

NCHelp Program Operations Committee
Proposed Changes and Recommendations: FFEL/Direct Loan/Perkins Military Deferment Form
NPRM Published in the *Federal Register* January 26, 2010 – 60-day comments
U.S Department of Education’s Responses
04-26-2010

Substantive comments are those with bold and highlight in the left column.

Recommendations				
#	Section	Comment	Proposed Language	Rationale
Option 1 – FFELP Community Draft				
1.	General	The attached Option 1 FFELP Community draft form is our first preference. It differs significantly in format from the ED-proposed form and includes all changes recommended in the matrix.	See attached "Option 1 MIL Deferment Form 03-26-10" document.	<p>Option 1 collects eligibility information from the borrower in Section 2 which the borrower then certifies in Section 3, so eligibility is established in large measure through a borrower self-certification process (with the official's certification endorsing the borrower's information). This format is consistent with the current form. ED's-proposed form, which collects the information directly from the authorized official as part of Section 4, is a marked departure from this approach.</p> <p>Option 1 and ED's draft form both allow for the borrower to complete sections 2 and 3 and attach military orders to document eligibility. However, Option 1 provides specific information that the borrower must complete which allows the borrower a clearer, up-front understanding of whether he or she is eligible for the deferment(s).</p> <p>If a borrower chooses to have an authorized official certify section 4 rather than attach military orders, the specific information that the borrower provides in section 2 on the Option 1 form allows the authorized official to more quickly complete section 4 as the authorized official only needs to confirm that the information the borrower provides is true and correct and complete the beginning and ending dates of the borrower's service. ED's draft form requires the authorized official to complete all of the information that the borrower is able to provide, thereby complicating the process for the authorized official and causing possible delays in completing the form.</p> <p>ED's draft relocates content extensively from the current MIL deferment. The font size is too small to easily read and is not borrower friendly. In order to create space for a larger font size, the additional information added in Section 2 should be placed on subsequent pages when possible rather than overwhelming borrowers with the information currently on page 1. Option 1 achieves these results.</p>
ED RESPONSE:		See other responses.		

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Revisions to ED's draft if option 1 is not accepted				
2.	General	Increase font size on form and minimize information on page 1.		The font size is too small to easily read and is not borrower friendly. In order to create space for a larger font size, the additional information added in Section 2 should be placed on subsequent pages when possible rather than overwhelming borrowers with the information currently on page 1.
ED RESPONSE:		We have retained the original font size, but have slightly increased the spacing between paragraphs and have moved some of the information that was in Section 2 to Section 7.		Increasing the font size made it difficult to keep everything currently on page 1 on that page, and required closer spacing of paragraphs. We believe that a smaller font size with somewhat more space between paragraphs is easier to read than a larger font size with paragraphs spaced more closely together.
3.	General	Maintain the minimum standard of at least ½ inch margins (top / bottom / left / right)		Allows sufficient space for labeling / bar coding by servicers / lenders.
ED RESPONSE:		The document settings for the 60-day draft show top/bottom margins of 0.5 inches and left/right margins of 0.7 inches.		
4.	Header	Add spacing before and after the loan program names line.		Consistency with the current FFELP deferment forms.
ED RESPONSE:		We have slightly increased the spacing before and after the loan program names line.		
5.	Header	Insert comma and revise as noted.	WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying documents is will be subject to penalties that which may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.	Consistency with the current FFELP deferment forms.
ED RESPONSE:		Accepted.		
6.	Section 1	Keep the standard format and spacing.		Allows sufficient space for labeling / bar coding by servicers / lenders, proper alignment when mailed using window envelopes, and consistency with the current FFELP deferment forms.
ED RESPONSE:		The format and spacing in this section may be slightly adjusted if necessary to ensure proper alignment when mailing the deferment request in a window envelope.		

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7.	Section 2, First Sentence	Remove italics, use sentence case, and revise as noted.	Before answering any questions Before completing this deferment request, carefully read the entire form, including the instructions and other information on pages 2 and 3. For the Military Service Deferment, a representative may complete and sign this form on your behalf if you are unable to do so. Check the appropriate boxes and enter the information in the space provided.	Consistency with the current FFELP deferment forms, and removes redundant language. Addition of representative information and completion instructions on first page provides easy reference for borrowers.
ED RESPONSE:		Accepted with modifications:	Before answering any questions completing this deferment request, carefully read the entire form. For the Military Service Deferment, a representative may complete and sign this form on your behalf if you are unable to do so. Check the appropriate box(es) for the deferment(s) you are requesting. and For the Post-Active Duty Student Deferment, enter the required information in the space provided.	The form does not require the borrower to answer any questions, so the instructions should begin with "Before completing this deferment request..." The modifications to the proposed language clarify that a borrower may request both deferments and that the requirement to enter additional information applies only to the Post-Active Duty Student Deferment.
8.	Section 2, subheadings for item A and B	Reduce font used for subheadings so no larger than the Section headings.		Subheadings in a section should not be larger than the Section headings.
ED RESPONSE:		Declined.		We believe that using a slightly larger font size for the sub-headings ("Military Service Deferment" and "Post-Active Duty Student Deferment") helps to more clearly distinguish between the two different deferments.
9.	Section 2, item A, check box paragraph	Revise as noted.	<input type="checkbox"/> I meet the eligibility requirements for a Military Service Deferment <u>this deferment</u> as described above and request that my loan holder defer repayment of my eligible loan(s) beginning on the date I began performing the military service that qualifies me for the deferment, and ending 180 days after the ending date of my <u>each</u> period of qualifying service. NOTE: If I am <u>you</u> are requesting a deferment for military service that ended before October 1, 2007, the deferment period will end on the ending date of my <u>your</u> qualifying military service. <input checked="" type="checkbox"/> I am (check one): <input type="checkbox"/> A Reserve member <input type="checkbox"/> Retired <input type="checkbox"/> Reassigned to another duty station other than where I am normally assigned. <i>Note: If none of the above conditions applies, do not complete this form.</i> <input checked="" type="checkbox"/> My reassignment/call to active duty/full-time National Guard duty is in connection with a (check one and identify): <input type="checkbox"/> Contingency Operation <input type="checkbox"/> National Emergency <input type="checkbox"/> War Identify the item selected: _____ <i>Note: If your service is not in connection with a contingency operation, national emergency, or war, do not complete this form.</i>	Consistency with the current FFELP deferment forms. Clarity. Consistency in use of first person. Capturing this information in Section 2, rather than Section 4, will ensure that this additional information regarding type of service will also be available when military orders are provided as that is when the information is most useful. Simplification will make it easier for borrowers to

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				understand and reformatting will save space on the form.
	ED RESPONSE:	<p>Declined.</p> <p>We have revised Section 2 to read as follows:</p> <p>(A) <input type="checkbox"/> Military Service Deferment. I meet the eligibility requirements for this deferment as described in Sections 6 and 7 and request that my loan holder defer repayment of my eligible loan(s) beginning on the date I began performing the military service that qualifies me for the deferment, and ending 180 days after the ending date of each period of qualifying service. If I am requesting a deferment for military service that ended before October 1, 2007, the deferment period will end on the ending date of my qualifying military service.</p> <p>(B) <input type="checkbox"/> Post-Active Duty Student Deferment. I meet the eligibility requirements for this deferment as described in Sections 6 and 7 and request that my loan holder defer repayment of my eligible loans following the completion of my qualifying active duty service and any applicable grace period. My deferment will end the earlier of (a) the date I resume enrollment at an eligible school on at least a half-time basis, or (b) 13 months following the completion date of my active duty service and any applicable grace period. If I am also granted a Military Service Deferment, the 180-day period described in Item A above will run at the same time as my Post-Active Duty Student Deferment period.</p>		<p>Our intent in adding the additional certification elements to Section 4 was to focus the certifying official's attention on key eligibility criteria for the military service deferment that might otherwise be overlooked. In addition, placing the questions related to the borrower's military service in Section 2 would require a borrower who submits a written statement or copy of the military orders to provide the same information twice, once in Section 2 and again in the attached statement or orders. Therefore, we believe it is appropriate to keep these criteria in Section 4 instead of moving them to Section 2 and having the official certify that the borrower meets requirements described in that Section.</p> <p>To create more space on page 1, we have moved the deferment eligibility criteria from Section 2 to Section 7.</p>
10.	Section 2, after item A	Remove dividing line		Ease in borrower understanding that item B is also in Section 2 and consistency with the current FFELP deferment forms.
	ED RESPONSE:	Declined.		We believe that the dividing line helps to more clearly indicate to the borrower that Section 2 covers two separate deferments.
11.	Section 2, item B, item 2	Revise as noted.	2) I was enrolled at least half time at an eligible school at the time I was called to active duty or within 6 months before prior to the date I was called to active duty;	More consistency with language used in 682.210(u)(1)(ii).
	ED RESPONSE:	See response to comment #9 – eligibility criteria have been moved to Section 7.		
12.	Section 2, item B, check box paragraph	Revise as noted.	<input type="checkbox"/> I meet the eligibility requirements for a Post-Active Duty Student Deferment <u>this deferment</u> as described above and request that my loan holder defer repayment of my eligible loan(s) following the completion of my qualifying active duty service and any applicable grace period. My deferment will end the earlier of (a) the date I resume enrollment at an eligible school on at least a half-time basis, or (b) 13 months following the completion date of my active duty service and any applicable grace period. If I am also granted a Military Service Deferment (see Item A in this section) , the 180-day period described in Item A <u>above</u> will run at the same time as my Post-Active Duty Student Deferment period.	<p>Consistency with the current FFELP deferment forms.</p> <p>Removal of redundant language and provide clarity.</p>
	ED RESPONSE:	See response to comment #9.		

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#	Section	Comment	Proposed Language	Rationale
13. #	Section 2, item B, italicized paragraph	Revise as noted.	<i>Enter the name of the school where you were enrolled on at least a half-time basis at the time you were called to active-duty or within 6 months before prior to the date you were called to active duty, and the date you were last enrolled at least half time at the school:</i>	Modification based on item 11.
ED RESPONSE:		Declined.		We believe that the language used in the 60-day draft is clearer than the regulatory language.
14.	Section 3, Title	Revise as noted.	<u>BORROWER UNDERSTANDINGS, CERTIFICATIONS, AND AUTHORIZATION</u>	Addition needed based on item 15 below.
ED RESPONSE:		Declined.		See response to #15.
15.	Section 3, prior to bullet 1	Add text as noted.	<p>■ <u>I understand that my loan holder may capitalize interest that I do not pay during the deferment period on my unsubsidized FFEL or Direct Loan Program loan(s).</u></p> <p><input type="checkbox"/> <u>By checking this box, I wish to make interest payments on my unsubsidized loan(s) during my deferment (see Section 7).</u></p>	Provide information on the option to pay accrued interest and a way for the borrower to indicate he wishes to do so.
ED RESPONSE:		Declined.		<p>Section 7 explains that unpaid interest may be capitalized at the end of the deferment period, and in Section 3 the borrower certifies that he/she has read and understands the information in Section 7. Therefore, a separate statement of understanding is not needed in Section 3.</p> <p>With regard to the proposed check box, this is not included on the current OMB-approved military deferment request and we do not believe it should be added to the revised form. The check box might suggest that if a borrower does not indicate his/her intent to pay the accruing interest at the time of the deferment request, there will be no opportunity to do so later.</p>
16.	Section 3, bullet 1	Revise as noted.	<p><u>I certify that: (1) The information I have provided on this form is true and correct, and that (2) I will provide additional documentation to my loan holder, as required, to support my eligibility for this deferment(s). (3) I will notify my loan holder immediately if I stop performing the military duty that qualifies me for this deferment or I otherwise become ineligible for this deferment. (4) I have read, understand, and meet the eligibility requirements and terms and conditions of the deferment(s) that I have requested, as explained in Sections 2, 6, and 7.</u></p>	Consistency with the current FFELP deferment forms. Placing this information on the first page will help clarify this for borrowers.
ED RESPONSE:		Declined.		<p>The proposed additional language is included in Section 7, and in Section 3 the borrower certifies that he/she has read and understands the information in Section 7.</p> <p>The commenters are correct in noting that including this information here would be consistent with the other current FFEL deferment forms. However, the approach used here</p>

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				(placing most of the terms and conditions in a later section and having the borrower certify that he/she has read and understands that section) has been used on past deferment forms when it was necessary to provide more space on the first page (e.g., the HRD request before the two income/loan debt conditions were eliminated).
17.	Section 3, bullet 2	Revise as noted.	I authorize my the school(s), the lender(s), the guaranty agency/guarantor(s), the U.S. Department of Education, and their respective agents and contractors to contact me regarding my loan request or my loan, including repayment of my loan(s), at the current or any future number that I provide for my cellular telephone or other wireless device using automated telephone dialing equipment or artificial or prerecorded voice or text messages.	Consistency with language already approved on the other deferment forms and MPN's.
ED RESPONSE:		Accepted with modifications: I authorize the my school, the lender, the guaranty agency, the U.S. Department of Education, and their respective agents and contractors to contact me regarding my loan request or my loan, including repayment of my loan(s), at the current or any future number that I provide for my cellular telephone or other wireless device using automated telephone dialing equipment or artificial or prerecorded voice or text messages.		We believe that "my" is clearer than "the".
18.	Section 4, First Sentence	Bold and revise as noted.	<u>Note: As an alternative to completing this section, a written statement from the commanding or personnel officer or a copy of the military orders may be attached. The statement or copy must include a begin and end date.</u>	Consistency with the current FFELP deferment forms. Clarification that begin and end dates must be provided.
ED RESPONSE:		Accepted with modifications: <u>Note: As an alternative to completing this section, a written statement from the commanding or personnel officer or a copy of the military orders may be attached. The statement or copy must include a begin and end date all information needed to establish the borrower's eligibility for the deferment(s) indicated in Section 2, including the period of the qualifying service, and if the borrower is/was serving in an area of hostilities in which service qualifies for special pay under section 310 of title 37, United States Code, the hostile fire/imminent danger pay area in which the borrower is/was on active duty.</u>		The additional language clarifies that the statement or copy of the military orders must include sufficient information to enable the loan holder to determine the borrower's eligibility for the deferment and, if applicable, the Direct Loan no accrual of interest benefit. The revised language specifies that the statement or orders must include "the period of the qualifying service" instead of "a begin and end date" because military orders do not always provide an end date for the period of active duty service. Instead, the orders may provide a begin date and the number of days that the individual has been called to active duty, or they may say that the active duty service is not to exceed a specified number of days, or that the individual has been called to active duty indefinitely.
19.	Section 4	Revise as noted.	■ I certify , to the best of my knowledge and belief, that: <u>the borrower named above is/was engaged in the service indicated in Section 2, and the borrower's service meets the requirements described in Sections 2, 6, and 7, as applicable. The borrower's service begins/began on - - and ends/ended on - - . Enter dates as month-day-year (mm-dd-yyyy).</u> ■ If the borrower named above is requesting a Military Service Deferment (see Section 2, Item A)--	Rewording and simplification based on item 9. Consistency with other common forms.

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			<p>(1) The borrower is (check one):</p> <p><input type="checkbox"/> A member of an Armed Force reassigned to a duty station at a location other than the location where the member is normally assigned.</p> <p><input type="checkbox"/> A Reserve or Retired member of an Armed Force called to Active Duty under 10 U.S.C. 12301(a), 12301(g), 12302, 12304, 12306, or 688.</p> <p><input type="checkbox"/> On full-time National Guard duty as defined in 10 U.S.C. 101(d)(5) under a call to active duty service authorized by the President or the Secretary of Defense.</p> <p><i>Note: If none of the above conditions apply, do not complete this form.</i></p> <p>(2) The reassignment/call to Active Duty/full-time National Guard duty is in connection with a (check one and identify):</p> <p><input type="checkbox"/> Contingency Operation (identify): <input type="checkbox"/> Operation Enduring Freedom <input type="checkbox"/> Operation Iraqi Freedom <input type="checkbox"/> Other _____</p> <p><input type="checkbox"/> National Emergency (identify): _____</p> <p><input type="checkbox"/> War (identify): _____</p> <p><i>Note: If the borrower's service is not in connection with a contingency operation, national emergency, or war, do not complete this form.</i></p> <p><input checked="" type="checkbox"/> (3) If applicable, by checking this box <input type="checkbox"/> I further certify that the borrower is/was serving in an area of hostilities in which service qualifies for special pay under section 310 of title 37, United States Code.</p> <p><input checked="" type="checkbox"/> If the borrower named above is requesting a Post-Active Duty Student Deferment (see Section 2, Item B), the borrower is/was engaged in the service indicated in Section 2, Item B.</p> <p><input checked="" type="checkbox"/> The borrower's service meets the requirements described in Sections 2, 6, and 7, as applicable.</p> <p><input checked="" type="checkbox"/> The borrower's service begins/began on <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> (mm-dd-yyyy) and ends/ended on <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> (mm-dd-yyyy):</p>	<p>Note: If the special pay information can be self-certified, consider moving this statement and checkbox to Section 2.</p>
	ED RESPONSE:	<p>Declined. However, we have revised Section 4 by:</p> <ol style="list-style-type: none"> 1. Slightly revising the original 3rd certification bullet (certification that service meets the requirements described on the form) and making this the first bullet. 2. Making the original 4th certification bullet (dates of service) the second bullet. 3. Deleting the original 2nd certification bullet (certification of qualifying service for the Post-Active Duty Student Deferment), since the new first bullet provides a general certification that the borrower's service meets the eligibility requirements for the deferment(s) checked in Section 2. 4. Reformatting item (2) in what is now the 2nd bullet (previously the first bullet -- identification of borrower's status) by arranging the contingency operation check boxes vertically. 5. In item (2) of the 2nd bullet, moving the check box to the beginning of the sentence, where it is less likely to be overlooked. 		<p>See the response to comment #9.</p> <p>Additional changes have been made for greater clarity.</p>
20.	Section 4	Add "Code".	City, State, Zip Code _____	Consistency with the current FFELP deferment forms.
	ED RESPONSE:	Accepted.		
21.	Section 5, bullet 2	Delete as noted.	<input checked="" type="checkbox"/> Check the appropriate box(es) in Section 2 to indicate the deferment(s) that you are requesting.	Instructions moved to page 1 of the form based on item 7.
	ED RESPONSE:	Accepted.		
22.	Section 5, bullet 3	Revise as noted.	<input checked="" type="checkbox"/> In order to establish your eligibility, an authorized official must complete Section 4, or a copy of your military orders or a written statement from your commanding or personnel officer must be attached to this form. If you are applying for a Military Service Deferment, a representative may complete and sign this form on your behalf if you are unable to do so.	Removal of unnecessary language. Representative information moved to page 1 of the form based on item 7.
	ED RESPONSE:	Accepted.		
23.	Section 5, bullet 4	Remove bolding.	<input checked="" type="checkbox"/> Return the completed form and any required documentation to the address shown in Section 8. Return the completed form and any required documentation to the address shown in Section 8.	Consistency with rest of section.
	ED RESPONSE:	Accepted.		
24.	Section 6	Remove the sub-headings and place definitions	<p><input checked="" type="checkbox"/> _____ For the Military Service Deferment only—</p> <p><input checked="" type="checkbox"/> _____ • Active duty ...</p> <p>...</p> <p><input checked="" type="checkbox"/> _____ For the Post-Active Duty Student Deferment only—</p>	Placing all definitions alphabetically will make it easier for borrowers to locate a specific definition.

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		alphabetically	...	Consistency with the current FFELP deferment forms.
ED RESPONSE:		Declined.		We believe that grouping the terms that are specific to each deferment type under separate sub-headings for the Military Service Deferment and the Post-Active Duty Student deferment presents the information more clearly.
25.	Section 6, Active Duty definition	Revise as noted	<ul style="list-style-type: none"> ■ _____ • Active duty: <ul style="list-style-type: none"> • For the Military Service Deferment, active duty means full-time duty in the active military service of the United States as defined in 10 U.S.C. 101(d)(1), but does not include training or attendance at a service school. • For the Post-Active Duty Student Deferment, fFor a Reserve or retired member of an Armed Force, active duty means full-time duty in the active military service of the United States as defined in 10 U.S.C. 101(d)(1) for at least 30 consecutive days of servicea 30-day period, but does not include training or attendance at a service school. • For the Post-Active Duty Student Deferment, fFor a member of the National Guard, active duty means (†) (1) active Sstate duty under which a governor activates National Guard personnel based on Sstate law or policy and the activities of the National Guard are paid for with Sstate funds; and (‡)(2) full-time National Guard duty under which a governor is authorized, with the approval of the President or the U.S. Secretary of Defense, to order a member to Sstate active duty and the activities of the National Guard are paid for with federal funds. Active duty for this deferment does not include (†)(1) active duty for training or attendance at a service school, or (‡)(2) employment in a full-time, permanent position in the National Guard unless you are reassigned to active Sstate duty or full-time National Guard duty as described in (†) (1) and (‡)(2) of the preceding sentence. 	Combining all of the active duty definitions into one will provide a single location for borrowers to refer and provide clarity. Clarity that the days must be consecutive. For example, calendar days versus weekdays. Correction.
ED RESPONSE:		Declined. However, we have changed "30-day period" to "30 consecutive days of service" and have made the suggested minor formatting changes.		See response to comment #24.
26.	Section 6, Serving on Active Duty definition	Revise as noted	<ul style="list-style-type: none"> ■ _____ • Serving on active duty during in connection with a war or other military operation or national emergency means service by an individual who is (1)(1) a Reserve of an Armed Force ordered to active duty under 10 U.S.C. 12301(a), 12301(g), 12302, 12304, or 12306; or (2)(2) a retired member of an Armed Force ordered to active duty under 10 U.S.C. 688 for service in connection with a war or other military operation or national emergency, regardless of the location at which the active duty service is performed; or (3)(3) any other member of an Armed Force on active duty in connection with the emergency or subsequent actions or conditions who has been assigned to a duty station at a location other than the location where the member is normally assigned. 	Clarification to the borrower that only those serving in connection with a war or other military operation are eligible. Bolding of numbers provides consistency with the current FFELP deferment forms.
ED RESPONSE:		Declined, except for the recommended bolding of the numbers.		The words "Serving on active duty during a..." are consistent with the regulatory language in §674.34(h), §682.210(t), and §685.204(e).
27.	Section 6, Military Operation definition	Revise as noted	<ul style="list-style-type: none"> ■ _____ • Military operation means a contingency operation as defined in 10 U.S.C. 101(a)(13). A contingency operation is a military operation that (1)(1) is designated by the U.S. Secretary of Defense as an operation in which members of the Armed Forces are or may become involved in military actions, operations, or hostilities against an enemy of the U.S. or against an opposing military force; or (2)(2) results in the call or order to, or retention on, active duty of members of the uniformed services under 10 U.S.C. 688, 12301(a), 12302, 12304, 12305, or 12406; 10 U.S.C. Chapter 15; or any other provision of law during a war or during a national emergency declared by the President or Congress. 	Consistency with the current FFELP deferment forms.
ED RESPONSE:		Accepted.		
28.	Section 6, Qualifying National Guard Duty	Revise as noted	<ul style="list-style-type: none"> ■ _____ • Qualifying National Guard duty during in connection with a war or other operation or national emergency means training or other duty, other than inactive, performed by a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service authorized by the President or the 	Clarification to the borrower that only those serving in

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	definition		Secretary of Defense. The training or other duty must be performed for more than 30 consecutive days under 32 U.S.C. 502(f) in connection with a war, other military operation, or national emergency as declared by the President and supported by federal funds.	connection with a war or other military operation are eligible.																																
ED RESPONSE:		Declined.		See response to comment #26.																																
29.	Section 6, Capitalization definition	Revise as noted.	<p><u>Capitalization is the addition of unpaid interest to the principal balance of my FFEL or Direct Loan pProgram loan. This will increase the principal and total cost of my loan. The principal balance of a loan increases when payments are postponed during deferment/forbearance and unpaid interest is capitalized. As a result, more interest may accrue over the life of the loan, the monthly payment amount may be higher, or more payments may be required. The chart provides estimates, for a \$15,000 loan balance at a 9% interest rate, of the monthly payments due following a 12-month deferment/forbearance. It compares the effects of paying interest, capitalizing interest at the end of a deferment/forbearance, and capitalizing interest quarterly and at the end of a deferment/forbearance. Your actual loan interest cost will depend on your interest rate, length of any deferment/forbearance, frequency of capitalization, and whether interest is payable by the federal government. Paying interest during the period of deferment lowers the monthly payment by about \$18 a month or about \$772 over the lifetime of the loan, as depicted in the chart below.</u></p> <table border="1"> <thead> <tr> <th>Treatment of Interest Accrued During Deferment</th> <th>Loan Amount</th> <th>Capitalized Interest for 12 Months</th> <th>Principal to Be Repaid</th> <th>Monthly Payment</th> <th>Number of Payments</th> <th>Total Amount Repaid</th> <th>Total Interest Paid</th> </tr> </thead> <tbody> <tr> <td>Interest is paid</td> <td>\$15,000.00</td> <td>\$0.00</td> <td>\$15,000.00</td> <td>\$190.01</td> <td>120</td> <td>\$24,151.64*</td> <td>\$9,151.64</td> </tr> <tr> <td>Interest is capitalized at the end of deferment</td> <td>\$15,000.00</td> <td>\$1,350.00</td> <td>\$16,350.00</td> <td>\$207.11</td> <td>120</td> <td>\$24,853.79</td> <td>\$9,853.79</td> </tr> <tr> <td>Interest is capitalized quarterly during deferment and at the end of deferment</td> <td>\$15,000.00</td> <td>\$1,396.25</td> <td>\$16,396.25</td> <td>\$207.70</td> <td>120</td> <td>\$24,924.09</td> <td>\$9,924.09</td> </tr> </tbody> </table> <p>*Total amount repaid includes \$1,350 of interest paid during the 12-month period of deferment.</p>	Treatment of Interest Accrued During Deferment	Loan Amount	Capitalized Interest for 12 Months	Principal to Be Repaid	Monthly Payment	Number of Payments	Total Amount Repaid	Total Interest Paid	Interest is paid	\$15,000.00	\$0.00	\$15,000.00	\$190.01	120	\$24,151.64*	\$9,151.64	Interest is capitalized at the end of deferment	\$15,000.00	\$1,350.00	\$16,350.00	\$207.11	120	\$24,853.79	\$9,853.79	Interest is capitalized quarterly during deferment and at the end of deferment	\$15,000.00	\$1,396.25	\$16,396.25	\$207.70	120	\$24,924.09	\$9,924.09	<p>Correction. Consistency with the current FFELP deferment forms.</p> <p>Explaining and demonstrating the impact of capitalized interest on this deferment request to meet the requirements of 682.210(a)(3)(ii) will provide the same information to borrowers as that currently provided on other FFELP deferment requests.</p>
Treatment of Interest Accrued During Deferment	Loan Amount	Capitalized Interest for 12 Months	Principal to Be Repaid	Monthly Payment	Number of Payments	Total Amount Repaid	Total Interest Paid																													
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ED RESPONSE:		Accepted.																																		
30.	Section 6, Deferment definition	Revise as noted.	<p>■—A deferment is a period during which I am entitled to temporarily postpone making payments on repayment of the principal balance of my loan(s). Interest is not charged during an <u>eligible</u> deferment on subsidized FFEL or Direct Loan pProgram loans, or on Perkins Loan Program loans. Interest is charged during a deferment on unsubsidized FFEL and Direct Loan pProgram loans, unless I qualify for the no interest accrual benefit for active duty service members (see Section 7). Note: Federal Consolidation Loans are included only if the Consolidation Loan application was received by my loan holder (1) on or after January 1, 1993, but before August 10, 1993; (2) on or after August 10, 1993, if the Consolidation Loan includes only Federal Stafford Loans that were eligible for federal interest subsidy; or (3) on or after November 13, 1997, for that portion of the Consolidation Loan that paid a subsidized FFEL Program loan or a subsidized Federal Direct Loan Program loan.</p>	<p>Consistency with the current FFELP deferment forms.</p> <p>Since CCRAA removed the on/after July 1, 2001 disbursement restriction, it is necessary to provide the noted information for the older loans.</p>																																
ED RESPONSE:		Partially accepted. We have not made the suggested changes to the original text, but we have added a revised version of the Note related to Federal Consolidation Loans. The revised Note reads as follows:		<p>We believe that the original language is clearer than the proposed revised wording.</p> <p>The revised Note more clearly explains to borrowers the conditions under which interest is not charged on a Federal Consolidation Loan during a deferment.</p>																																
31.	Section 6, FFELP definition	Revise as noted.	<p>■—The Federal Family Education Loan (FFEL) Program includes Federal Stafford Loans (both subsidized and unsubsidized), <u>Federal Supplemental Loans for Students (SLS), Federal PLUS Loans, and Federal Consolidation Loans,</u> and Federal Supplemental Loans for Students (SLS). (NOTE: SLS loans are no longer made under this program, but the deferments covered on this form are available to borrowers with SLS loans that are still in-</p>	<p>Consistency with the current FFELP deferment forms. Notation regarding SLS not needed as there is no borrower</p>																																

Recommendations				
#	Section	Comment	Proposed Language	Rationale
			repayment.)	impact.
ED RESPONSE:		Declined.		The note clarifies that SLS loans are no longer made.
32.	Section 6, Perkins definition	Revise as noted.	<p>■—The Federal Perkins Loan (Perkins Loan) Program includes Federal Perkins Loans, <u>National Direct Student Loans (NDSL), and National Defense Student Loans (Defense Loan)</u>. The Perkins Loan Program was previously named the National Direct Student Loan (NDSL) Program, which was a continuation of the National Defense Loan (Defense Loan) Program. The deferments covered on this form are available to borrowers with NDSL or Defense Loans that are still in repayment.</p>	Consistency with the current FFELP deferment forms. Additional historical information not needed as there is no borrower impact.
ED RESPONSE:		Declined.		The original language is more technically accurate.
33.	Section 6, Forbearance definition	Revise as noted.	<p>■—Forbearance means permitting the temporary cessation of payments, allowing an extension of time for making payments, or temporarily accepting smaller payments than scheduled. I am responsible for paying the interest that accrues on my loan(s) during a forbearance. If I do not pay the interest that accrues on a FFEL or Direct Loan pProgram loan during forbearance, it may be capitalized. Unpaid interest that accrues on a Perkins Loan Program loan during a forbearance is not capitalized.</p>	Consistency with a majority of the current FFELP deferment forms.
ED RESPONSE:		Declined.		Use of lower case "p" in this context is consistent with usage on most other forms.
34.	Section 6, Holder definition	Revise as noted.	<p>■—The holder of my FFEL Program loan(s) may be a lender, guaranty agency, secondary market, or the U.S. Department of Education (ED <u>the Department</u>). The holder of my Direct Loan Program loan(s) is ED <u>the Department</u>. The holder of my Perkins Loan Program loan(s) may be a school or ED <u>the Department</u>.</p>	Consistency with the other common forms.
ED RESPONSE:		Accepted.		
35.	Section 7, bullet 1	Revise as noted.	<p>■—I am not required to make payments of loan principal during my deferment. I will not be charged interest on my Perkins Loan Program loan(s) or on my subsidized FFEL or Direct Loan pProgram loan(s) during my deferment. However, I will be charged interest on my unsubsidized FFEL and Direct Loan pProgram loan(s), unless I qualify for the Direct Loan Program's no interest accrual benefit for active duty service members as explained below.</p>	Consistency with the other common forms.
ED RESPONSE:		Declined.		See response to comment #33.
36.	Section 7, bullet 2	Revise as noted.	<p>■—I have the option of paying the interest <u>that accrues</u> on my unsubsidized FFEL or Direct Loan pProgram loan(s) during my deferment. My loan holder may capitalize interest that I do not pay during the deferment period on my unsubsidized FFEL or Direct Loan pProgram loan(s).</p>	Consistency with the other common forms.
ED RESPONSE:		Accepted (except for change to upper case "P").		See response to comment #33.
37.	Section 7, bullet 3	Revise as noted.	<p>■—If my deferment does not cover all my past due payments, my loan holder may grant me (a) a forbearance for all payments due before the date my deferment begins, or (b)—if the period for which I am eligible for a deferment has ended—a forbearance for all payments due at the time my deferment request is processed <u>if the period for which I am eligible for a deferment has ended</u>.</p>	Clarity.
ED RESPONSE:		Accepted.		
38.	Section 7, bullet 4	Revise as noted.	<p>■—My loan holder may capitalize unpaid interest that accrues during a forbearance period on a FFEL or Direct Loan pProgram loan(s); <u>and</u> this will increase the principal balance of the loan. Unpaid interest that accrues on a Perkins Loan Program loan during a forbearance period is not capitalized.</p>	Consistency with the other common forms.
ED RESPONSE:		Accepted (except for the change to upper case "P" and the addition of "(s)").		See response to comment #33. The proposed change from "loan" to

Recommendations				
#	Section	Comment	Proposed Language	Rationale
				"loan(s)" is unnecessary.
39.	Section 7, bullet 5	Revise as noted.	<ul style="list-style-type: none"> ■—My loan holder may grant me a forbearance on my FFEL or Direct Loan pProgram loan(s) for up to 60 days, if necessary, for the collection and processing of documentation related to my deferment request. Interest that accrues during this forbearance period will not be capitalized. 	Consistency with the other common forms.
ED RESPONSE:		Declined.		See response to comment #33.
40.	Section 7, bullet 6, sub-bullet 2	Revise as noted.	<ul style="list-style-type: none"> • Serve in an area of hostilities in which service qualifies for special pay under section 310 of title 37, United States Code, as certified by an authorized official in Section 54, or documented in a written statement from my commanding or personnel officer or in a copy of my military orders. 	Correction.
ED RESPONSE:		Accepted.		
41.	Section 7, bullet 7	Revise as noted.	I will notify my loan holder immediately if I stop performing the military duty that qualifies me for the deferment I have requested or if I otherwise become ineligible for this.	Information moved to page 1 of the form based on item 16.
ED RESPONSE:		Declined.		See response to comment #16.