forms or documentation. If you do not have the envelope we provided, mail the Application/Promissory Note to the address shown below.

As soon as we receive your completed Application/Promissory Note and supporting documents, we will begin processing your application unless you have entered your expected grace period end date in Item 19 of Section 6 (Loans I Want to Consolidate). During this time, we might contact you with questions.

In the meantime, if you currently are required to make payments on your loans, continue to do so. You will need to continue making payments until you receive written notification that your loans have been successfully consolidated and it is time to start paying your Direct Consolidation Loan. If you are having difficulty making payments on your loans, contact your loan holder or servicer at the correspondence address or phone number on your current loan statements to find out ways you might be able to postpone loan payments; you should ask specifically about your "deferment" and "forbearance" options.

**IMPORTANT:** Pages 2 through 14 must be submitted for your Application/Promissory Note to be processed.

Borrower's Name: \_\_\_\_\_ Borrower's SSN: \_\_\_\_\_

---

## Section 2: Where to Send Your Completed Application/Promissory Note

Mail pages 2 through 14 of your completed Application/Promissory Note and any other required forms to the following address (If no address is shown, return the form to the servicer of your Direct Consolidation Loan):

---

## Section 3: Help with Completing this Application/Promissory Note

For help completing this form, call (If no telephone number is shown, call the servicer of your Direct Consolidation Loan):

---

## Section 4: Borrower Information

1. Enter your first name, then your middle name and last name, followed by a name suffix if you have one (for example, Jr. or Sr.). If you do not have a middle name or name suffix, enter N/A.

First Name: \_\_\_\_\_

Middle Name: \_\_\_\_\_

Last Name: \_\_\_\_\_ Name Suffix: \_\_\_\_\_

2. Enter any former names (such as a maiden name) under which one or more of your loans may have been made. If none, enter N/A.

Former Name(s): \_\_\_\_\_

3. Enter your nine-digit Social Security Number.

Social Security Number: \_\_\_\_\_

4. Enter your date of birth in mm/dd/yyyy format (for example, enter June 25, 2006 as 06/25/2006).

Date of Birth: \_\_\_\_\_

Borrower's Name: \_\_\_\_\_ Borrower's SSN: \_\_\_\_\_

5. Enter the two-letter abbreviation for the state that issued your current driver's license, followed by your driver's license number. If you do not have a driver's license, enter N/A.

Driver's License State and Number: \_\_\_\_\_

6. Enter your preferred email address for receiving communications. We may use your email address to communicate with you. If you do not have an email address or do not wish to provide one, enter N/A.

Email Address: \_\_\_\_\_

7. Enter the area code and phone number at which you can most easily be reached. (Do not list your work phone number here.) If you do not have a phone, enter N/A.

Phone Number: \_\_\_\_\_

8. If you have an alternate phone number where you can be reached, enter the area code and phone number. If you do not have an alternate phone number, enter N/A.

Alternate Phone Number: \_\_\_\_\_

9. Enter your **permanent address** (number, street, apartment number, or rural route number and box number, then city, state, and zip code). If your mailing address is different from your permanent address, you must list **both** addresses (see the instructions for Item 10). If you do not have a stable permanent address, provide an address where you can reliably receive mail.

Permanent Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

10. If you have a mailing address that is different from your permanent address, enter your **mailing address** (number, street, apartment number, or rural route number and box number, then city, state, zip code).

Mailing Address (if different from permanent address): \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

11. Enter your employer's name and address (street, city, state, zip code). If you are self-employed, enter the name and address of your business. If you are not employed, enter N/A.

Employer's Name: \_\_\_\_\_

Employer's Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

12. Enter your work area code and phone number. If you are self-employed, enter the area code and phone number of your business.

Work Phone Number: \_\_\_\_\_

Borrower's Name: \_\_\_\_\_ Borrower's SSN: \_\_\_\_\_

---

## Section 5: Reference Information

Enter the requested information (middle name and name suffix are optional) for two adults with different addresses who do not live with you and who have known you for at least three years, and who will be able to help us contact you in the future if we are unable to reach you. References are used only for this purpose. References are not used to determine your eligibility for a loan and they are never required to repay your loan.

Reference 1 should be a close family member. Providing an email address for a reference is optional. If you provide an email address for a reference, we may use it to communicate with the reference. If a reference does not have a phone number or email address, or does not wish to provide an email address, enter N/A.

### 13. Reference 1

First Name: \_\_\_\_\_

Middle Name: \_\_\_\_\_

Last Name: \_\_\_\_\_ Name Suffix: \_\_\_\_\_

Relationship to You: \_\_\_\_\_

Permanent Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

### 14. Reference 2

First Name: \_\_\_\_\_

Middle Name: \_\_\_\_\_

Last Name: \_\_\_\_\_ Name Suffix: \_\_\_\_\_

Relationship to You: \_\_\_\_\_

Permanent Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

## Section 6: Loans I want to Consolidate

Items 15 through 19 in this section ask for information about your federal education loans that you want to consolidate, including any Direct Loans that you want to consolidate. To find the information you will need to provide for each loan you list in this section, you can look at the last monthly billing statement you received, your quarterly interest statement or annual statement, your coupon book, or the Internet site of your loan holder or servicer. You may also obtain information about your loans by logging into your account at [StudentAid.gov](http://StudentAid.gov).

In this section, list **only** loans that you want to consolidate. List each loan separately. Some of the items in this section may have been completed for you. If so, review these items carefully to make sure the information is correct. Cross out any information that is incorrect and enter the correct information. Put your initials next to any information that you change.

**Item 15:** Enter the code that corresponds to the loan type from the list of loan types and their codes shown below. If you are not sure about the loan type, leave this item blank. Loan types not included in the list are not eligible for consolidation.

Code	Loan Type	Code	Loan Type
<b>A</b>	Subsidized Federal Stafford Loans	<b>O</b>	Subsidized Federal Consolidation Loans
<b>B</b>	Guaranteed Student Loans (GSL)	<b>P</b>	Auxiliary Loans to Assist Students (ALAS)
<b>C</b>	Federal Insured Student Loans (FISL)	<b>Q</b>	Health Professions Student Loans (HPSL)
<b>D</b>	Direct Subsidized Loans	<b>R</b>	Health Education Assistance Loans (HEAL)
<b>E</b>	Direct Subsidized Consolidation Loans	<b>S</b>	Federal PLUS Loans for Graduate/Professional Students
<b>F</b>	Federal Perkins Loans	<b>T</b>	Federal PLUS Loans for Parents
<b>G</b>	Unsubsidized Federal Stafford Loans (including Nonsubsidized Stafford Loans)	<b>U</b>	Direct PLUS Loans for Parents
<b>H</b>	Federal Supplemental Loans for Students (SLS)	<b>V</b>	Direct PLUS Consolidation Loans
<b>I</b>	Direct PLUS Loans for Graduate/Professional Students	<b>Y</b>	Nursing Student Loans (NSL) and Nurse Faculty Loans

Borrower's Name: \_\_\_\_\_ Borrower's SSN: \_\_\_\_\_

<b>J</b>	Unsubsidized Federal Consolidation Loans	<b>Z</b>	Loans for Disadvantaged Students (LDS)
<b>K</b>	Direct Unsubsidized Consolidation Loans	<b>W</b>	Education loans ineligible for consolidation
<b>L</b>	Direct Unsubsidized Loans	<b>0</b>	Direct Subsidized Loans (Subsidy Loss Eligible)
<b>M</b>	National Direct Student Loans (NDSL)	<b>9</b>	Direct Subsidized Consolidation Loans (Subsidy Loss Eligible)
<b>N</b>	National Defense Student Loans (NDSL)		

**Item 16:** Enter the full name and mailing address of the loan holder or the loan holder's servicer (this is the address to which you must send your payments). You must provide at least the name, city, and state of the loan holder or servicer.

**Item 17:** Enter the account number for each loan (the number should be on your statement or in your payment book). If you cannot find the account number, leave this item blank.

**Item 18:** Enter the estimated amount needed to pay off the loan, including any unpaid interest, late fees, and costs.

15. Loan Code	16. Loan Holder/Servicer Name, Address, and Area Code/Phone Number	17. Loan Account Number	18. Estimated Payoff Amount

**Borrower's Name:** \_\_\_\_\_ **Borrower's SSN:** \_\_\_\_\_


**Item 19:** If you are in your grace period on any of the loans you wish to consolidate and you want to delay processing of your Direct Consolidation Loan application until you have completed your grace period, enter the month and year of your expected grace period end date. If you provide this information, processing of your Direct Consolidation Loan application will be delayed until approximately 30-60 days before the end of your grace period, and your consolidation loan will not enter repayment until after your grace period ends.

If you leave Item 19 blank or if you are not consolidating any loans that are in a grace period, processing of your consolidation loan application will begin as soon as we receive your completed Application/Promissory Note and any other required documents. Any loans listed in Section 6 that are in a grace period will enter repayment immediately upon consolidation. You will then lose the remaining portion of the grace period on those loans.

**19.** Expected Grace Period End Date (month/year): \_\_\_\_\_

Borrower's Name: \_\_\_\_\_ Borrower's SSN: \_\_\_\_\_

## Section 7: Loans I Do Not Want to Consolidate

Items 20 through 23 in this section ask for information about your education loans that you do not want to consolidate, but want to have considered when we determine your maximum repayment period under certain repayment plans (see "Fixed Payment Repayment Plans" in Item 10 of Section 11).

In this section, list **only** loans that you do not want to consolidate, including any Direct Loans that you do not want to consolidate. Some of the items in this section may have been completed for you. If so, review these items carefully to make sure the information is correct. Cross out any information that is incorrect and enter the correct information. Put your initials next to any information that you change.

**Items 20, 21, and 22:** Follow the instructions for Items 15, 16, and 17 in Section 6.

**Item 23:** Enter the current balance for each loan. Use the amount on your last statement or enter an approximate amount.

20. Loan Code	21. Loan Holder/Service Name, Address, and Area Code/Phone Number	22. Loan Account Number	23. Current Balance



Borrower's Name: \_\_\_\_\_ Borrower's SSN: \_\_\_\_\_

---

## Section 8: Notice About Loans To Be Consolidated Or Not Consolidated

We will send you a notice before we consolidate your loans. This notice will:

- Identify all of your loans that will be consolidated and show the payoff amounts for those loans that we have verified with your loan holders or through the ED's National Student Loan Data System (NSLDS); and
- Tell you the deadline by which you must notify us if you want to cancel the Direct Consolidation Loan, or if you do not want to consolidate one or more of the loans listed in the notice that are identified as loans to be consolidated.

If you have any loans that will not be consolidated, the notice will also identify those loans.

**You must inform us by the deadline specified in the notice if you do not want all of the loans listed in the notice to be consolidated.**

---

## Section 9: Repayment Plan Selection

To understand your repayment plan options, carefully read the repayment plan information in Item 10 of Section 11 and in any other materials you receive with this Application/Promissory Note. Then select a repayment plan for your Direct Consolidation Loan:

- To select the Standard Repayment Plan, the Graduated Repayment Plan, or the Extended Repayment Plan, complete the Repayment Plan Selection form that accompanies this Application/Promissory Note.
- To select an income-driven repayment (IDR) plan, visit [StudentAid.gov/idr](https://studentaid.gov/idr) to complete the Income-Driven Repayment Plan Request online, or complete the Income-Driven Repayment Plan Request form that accompanies this Application/Promissory Note. Not all borrowers are eligible for all of the IDR plans.

**NOTE:** You **must** select one of the IDR plans for which you are eligible if:

- You want to consolidate a defaulted loan and you have not made a satisfactory repayment arrangement with the current holder of the defaulted loan;
- You are consolidating a delinquent Federal Consolidation Loan (a consolidation loan made under the Federal Family Education Loan Program) that the lender has submitted to the guaranty agency for default aversion; or
- You are consolidating a defaulted Federal Consolidation Loan, and you are not consolidating any other eligible loans.

## Section 10: Certifications Authorizations, Understandings, Promises, and Signature

Carefully read Items 24 through 30. **This is a legally binding contract.**

Sign your full legal name (in blue or black ink) in Item 31 and enter the date you signed the Application/Promissory Note in Item 32.

**24.** Under penalty of perjury, I certify that:

- A.** The information I provide on this Application/Promissory Note and that I may update in the future is true, complete, and correct to the best of my knowledge and belief.
- B.** All of the loans I have selected for consolidation have been used to finance my education or the education of one or more of my children.
- C.** All of the loans I have selected for consolidation are in a grace period or in repayment ("in repayment" includes loans in deferment or forbearance).
- D.** If I owe an overpayment on a Federal Perkins Loan or on a grant made under the federal student aid programs (as defined in the Terms/BRR), I have made satisfactory arrangements to repay the amount owed.
- E.** If I am in default on any loan I am consolidating, I have either made a satisfactory repayment arrangement with the holder of that defaulted loan, or I will repay my Direct Consolidation Loan under an IDR plan.
- F.** If I have been convicted of a crime involving fraud in obtaining federal student aid funds, or if I have pled *nolo contendere* (no contest) or guilty to such a crime, I have fully repaid the fraudulently obtained funds.

**25.** I authorize:

- A.** ED to contact the holders of the loans selected for consolidation to determine the eligibility for consolidation and the payoff amounts of the loans listed in Section 6 of this Application/Promissory Note, and any of my other federal education loans that are held by a holder of a loan listed in that section.
- B.** The holders of the loans I want to consolidate to release any information required to consolidate my loans, in accordance with the Act ("the Act" is defined under "Laws That Apply to this Application/Promissory Note and Other Legal Information" in the Terms/BRR section of this Application/Promissory Note), to ED or its agents and contractors.

**Borrower's Name:** \_\_\_\_\_ **Borrower's SSN:** \_\_\_\_\_

- C.** ED to pay the full amount I owe to the holders of the loans that I want to consolidate to pay off those loans.
- D.** My schools, ED, and their agents and contractors to release information about my Direct Consolidation Loan to the references I provide and to my immediate family members, unless I submit written directions otherwise or as otherwise permitted by law.
- E.** My schools, ED, and their agents and contractors to contact me regarding my loan request or my loan, including repayment of my loan, at any cellular telephone number I provide now or in the future using automated dialing equipment or artificial or prerecorded voice or text messages.

**26.** I understand the following:

- A.** Applying for a Direct Consolidation Loan does not mean that I must accept the loan. Before my loans are consolidated, ED will send me a notice that:
  - Identifies my loans that will be consolidated and shows the payoff amounts for those loans that have been verified with my loan holders or through the National Student Loan Data System (NSLDS), and
  - Tells me the deadline by which I must notify ED if I want to cancel my application for the Direct Consolidation Loan, or if I do not want to consolidate one or more of the loans identified in the notice as loans that will be consolidated. If I have any loans that will not be consolidated, the notice will also identify those loans.
- B.** If I do not want all the loans listed in the notice described in 26.A. to be consolidated, I must inform ED by the deadline specified in that notice.
- C.** If ED accepts this application, ED will send funds to the holders of the loans that I want to consolidate to pay off those loans. The amount of my Direct Consolidation Loan will be the sum of the balances of my outstanding eligible loans that I have chosen to consolidate. The payoff amount may be greater than or less than the estimated total balance I indicated in Section 6 of this Application/Promissory Note.

The outstanding balance on each loan to be consolidated includes unpaid principal, unpaid accrued interest and late charges as defined by federal regulations and as certified by the loan holder. If you are consolidating a defaulted loan, collection costs may also be included. ED does not charge collection costs on defaulted Direct Loans or Federal Family Education Loan (FFEL) Program loan that are held by ED. For a defaulted FFEL Program loan that is held by a guaranty agency, the amount of any collection costs that may be included in the payoff balances of the loans is limited to a maximum of 18.5% of the outstanding principal and

**Borrower's Name:** \_\_\_\_\_ **Borrower's SSN:** \_\_\_\_\_

interest. For any other defaulted federal education loans, all collection costs that are owed may be included in the payoff balances of the loans.

- D.** If the amount ED sends to my loan holders is more than the amount needed to pay off the balances of the selected loans, the holders will refund the excess amount to ED and this amount will be applied against the outstanding balance of my Direct Consolidation Loan. If the amount that ED sends to my holders is less than the amount needed to pay off the balances of the loans selected for consolidation, ED will include the remaining amount in my Direct Consolidation Loan.
- E.** If I am consolidating loans made under the FFEL, Direct Loan, or Federal Perkins Loan (Perkins Loan) programs, the outstanding balance of my Direct Consolidation Loan counts against the applicable aggregate loan limits for each type of loan. Under the Act, the percentage of the original amount of my Direct Consolidation Loan that is attributable to each loan type is counted against the loan limit for that type of loan.
- F.** I may not consolidate an existing Direct Consolidation Loan unless I include at least one additional eligible loan in the consolidation.
- G.** I may consolidate an existing Federal Consolidation Loan without including an additional eligible loan in the consolidation if I am:
- Consolidating a delinquent Federal Consolidation Loan that the lender has submitted to the guaranty agency for default aversion;
  - Consolidating a defaulted Federal Consolidation Loan, and I agree to repay my new Direct Consolidation Loan under an IDR plan;
  - Consolidating a Federal Consolidation Loan to use the Public Service Loan Forgiveness (PSLF) Program (see Item 15 in the Section 11 of this Application/Promissory Note); or
  - Consolidating a Federal Consolidation Loan to use the no accrual of interest benefit for active duty service members (see Item 7 in Section 11 of this Application/Promissory Note).
- H.** If I consolidate my loans, I may no longer be eligible for certain deferments, subsidized deferment periods, certain types of loan discharges or loan forgiveness, borrower defenses to repayment based on acts or omissions of the school I attended, reduced interest rates, or repayment incentive programs that were available on the loans I am consolidating.
- I.** If I am consolidating a Perkins Loan:
- I will no longer be eligible for interest-free periods while I am enrolled in school at least half time, in the grace period on my loan, and during deferment periods; and

Borrower's Name: \_\_\_\_\_ Borrower's SSN: \_\_\_\_\_

- I will no longer be eligible for full or partial loan cancellation under the Perkins Loan Program based on years of service in one of the following occupations: teacher in a low-income elementary or secondary school; staff member in an eligible preschool program; special education teacher; member of the Armed Forces who qualifies for special pay; Peace Corps volunteer or volunteer under the Domestic Volunteer Service Act of 1973; law enforcement or corrections officer; attorney in an eligible defender organization; teacher of mathematics, science, foreign languages, bilingual education or any other high-need field; nurse or medical technician providing health care services; employee of a public or private nonprofit child or family service agency that services high-risk children from low-income families and their families; fire fighter; faculty member at a Tribal College or University; librarian; or speech language pathologist.
- J.** If I am consolidating Direct Loans and/or FFEL Program loans and I repay my Direct Consolidation Loan under an IDR plan, payments that I made on those loans before the date of consolidation will count toward IDR plan loan forgiveness in accordance with the terms specified in the Act.
- K.** If I am consolidating one or more Direct Loans, I may receive credit toward the 120 qualifying payments required to receive forgiveness under the PSLF Program (see Item 15 in Section 11 of this Application/Promissory Note) for payments I made on those loans before the date of consolidation. The number of payments for which I may receive credit is the weighted average of the payments I made on the Direct Loans I am consolidating that met the definition of qualifying payments for purposes of PSLF.
- L.** I am not eligible to repay my Direct Consolidation Loan under any IDR Plan except for the Income-Contingent Repayment Plan if:
- I am consolidating a Direct PLUS Loan or a Federal PLUS Loan (a Federal PLUS Loan is a PLUS loan made under the FFEL Program) that I obtained to help pay for my child's undergraduate education; or
  - On or after July 1, 2025, I am consolidating a Direct PLUS Loan or a Federal PLUS Loan that I obtained to help pay for my child's undergraduate education, or I am consolidating a Direct Consolidation Loan or a Federal Consolidation Loan, and that consolidation loan repaid a Direct PLUS Loan or Federal PLUS Loan that I obtained to help pay for my child's undergraduate education.
- M.** If I consolidate my loans **after** I have begun active duty military service, my new Direct Consolidation Loan will **not** qualify for the 6% interest rate limit under the Servicemembers Civil Relief Act as described in Item 6 of Section 11 during that period of military service.

**Borrower's Name:** \_\_\_\_\_ **Borrower's SSN:** \_\_\_\_\_

- N.** I have the option of paying the interest that accrues on my Direct Consolidation Loan during deferment (including in-school deferment), forbearance, and certain other periods, but if I do not do so, ED may add unpaid interest that accrues on my loan to the principal balance of my loan as explained in Item 7 of Section 11. This is called "capitalization." Capitalization will increase the principal amount owed on the loan and the total amount of interest I must pay.
  - O.** ED has the authority to verify information reported on this Application/Promissory Note with other federal agencies and to report information about my loan status to persons and organizations permitted by law to receive that information.
  - P.** I have a right to receive an exact copy of this Application/Promissory Note.
- 27.** I promise to pay ED the full amount disbursed under the terms of this Application/Promissory Note to pay off the loans that I have chosen to consolidate, plus interest and other charges and fees that I may be required to pay under the terms of the Application/Promissory Note.
- 28.** If I do not make a payment on my Direct Consolidation Loan when it is due, I promise to pay reasonable costs, including but not limited to attorney fees, court costs, and other fees.
- 29.** I promise that I will not sign this Application/Promissory Note before reading the entire Application/Promissory Note, even if I am told not to read it, or told that I am not required to read it.
- 30.** By signing this Application/Promissory Note, whether electronically or on a paper copy, I certify that I have read, understand, and agree to the terms and conditions of this Application/Promissory Note, including Section 10 and Section 11.

**I UNDERSTAND THAT THIS IS A LOAN I MUST REPAY.**

**31. Borrower's Signature:** \_\_\_\_\_

**32. Today's Date (mm/dd/yyyy):** \_\_\_\_\_

## **Section 11: Note Terms and Conditions/Borrower's Rights and Responsibilities (Terms/BRR)**

This section describes the terms and conditions of your Direct Consolidation Loan and explains your rights and responsibilities with respect to the loan. You may request a copy of the Terms/BRR at any time by contacting your servicer. You may also obtain a complete copy of the Application/Promissory Note that you signed on [StudentAid.gov](https://studentaid.gov).

The words "we," "us," "our," and "ED" refer to the U.S. Department of Education or our servicers (see Item 2 in this section for information on servicers). The word "loan" refers to the Direct Consolidation Loan you receive under this Application/Promissory Note.

The term "federal student aid" refers to aid awarded under the following programs:

- the Federal Pell Grant Program;
- the Federal Supplemental Educational Opportunity Grant (FSEOG) Program;
- the Federal Work-Study (FWS) Program;
- the Leveraging Educational Assistance Partnership Grant Program;
- the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program;
- the William D. Ford Federal Direct Loan (Direct Loan) Program;
- the Federal Family Education Loan (FFEL) Program (loans are no longer made under this program); and
- the Federal Perkins Loan Program (loans are no longer made under this program).

### **1. Laws That Apply To This Application/Promissory Note And Other Legal Information**

The terms and conditions of loans made under this Application/Promissory Note are determined by the Higher Education Act of 1965, as amended (the HEA), and other federal laws and regulations. We refer to these laws and regulations as "the Act" throughout this section of the Application/Promissory Note. Under applicable state law, you may have certain borrower rights, remedies, and defenses in addition to those stated in this Application/Promissory Note, unless federal law takes precedence over a state law.

Any notice we are required to send you related to a loan made under this Application/Promissory Note (even if you do not receive the notice) will be effective if it is sent by first-class mail to the most recent address that we have for you, sent by electronic means to an email address you have provided, or sent by any other method of notification that is permitted or required by the Act. You must immediately notify your servicer of a change in your contact information or status (see Item 9 in this section).

If we do not enforce a term of this Application/Promissory Note, we continue to have the right to enforce that term or any other term in the future. No term of this Application/Promissory Note may be modified or waived, unless we do so in writing. If any term of this Application/Promissory Note is determined to be unenforceable, the remaining terms remain in effect.

**NOTE: Amendments to the Act may change the terms of this Application/Promissory Note. Any amendment to the Act that changes the terms of this Application/Promissory Note will be applied to your loan in accordance with the effective date of the amendment. Depending on the effective date of the amendment, amendments to the Act may modify or remove a benefit that existed at the time that you signed this Application/Promissory Note.**

## **2. The William D. Ford Federal Direct Loan Program**

The Direct Loan Program (formally known as the William D. Ford Federal Direct Loan Program) includes the following types of loans (known collectively as "Direct Loans"):

- Direct Subsidized Loans (formally known as Federal Direct Stafford/Ford Loans)
- Direct Unsubsidized Loans (formally known as Federal Direct Unsubsidized Stafford/Ford Loans)
- Direct PLUS Loans (formally known as Federal Direct PLUS Loans)
- Direct Consolidation Loans (formally known as Federal Direct Consolidation Loans)

Direct Loans are made by ED. We contract with servicers to process Direct Loan payments, deferment and forbearance requests, and other transactions, and to answer questions about Direct Loans. We will provide you with information about how to contact us or our servicers after your loan is made. It is important to keep in contact with your servicer.

If we transfer your loan to another servicer, we will notify you of who your new servicer is, how to contact your new servicer, and when your loan will be transferred. A transfer of the servicing of your loan to a different servicer does not affect any of your rights and responsibilities under that loan. You can find the name of your servicer by visiting [StudentAid.gov/manage-loans/repayment/servicers#your-servicer](https://studentaid.gov/manage-loans/repayment/servicers#your-servicer).

## **3. Direct Consolidation Loan Components**

This Application/Promissory Note is used to make a Direct Consolidation Loan. Depending on the types of federal education loans you consolidate, your Direct Consolidation Loan may have two components (see below), with each component having a separate loan identification number. However, you will have only one Direct Consolidation Loan and will receive only one bill.

When the loans you are consolidating are paid off, we will send you a disclosure statement. The disclosure statement will identify the amount of your Direct Consolidation Loan, the loan identification number(s), and additional terms of the loan, such as the interest rate and repayment schedule. Any disclosure statement we send to you in connection with the loan made under this



Application/Promissory Note is considered to be part of the Application/Promissory Note. If you have questions about a disclosure statement that you receive, contact your servicer.

### **Subsidized component**

The subsidized component of your Direct Consolidation Loan (identified as a "Direct Subsidized Consolidation Loan") will have one loan identification number representing the amount of the following types of loans that you consolidate:

- Subsidized Federal Stafford Loans
- Direct Subsidized Loans
- Subsidized Federal Consolidation Loans
- Direct Subsidized Consolidation Loans
- Federal Insured Student Loans (FISL)
- Guaranteed Student Loans (GSL)

### **Unsubsidized component**

The unsubsidized component of your Direct Consolidation Loan (identified as a "Direct Unsubsidized Consolidation Loan") will have one identification number representing the amount of the following types of loans that you consolidate:

- Unsubsidized and Nonsubsidized Federal Stafford Loans
- Direct Unsubsidized Loans
- Unsubsidized Federal Consolidation Loans
- Direct Unsubsidized Consolidation Loans
- Federal PLUS Loans (for parents or for graduate and professional students)
- Direct PLUS Loans (for parents or for graduate and professional students)
- Direct PLUS Consolidation Loans
- Federal Perkins Loans
- National Direct Student Loans (NDSL)
- National Defense Student Loans (NDSL)
- Federal Supplemental Loans for Students (SLS)
- Auxiliary Loans to Assist Students (ALAS)
- Health Professions Student Loans (HPSL)
- Health Education Assistance Loans (HEAL)

- Nursing Student Loans (NSL) and Nurse Faculty Loans
- Loans for Disadvantaged Students (LDS)

## **1. Adding eligible loans to your Direct Consolidation Loan**

You may add eligible loans to your Direct Consolidation Loan by submitting a request to us within 180 days of the date your Direct Consolidation Loan is made. (Your Direct Consolidation Loan is "made" on the date we pay off the first loan that you are consolidating.) After we pay off any loans that you add during the 180-day period, we will notify you of the new total amount of your Direct Consolidation Loan and of any adjustments that must be made to your monthly payment amount and/or interest rate. If you want to consolidate any additional eligible loans after the 180-day period, you must apply for a new Direct Consolidation Loan.

## **2. Types Of Loans You Can Consolidate Into a Direct Consolidation Loan**

### **General**

Only the federal education loans listed under "Subsidized component" and "Unsubsidized component" in Item 3 of this section may be consolidated into a Direct Consolidation Loan. You may only consolidate loans that are in a grace period or in the repayment period (including loans in deferment or forbearance).

### **Defaulted loans**

You may consolidate a loan that is in default if:

- You first make satisfactory repayment arrangements with the holder of the defaulted loan, or
- You agree to repay your Direct Consolidation Loan under an income-driven repayment (IDR) plan (see Item 10 in this section).

### **Consolidation of existing consolidation loans**

If you already have a Direct Consolidation Loan, you may not consolidate that loan into a new Direct Consolidation Loan unless you include at least one additional eligible loan in the consolidation.

If you currently have a Federal Consolidation Loan (a consolidation loan that was made under the FFEL Program), you may consolidate that loan into a new Direct Consolidation Loan without including an additional loan if you are:

- Consolidating a delinquent Federal Consolidation Loan that the lender has submitted to the guaranty agency for default aversion;
- Consolidating a defaulted Federal Consolidation Loan, and you agree to repay your new Direct Consolidation Loan under an IDR plan;
- Consolidating a Federal Consolidation Loan to use the Public Service Loan Forgiveness program described in Item 15 of this section; or

- Consolidating a Federal Consolidation Loan to use the no accrual of interest benefit for active duty service members described in Item 7 of this section.

### **Consolidation of existing joint consolidation loans**

Before July 1, 2006, married borrowers could combine their individual federal education loans into a single joint Direct Consolidation Loan or joint Federal Consolidation Loan. Under the terms and conditions of the Act that were in effect when joint consolidation loans were made, both borrowers of a joint consolidation loan were equally responsible for repayment of the full amount of the joint consolidation loan, regardless of the amount of each individual borrower's original loans that were repaid by the joint consolidation loan, and regardless of any change in marital status.

The Act now allows joint consolidation loan borrowers to separate an existing joint Direct Consolidation Loan or joint Federal Consolidation loan into new individual Direct Consolidation Loans. If you have a joint consolidation loan that you want to separate into an individual Direct Consolidation Loan in your name only, you must complete the "Combined Application to Separate a Joint Consolidation Loan and Direct Consolidation Loan Promissory Note." You can obtain this application and learn more about separating a joint consolidation loan by contacting the servicer of your joint consolidation loan.

**Important:** You cannot use this Direct Consolidation Loan Application and Promissory Note to separate a joint consolidation loan into an individual Direct Consolidation Loan. You must use the Combined Application to Separate a Joint Consolidation Loan and Direct Consolidation Loan Promissory Note as explained above.

### **3. Interest rate**

Unless we notify you in writing that a different rate will apply, the interest rate on your Direct Consolidation Loan will be the weighted average of the interest rates on the loans you are consolidating, rounded to the nearest higher one-eighth of one percent. We will send you a notice that tells you the interest rate on your loan.

The interest rate on a Direct Consolidation Loan is a fixed rate. This means that the interest rate will never change.

### **Servicemembers Civil Relief Act**

**If you are in military service, you may qualify for a lower interest rate on your loans.**

Under the Servicemembers Civil Relief Act (SCRA), the interest rate on loans you received before you began your military service may be limited to 6% during your military service. We will determine if you are eligible for this benefit based on information from the U.S. Department of Defense. If you are eligible and have qualifying loans with an interest rate greater than 6%, we will automatically reduce the interest rate on those loans to 6% during your military service. If you think you qualify for the 6% interest rate but have not received it, contact your servicer.

Because the SCRA interest rate limit applies only to loans you obtained before entering military service, if you consolidate your loans after you have begun a period of active duty military service, your new Direct Consolidation Loan will not be eligible for the 6% interest rate limit under the SCRA for that period of active duty.

If you consolidate loans you obtained before you began a period of active duty military service and the interest rate on those loans is reduced to 6% under the SCRA, the 6% interest rate will be used to determine the fixed weighted average interest rate on your Direct Consolidation Loan.

### **Interest rate reduction for automatic withdrawal of payments**

You will receive a 0.25% reduction in the interest rate on your loan if you choose to repay the loan under the automatic withdrawal option. Under the automatic withdrawal option, we automatically deduct your monthly loan payment from your checking or savings account. In addition to lowering your interest rate, automatic withdrawal ensures that your payments are made on time. We will provide you with information about the automatic withdrawal option.

## **4. Periods When We Charge Interest**

### **General**

In general, we charge interest on a Direct Consolidation Loan during all periods, from the date the loan is made until it is paid in full or discharged. You are responsible for paying the interest that accrues as explained below.

### **Direct Subsidized Consolidation Loans**

We **charge interest** on a Direct Subsidized Consolidation Loan:

- During most periods when you are repaying your loans; and
- During forbearance periods.

We **do not charge interest** on a Direct Subsidized Consolidation Loan:

- While you are enrolled in school at least half-time;
- During deferment periods;
- During some periods of repayment under certain IDR plans; and
- During periods of active duty military service that qualify you for the no accrual of interest benefit for active duty service members (see below).

### **Direct Unsubsidized Consolidation Loans**

We **charge interest** on a Direct Unsubsidized Consolidation Loan:

- While you are enrolled in school at least half-time;

- During most periods when you are repaying your loans;
- During most deferment periods; and
- During forbearance periods.

We **do not charge** interest on a Direct Unsubsidized Consolidation Loan:

- During periods of active duty military service that qualify you for the no accrual of interest benefit for active duty service members (see below); and
- During periods of deferment for cancer treatment (see Item 14 in this section).

### **No accrual of interest benefit for active duty service members**

We do not charge interest during periods while you are on qualifying active military duty in an area of hostilities where your service qualifies you for special pay (for up to 60 months) on the portion of a Direct Consolidation Loan that repaid a Direct Loan or a FFEL Program loan first disbursed on or after October 1, 2008.

### **Interest capitalization**

The term “interest capitalization” refers to the addition of unpaid interest that has accrued on a loan to the loan’s principal balance. Capitalization increases the principal amount of the loan and interest is then charged on the higher principal balance. This increases the total amount of interest that you will pay. We capitalize unpaid interest on Direct Consolidation Loans **only** under the following conditions:

- If you do not pay the interest as it accrues on a Direct Unsubsidized Consolidation Loan during a period of deferment, we will capitalize the accrued interest at the end of the deferment period.
- If you are repaying your loan under the IBR Plan, we will capitalize any unpaid interest that has accrued if we determine that you no longer qualify to make payments that are based on your income, or if you leave the IBR Plan.

In all other cases, if you do not pay the interest that accrues during periods when we charge interest on a Direct Consolidation Loan (as described above), the interest will continue to accrue, but it will not be capitalized.

The chart below shows how interest capitalization would increase your loan principal balance if you don’t pay the interest that accrues on a Direct Unsubsidized Consolidation Loan during a 12-month deferment period. The example illustrated in the chart assumes that the principal balance of your Direct Unsubsidized Consolidation Loan was \$40,000 at the start of the deferment period, and that the interest rate on your loan is 6%.

<b>If you pay the interest as it accrues...</b>	<b>If you do not pay the interest and it is capitalized...</b>
\$40,000 (loan principal amount owed at beginning of deferment)	\$40,000 (loan principal amount owed at beginning of deferment)
\$2,400 (interest for 12 months at an annual interest rate of 6%; paid as accrued)	\$2,400 (interest for 12 months at an annual interest rate of 6%; unpaid and capitalized)
\$40,000 (loan principal amount to be repaid at end of deferment)	\$42,400 (loan principal amount to be repaid at end of deferment)

### **Federal income tax deduction for student loan interest payments**

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, available at [irs.gov/publications/p970](https://irs.gov/publications/p970).

### **5. Late charges and other costs**

If you do not make your full monthly loan payment within 30 days after it is due, we may require you to pay a late charge. This charge will not be more than 6% of each late payment. If you default on your loan, we may also require you to pay other charges and fees involved in collecting your loan, as permitted by the Act.

### **6. Information you must report to us after you receive your loan**

Until your loan is repaid, you must notify your servicer if you:

- Change your address or phone number;
- Change your name (for example, maiden name to married name);
- Change your employer or your employer's address or phone number changes; or
- Have any other change in status that would affect your loan (for example, if you receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment).

### **7. Repaying your loan**

You must repay your loan in monthly installments during a repayment period that begins on the date of the first payoff of the loans that you have chosen to consolidate. Unless you receive a deferment or forbearance on your loan (see Item 14 in this section), your first payment will be due within 60 days after the first payoff amount for your Direct Consolidation Loan is issued. We will notify you of the date your first payment is due.

You must make payments on your loan even if you do not receive a bill or repayment notice. If you are temporarily unable to make your monthly loan payments, you can request a deferment or forbearance that allows you to temporarily stop making payments or to temporarily make a smaller payment amount (see Item 14 in this section). In some cases, we may grant you a forbearance without a request.

You must repay the full amount disbursed under the terms of this Application/Promissory Note to pay off the loans that you consolidated, plus interest and other charges and fees that you may be required to pay under the terms of this Application/Promissory Note.

You have a choice of several repayment plans, including income-driven repayment plans that determine your required monthly payment amount based on your income and family size. You must generally repay all of your Direct Loans under the same repayment plan.

There are two types of repayment plans: **fixed payment repayment plans** and **income-driven repayment plans**. We will ask you to choose a repayment plan before your loan enters repayment. If you do not choose a repayment plan, we will place you on the Standard Repayment Plan, which may require you to make a higher monthly payment than other repayment plans.

If you choose a repayment plan that reduces your monthly payment amount by extending the period of time you have to repay your loan or by basing your payment on your income, you will likely pay more in interest over time than you would pay on another repayment plan.

For more information about all of the Direct Loan repayment plans, contact your loan servicer or visit [StudentAid.gov/manage-loans/repayment/plans](https://StudentAid.gov/manage-loans/repayment/plans).

## **FIXED PAYMENT REPAYMENT PLANS**

Under a fixed payment repayment plan, your required monthly payment amount is based on the loan amount that you owe, the interest rate on your loans, and the length of the repayment period. The three fixed payment repayment plans described below are available for all Direct Consolidation Loans.

### **Standard Repayment Plan**

Under the Standard Repayment Plan, you will make fixed monthly payments and repay your loan in full within 10 to 30 years (not including periods of deferment or forbearance) from the date the loan entered repayment, depending on the amount of your Direct Consolidation Loan and the amount of your other student loan debt (which may not exceed the amount you are consolidating) listed in Section 7 of your Application/Promissory Note. These maximum repayment periods are shown in the chart below. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period.

## Graduated Repayment Plan

Under the Graduated Repayment Plan, you will make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 to 30 years (not including periods of deferment or forbearance) from the date the loan entered repayment, depending on the total amount of your Direct Consolidation Loan and the amount of your other student loan debt (which may not exceed the amount you are consolidating) listed in Section 7 of your Application/Promissory Note. These maximum repayment periods are shown in the chart below. Your scheduled monthly payment must at least be equal to the amount of interest that accrues each month. No single scheduled payment will be more than three times greater than any other payment.

### Standard and Graduated Plans: Maximum Repayment Periods

Total Education Loan Indebtedness	Maximum Repayment Period
Less than \$7,500	10 years
\$7,500 to \$9,999	12 years
\$10,000 to \$19,999	15 years
\$20,000 to \$39,999	20 years
\$40,000 to \$59,999	25 years
\$60,000 or more	30 years

## Extended Repayment Plan

You are eligible for the Extended Repayment Plan only if:

- You have an outstanding balance on Direct Loans that exceeds \$30,000, and
- You did not have an outstanding balance on a Direct Loan as of October 7, 1998, or on the date you obtained a Direct Loan on or after October 7, 1998.

Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. If you make fixed monthly payments, your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your scheduled monthly payment must at least be equal to the amount of interest that accrues each month. No single scheduled payment under the graduated option will be more than three times greater than any other payment.



## INCOME DRIVEN REPAYMENT (IDR) PLANS

Under an IDR plan, your required monthly payment amount is based on your income and family size, instead of being based on your loan debt, interest rate, and repayment period, as under a fixed payment repayment plan. Changes in your income or family size will result in changes to your monthly payment amount. If you choose an IDR plan, you must:

- Authorize us to obtain tax information from the Internal Revenue Service showing your income and family size; or
- Provide other documentation of your income and family size.

We use this information to calculate your initial IDR plan monthly payment amount, and to recalculate your payment each year based on your income and family size at the time.

Your required monthly payment amount under an IDR plan is generally a percentage of your annual discretionary income, divided by 12. The percentage varies depending on the plan, but it will not be more than 20%.

Your annual discretionary income is the amount of your adjusted gross income that exceeds a specified percentage of the federal poverty guideline amount for your family size and state of residence. This percentage varies depending on the IDR plan you choose.

If you are married and file a joint federal income tax return with your spouse, your monthly payment is generally based on the combined income of you and your spouse. However, under some IDR plans your monthly payment will be reduced if your spouse also has federal student loans.

If you are married and file a separate tax return from your spouse, only your income will be used to determine your monthly payment amount.

Under an IDR plan, any remaining loan balance may be forgiven after you have satisfied a certain number of qualifying monthly payments or the equivalent over a specified number of years. Depending on the plan and other factors, you generally qualify for forgiveness of any remaining loan balance after you have satisfied either 240 qualifying monthly payments or the equivalent over a period of at least 20 years, or 300 qualifying monthly payments or the equivalent over a period of at least 25 years. You may have to pay federal and/or state income taxes on the loan amount that is forgiven.

Not all of the IDR plans are available for all Direct Consolidation Loans. If you are consolidating a parent PLUS loan (a Direct PLUS Loan or Federal PLUS Loan that you obtained to help pay for your child's undergraduate education) or, on or after July 1, 2025, you are consolidating one or more parent PLUS loans, or one or more Direct Consolidation Loans or Federal Consolidation Loans that repaid any parent PLUS loans, the only available IDR plan is the Income-Contingent Repayment Plan.

The following IDR plans may be available for Direct Consolidation Loans, but not all borrowers are eligible for each of these plans:

- **Revised Pay As You Earn Plan (REPAYE Plan)**
- **Income-Based Repayment Plan (IBR Plan)**
- **Pay As You Earn Repayment Plan (PAYE Plan)**
- **Income-Contingent Repayment Plan (ICR Plan)**

The specific plans that are available will depend on when you received your loans and other factors. For information on which IDR plans are available to you and the terms and conditions of each plan, contact your loan servicer or visit [StudentAid.gov/idrplans](https://studentaid.gov/idrplans).

## **ADDITIONAL REPAYMENT INFORMATION**

### **Alternative repayment plan option**

If you can show to our satisfaction that the terms and conditions of the repayment plans described above are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

### **Payment adjustments**

Under each plan, the number of payments or your payment amount may need to be adjusted to reflect capitalized interest and/or new loans made to you. We may also adjust payment dates on your loans or may grant you a forbearance (see Item 14 in this section) to eliminate a past delinquency that remains even though you are making your scheduled monthly payments.

### **Loan Simulator**

You can use the Loan Simulator at [StudentAid.gov/loan-simulator](https://studentaid.gov/loan-simulator) to estimate your monthly and total payment amounts under all of the repayment plans. The Loan Simulator is for informational purposes only. We will make the official determination of your eligibility and payment amount.

### **Changing repayment plans**

Generally, you may change from your current repayment plan to any other repayment plan you qualify for at any time after you have begun repaying your loan.

### **How payments are applied**

Unless you are required to pay late charges or other costs, when you make a payment on your loan, we apply the payment first to outstanding interest. If the payment amount is more than the amount of outstanding interest, we apply the remainder of your payment to your loan principal.

If you are required to pay late charges or other costs, we apply your payment differently depending on your repayment plan. If you are repaying under any repayment plan other than the IBR Plan, we apply your payment first to late charges and other costs, then to outstanding interest, and then to loan principal. If you are repaying under the IBR Plan, we apply your payment first to outstanding interest, then to late charges and other costs, and then to loan principal.

### **Prepaying your loan**

You can prepay your loan (that is, make loan payments before they are due, or pay more than the amount due in a month) at any time without penalty. We apply any prepayments in accordance with the Act. Your servicer can provide more information about how prepayments are applied.

### **Notification of repayment in full or loan forgiveness**

Depending on the repayment plan you choose, you may be required to repay your loan in full within a specified repayment period, or any remaining balance of your loan may be forgiven after you have satisfied a certain number of qualifying monthly payments or the equivalent over a certain number of years.

When you have repaid a loan in full or qualify for forgiveness of your remaining loan balance, your servicer will send you a notice telling you that you have paid off your loan or that the remaining balance will be forgiven. You should keep this notice in a safe place.

## **8. Defaulting on your loan**

You will be considered in default on your loan if:

- You do not make your monthly loan payments for a total of at least 270 days;
- You do not comply with other terms of the loan, and we determine that you do not intend to repay your loan; or
- We accelerate your loan (see Item 12 in this section) and you do not pay the amount due.

If you default:

- We will require you to immediately repay the entire unpaid amount of your loan (this is called "acceleration").
- We may sue you, take all or part of your federal and state tax refunds and other federal or state payments as authorized by law, and/or administratively garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- You may have to pay court costs, attorney fees, and other costs in addition to the amount of your loan.
- You will lose eligibility for other federal student financial aid and for assistance under most federal benefit programs.

- You will lose eligibility for loan deferments, forbearances, and all repayment plans except for the IBR Plan.
- We will report your default to nationwide consumer reporting agencies (see Item 13 in this section). This will harm your credit history and may make it difficult for you to obtain credit cards, home or car loans, or other forms of consumer credit.

## 9. Conditions When We May Require You To Immediately Repay The Full Amount Of Your Loan

We may require you to immediately repay the entire unpaid amount of your loan (this is called "acceleration") if you:

- Make a false statement that causes you to receive a loan that you are not eligible to receive; or
- Default on your loan (see Item 11).

## 10. Information We Report About Your Loan

We will report information about your loan to nationwide consumer reporting agencies (commonly known as "credit bureaus") and to the National Student Loan Data System (NSLDS) on a regular basis. This information will include the amount and repayment status of your loan (for example, whether you are current or delinquent in making payments). The information in NSLDS will also identify the servicer of your loan. Schools may access information in NSLDS for specific purposes that we authorize.

If you default on a loan, we will report this to nationwide consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agency unless you resume making payments on the loan within 30 days of the date of the notice. You will be given a chance to ask for a review of the debt before we report a default.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response. We respond to objections submitted to consumer reporting agencies using the methods established by those agencies.

## 11. Deferment And Forbearance (Postponing Payments)

### General

If you meet certain requirements, you may receive a **deferment** that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a **forbearance**. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

## Deferment

You may receive a deferment:

- While you are enrolled at least half-time at an eligible school;
- While you are in a full-time course of study in a graduate fellowship program;
- While you are in an approved full-time rehabilitation program for individuals with disabilities;
- While you are unemployed and seeking work (for a maximum of three years);
- While you are experiencing an economic hardship, including serving in the Peace Corps (for a maximum of three years);
- While you are serving on active duty or performing qualifying National Guard duty during a war or other military operation or national emergency and for an additional 180-day period following the demobilization date for your qualifying service;
- For a maximum of 13 months following your active duty service, if you are a current or retired member of the National Guard or reserve component of the U.S. Armed Forces and you are called or ordered to active duty while you are enrolled at least half-time at an eligible school or during your grace period; or
- For Direct Loans that were first disbursed on or after September 28, 2018, or for Direct Loans first disbursed before that date that entered repayment on or before September 28, 2018, while you are receiving treatment for cancer and for an additional 6 months after your treatment has ended.

In most cases, you will automatically receive a deferment based on your enrollment in school on at least a half-time basis based on information that we receive from the school you are attending.

If we process a deferment based on information received from your school, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you must submit a deferment request to your servicer, along with documentation of your eligibility for the deferment. For a deferment based on active duty military service or National Guard duty, a representative acting on your behalf may submit the deferment request.

## Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

You may also receive a forbearance if:

- You are serving in a qualifying medical or dental internship or residency program;

- The total amount you owe each month for all of your federal student loans is 20% or more of your total monthly gross income (for a maximum of three years);
- You are serving in an AmeriCorps position;
- You are performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program (see Item 15 in this section);
- You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your servicer.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation (for example, while we are determining your eligibility for a loan discharge, or during periods when you are affected by a local or national emergency).

## **12. Loan Forgiveness and Discharge**

### **General**

If you meet certain conditions as described below, you will not be required to repay some or all of your loan. This is called “loan forgiveness” if you qualify based on your employment, and “loan discharge” if you qualify under other conditions.

To request loan forgiveness based on one of the conditions described below (except for discharge due to death or bankruptcy), you must generally complete a loan forgiveness or discharge application and send it to your servicer. Your servicer can tell you how to apply.

We do not guarantee the quality of the academic programs provided by schools that participate in federal student financial aid programs. You cannot have your loan discharged solely because you do not complete the education paid for with your loan, are unable to obtain employment in the field of study for which your school provided training, or are dissatisfied with, or do not receive, the education you paid for with your loan.

### **Public Service Loan Forgiveness**

Under the Public Service Loan Forgiveness (PSLF) Program, we will forgive the remaining balance due on your Direct Loans after you have satisfied the equivalent of 120 qualifying monthly payments (after October 1, 2007) on those loans while you are employed full-time by a qualifying public service employer or serving in a full-time Peace Corps or AmeriCorps position. The required 120 payments do not have to be consecutive.

If you are consolidating one or more Direct Loans, you may receive credit toward the 120 qualifying payments required to receive forgiveness under the PSLF Program for payments you made on those Direct Loans before the date of consolidation. The number of payments for which you may receive

credit is the weighted average of the payments you made on the Direct Loans before consolidation that met the requirements of the PSLF Program to be counted as qualifying payments toward forgiveness.

You can learn more about the eligibility requirements for the PSLF Program at [StudentAid.gov/publicservice](https://studentaid.gov/publicservice) or by contacting your servicer.

### **Teacher Loan Forgiveness**

We may forgive a portion of your Direct Consolidation Loan that repaid eligible student loans you received under the Direct Loan Program or the FFEL Program if you teach full time for five consecutive years in certain low-income elementary or secondary schools, or for low-income educational service agencies, and meet certain other requirements.

Eligible teachers of math, science, or special education may receive up to \$17,500 in loan forgiveness. Other teachers may receive up to \$5,000 in loan forgiveness.

### **Death discharge**

We will discharge your loan if you die. A family member must contact your servicer, and we must receive acceptable documentation (as defined in the Act) of your death. We will also discharge the portion of a Direct Consolidation Loan that repaid one or more Direct PLUS Loans or Federal PLUS Loans obtained on behalf of a child who dies.

### **Total and permanent disability discharge**

To receive a discharge based on total and permanent disability, you must be considered totally and permanently disabled (as defined in the Act) based on a qualifying disability determination by the U.S. Department of Veterans Affairs (VA) or the Social Security Administration (SSA), or a certification from an authorized medical professional.

We work with the VA and the SSA to identify Direct Loan borrowers who qualify for total and permanent disability discharge and may notify you that you qualify for discharge without an application based on information we receive from one of those agencies.

### **Bankruptcy discharge**

You will not be required to repay your loan if your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship.

## **School closure, false certification, identity theft, and unpaid refund discharge**

We may also discharge all or a portion of your loan if:

- One or more Direct Loan Program, FFEL Program, or Federal Perkins Loan Program loans that you consolidated was used to pay for a program of study that you (or the child for whom you borrowed a Direct PLUS Loan or Federal PLUS Loan) were unable to complete because the school closed while you were enrolled, or you withdrew from the school not more than 180 days before it closed;
- Your eligibility (or the eligibility of the child for whom you borrowed a Direct PLUS Loan or Federal PLUS Loan) for one or more of the Direct Loan Program or FFEL Program loans that you consolidated was falsely certified by the school;
- Your eligibility for one or more of the Direct Loan Program or FFEL Program loans that you consolidated was falsely certified as a result of a crime of identity theft; or
- The school did not pay a required refund of one or more Direct Loan Program or FFEL Program loans that you consolidated.

## **Borrower defense to repayment discharge**

We may discharge some or all of the portion of your Direct Consolidation Loan based on certain conduct committed by the school where you received one or more of the loans that you consolidated. Conduct by the school that may qualify you for a borrower defense to repayment discharge includes, but is not limited to, making untruthful or misleading statements concerning the school's educational programs or financial charges, or the employment outcomes of the school's graduates, or engaging in aggressive or deceptive recruitment tactics. For more information about borrower defense to repayment discharge, visit [StudentAid.gov/manage-loans/forgiveness-cancellation/borrower-defense](https://studentaid.gov/manage-loans/forgiveness-cancellation/borrower-defense) or contact your servicer.

## **END OF TERMS/BRR**

---

## **Section 12: Important Notices**

### **Gramm-Leach-Bliley Act Notice**

The Gramm-Leach-Bliley Act (Public Law 106-102) requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

We disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information



is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

## Privacy Act Statement

**Authority:** Title IV of the Higher Education Act of 1965, as amended (HEA) (20 U.S.C. 1070 et seq.), authorizes the Department of Education (Department) to ask the questions set forth in this Direct Consolidation Loan Application and Promissory Note, including collecting your Social Security Number (SSN) (20 U.S.C. 1091(a)(4) and 31 U.S.C. 7701(b)). The collection of your SSN is authorized by Executive Order 9397, as amended by Executive Order 13478 (November 18, 2008). Participating in the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

**Purpose:** We use the information provided on this form to process a borrower's Direct Consolidation Loan Application and Promissory Note. The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the Direct Loan Program, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and your spouse and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

**Routine Uses:** The information provided on this form will only be disclosed outside of the Department with prior written consent or as otherwise allowed by the Privacy Act of 1974, as amended (Privacy Act) (5 U.S.C. 552a). The Privacy Act's requirement for prior written consent has an exception for disclosure, without consent, for "routine uses" that the Department publishes in our System of Records Notices (SORNs). The Department may disclose, without consent, the information provided on this form pursuant to the routine uses identified in the ""Common Origination and Disbursement System (COD)" (18-11-02) SORN, which is available on the Department's "Privacy Act System of Record Notice Issuances (SORN)" webpage located at <https://www2.ed.gov/notices/ed-pia.html>.

These routine uses include the following:

- To assist with the determination of program eligibility and benefits, the Department may disclose records to institutions of higher education, financial institutions, third-party servicers, and Federal, State, Tribal, or local agencies;
- To maintain data that supports the existence of a legal obligation to repay funds disbursed under title IV, HEA programs, including documentation such as promissory notes and other

agreements, the Department may disclose records to institutions of higher education, third-party servicers, and Federal agencies;

- To assist individuals, institutions of higher education, third-party servicers, or software vendors with questions about title IV, HEA program funds, disclosures may be made to institutions of higher education, software vendors, third-party servicers, and Federal, State, or local agencies;
- To assist an eligible lender in processing an aid recipient's IDR plan, the Department may disclose records, including, but not limited to, the calculated monthly payment amount based on the IDR plan selected and ADOIs, to eligible lenders.

**Effects of Not Providing Information:** Providing information on this Direct Consolidation Loan Application and Promissory Note form, including an aid recipient's SSN, is voluntary; however, if not enough information is provided on this form to process, the request may be delayed or denied.

### **Financial Privacy Act Notice**

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), ED will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program, and also to the financial records of any account at a financial institution used to disburse Direct Loan Funds to you.

### **Paperwork Reduction Notice**

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless the collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0007. Public reporting burden for this collection of information is estimated to average 30 minutes (0.5 hours) per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain a benefit in accordance with 34 CFR 685.201(c)(1).

**If you have comments or concerns regarding your individual submission of this form, refer to Section 3.**