

NCHER Standards and Operations Committee

Proposed Changes and Recommendations: FFEL/Direct Loan/Perkins Military Service/Post-Active Duty Student Deferment Form

Federal Register Notice Published 7/15/2013

30-Day Comment Period

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

		Recommendations			
#	Section	Comment	Proposed Language	Rationale	ED Response
1.	General	Remove the 4 th page (which is blank) and ensure page numbering is based on 3 pages (ie: page 2 of 3).		Correction.	Accept.
2.	General	Move the footer up higher on the page.		Readability upon printing. Currently, with the low footer, it is cut off when printing the form. Moving the footer up will resolve this.	Accept.
3.	Form Header	Revise as noted.	<p>MILITARY SERVICEMEMBER AND POST-ACTIVE DUTY STUDENT DEFERMENT REQUEST:</p> <ul style="list-style-type: none"> • SERVICEMEMBERS CIVIL RELIEF ACT (SCRA): INTEREST RATE LIMITATION • MILITARY SERVICE DEFERMENT • POST-ACTIVE DUTY STUDENT DEFERMENT 	<p>Consistency with the format used on the recently approved SERV Forbearance form. The bulleted format provides ease in identifying the different options available on the form.</p> <p>Note: If inclusion of the SCRA request option is not accepted, then the "and" should be changed to a slash in order to be consistent with the format used on the recently approved PLWM deferment form.</p>	Reject. Spacing constraints do not permit the use of bulleted text in the header. See also response to comment 4.
4.	New Section after Section 1	Create a new Section 2 for SCRA as noted.	<p><u>SECTION 2: SCRA INTEREST RATE LIMITATION</u></p> <p><u>To request that the interest rate on your Direct Loan and/or FFEL Program loan(s) be limited to 6%, you may either sign in Section 5 of this form or submit a written request (by letter or email) that your interest rate be limited under the SCRA. In either case, you must include a copy of your military orders that show when your period of eligible military service began.</u></p>	<p>This stand-alone section provides borrowers with the necessary information for SCRA and provides instruction on what must be completed in order to request it (using this form or a separate, written request).</p> <p>Including SCRA requests with the deferment allows a borrower to</p>	Reject. The Department does not have the authority to require servicemembers seeking the SCRA interest rate limitation to provide a certification under the penalties of 20 USC 1097. In addition, and after consultation with other Federal agencies, we do not believe it is necessary to incorporate an SCRA request in this manner. Instead, we

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				<p>simultaneously request both a deferment and an SCRA interest rate limitation with a single request. It also provides functionality of borrowers to only request SCRA even if they don't qualify for or want deferment.</p> <p>This provides the most flexibility to borrowers and captures their request without the need for a separate, written request which streamlines and enhances the process for borrowers. This approach is consistent with Pam Moran's response to the June 9, 2011, SCRA letter sent by the 4 trade associations (CBA, EFC, NCHER, and SLSA).</p> <p>Note: If this is not accepted, then a similar approach for capturing SCRA requests that is used on the PUB form should be incorporated into the MIL form.</p>	will place language on this form similar to what is already provided by way of disclaimer to members of the national guard. The PUB form will be revised to provide for a similar approach.
5.	Original Section 2, Header	Renumber.	SECTION 23: DEFERMENT REQUEST	Renumbering due to insertion of the new section.	Reject. See response to item 4.
6.	Original Section 2	Revise section references and formatting as noted.	<p>Before completing this form, carefully read the entire form, including the instructions and other information in Sections 56, 67, and 78.... enter the required information in the space provided.</p> <p><i>Note: If you are a member of the National Guard (including a member in retired status) during a time when ... you may request forbearance.</i></p> <p>(A) <input type="checkbox"/> Military Service Deferment. I request that my loan holder defer repayment of my eligible loan(s) ...</p> <p>(B) <input type="checkbox"/> Post-Active Duty Student Deferment. I request that my loan holder defer repayment of my eligible loan(s) ... My deferment will end the earlier of:</p> <p>(a) The date I resume enrollment at an eligible school on at least a half-time basis; or</p> <p>(b) 13 months following the completion date of my active duty service and any applicable grace period.</p> <p>If I am also granted a Military Service Deferment, the 180-day period described in Item A above will run at the same time ...</p>	<p>Correction to section references due to the insertion of the new section.</p> <p>Formatting corrections in alignment of (A) and (B). Items (A) and (B) should be moved to the left so they align with the text of the introductory paragraph. Also, items (a) and (b) as well as the following paragraph beginning with, "If I am also granted..." should be moved to the right so they align with the text above them (in item B).</p>	Accept comment as to formatting. Reject comment as to text changes. See response to item 4.

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7.	Original Section 3, Header	Relocate, renumber, and revise as noted.	SECTION 35: BORROWER REQUEST, CERTIFICATIONS, AND AUTHORIZATION	<p>Relocation of information to the end of the page allows a better flow to the form since this section applies to borrowers requesting the SCRA and/or deferment and results in the certification section immediately following the deferment request as it only applies to deferments.</p> <p>Insertion of "Request" better reflects the new bullet added into this section. See matrix item 8 below.</p> <p>Correction to section reference due to the insertion of the new section.</p>	Reject. See response to item 4.
8.	Original Section 3, Bullets	Insert a new bullet, insert a space in the "I certify" bullet, and revise as noted.	<ul style="list-style-type: none"> ▪ I request that my loan holder limit the interest rate on my eligible Direct Loan and FFEL Program loans to 6% for my period of eligible military service under the SCRA. ▪ For deferment requests only, I certify that: (1) The information I have provided on this form is true and correct. (2) I will provide additional documentation to my loan holder, as required, to support my deferment status. (3) I will notify my loan holder immediately when the condition(s) that qualified me for the deferment ends. (4) I have read, understand, and meet the eligibility requirements and terms and conditions of the deferment(s) for which I have applied, as explained in Sections 2, 3, 6Z, and 7B. ▪ I authorize the loan holder ... 	<p>Insertion of the new bullet serves as the official written request from the borrower for SCRA without the need for an extra checkbox to be completed, which allows for ease in meeting the regulatory requirements and ease in requesting.</p> <p>Insertion of the phrase "For deferment requests only" ensures that the "I certify" bullet only relates to deferments since there should be no terms/conditions tied to the SCRA request.</p> <p>Spacing correction in item (4).</p> <p>Correction to section references due to the insertion of the new section.</p>	Reject. See response to item 4.
9.	Original Section 3, Borrower Signature Label	Revise as noted and extend the signature line due to the short label.	Borrower's Signature of Borrower (or Borrower's Representative's for (Military Service Deferment Requests only)	As initially drafted, the reader could be confused and believe that a signature is only needed for military deferment requests. By including the reference to the representative inside the parenthetical, it clarifies that a signature is required for both deferment types and that the representative can only be used for military deferment requests. By rewording to use the possessive "borrower's", a shorter label can be attained which provides more room for the signature line.	Accept.

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10.	Section 4, Header	Revise as noted.	SECTION 4: AUTHORIZED OFFICIAL'S CERTIFICATION (required for deferment requests only)	Clarification that the authorized official's section only applies for deferment requests.	Reject. See response to item 4.
11.	Section 4, 1 st paragraph	Revise as noted.	Note: As an alternative to completing this section for deferment requests only, a written statement from the commanding or personnel officer or a copy of the military orders may be attached. the borrower may submit a written statement from his or her commanding or personnel officer or a copy of his or her military orders. The statement or copy must include all information needed to establish the borrower's eligibility for the deferment(s) indicated in Section 2the borrower requests, including the period of the qualifying service...	Beginning this section with "Note:" provides consistency with the recently approved deferment forms. Clarification that the note only applies for deferment requests. Since the borrower or a borrower's representative may be completing this form, this section should not be restrictive to only borrowers.	Reject in part. The same ends may be achieved by slightly rephrasing the sentence to include the representative.
12.	Section 4, "I certify"	Revise as noted.	I certify , to the best of my knowledge and belief, that: <ul style="list-style-type: none"> ▪ The borrower's service meets the eligibility requirements for the deferment(s) indicated in Section 23 and as described in Sections 67 and 78, as applicable. ▪ The borrower's service begins/began ... ▪ If the borrower is requesting a Military Service Deferment (see Section 23, Item A) -- 	Correction to section references due to the insertion of the new section.	Reject. See response to item 4.
13.	Section 4, "I certify", Bullet 3, Item 2	Revise as noted.	(2) The reassignment/ call to active duty/full-time National Guard duty condition checked above is in connection with the following contingency operation, national emergency, or war. <input type="checkbox"/> -Operation Enduring Freedom <input type="checkbox"/> -Operation New Dawn <input type="checkbox"/> -Other- (identify): _____ <i>Note: If the borrower's service is not in connection with a contingency operation, national emergency, or war, as defined in Section 6, do not complete this form.</i>	Brevity and clarity. By referencing the condition checked above, it is not necessary to repeat the various situations which provides conciseness and clarity for the reader. We continue to believe that providing the servicer with the specific name of the contingency operation, national emergency, or war is not helpful because servicers do not have an all-inclusive list from ED or DOD to properly determine if a particular assignment meets the criteria for this deferment. However, if ED believes that this information is needed to ensure that the certifying official is providing sufficient evidence to substantiate his or her certification, please clarify for us that the servicer is only obligated to ensure that a name is entered in this section.	Reject. Restating the requirements of being reassigned, called to active duty, or having certain National Guard service reinforces for the certifying official that these are the requirements that must be met in order for the deferment to be granted. The same is true for the name of the contingency operation, national emergency, or war. While we understand that there is no comprehensive database as to contingency operations, this does not mean that servicer should not be attempting to verify the war, national emergency, or contingency operation listed by the authorized official meets the applicable criteria. A simple search for the name of the contingency operation on the DOD's website should return sufficient information in order to verify the information submitted. Should there ever be questions relating to whether a specific response qualifies, the Department is ready,

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					willing, and able to assist the community in ensuring that the integrity of the loan programs is maintained.
14.	Original Section 5, Header	Renumber.	SECTION 56: INSTRUCTIONS FOR COMPLETING THE FORM	Renumbering due to insertion of the new section.	Reject. See response to item 4.
15.	Original Section 5	Revise as noted.	Type or print using dark ink. Enter dates as month-day-year (mm-dd-yyyy). Use only numbers. Example: January 31, 2013 = 01-31-2013. <u>For the interest rate limitation request, you may sign and submit this form or submit a written request (by letter or email) that your interest rate be limited under the SCRA. In either case, you must include a copy of your military orders that show when your period of eligible military service began. For deferment requests, 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. Include your name and account number on any documentation that you are required to submit with this form. If you need help completing this form, contact your loan holder. If you are applying for the interest rate limitation or a deferment(s) on loans that are held by different loan holders, you must submit a separate request to each loan holder.</u> Return the completed form and any required documentation to the address shown in Section 89.	Addition of instructional information due to inclusion of SCRA information on this form. Consistency and correction. Correction to section references due to the insertion of the new section.	Reject as to SCRA comment. See response to item 4. Accept as to other comments.
16.	Original Section 6, Header	Renumber.	SECTION 67: DEFINITIONS	Renumbering due to insertion of the new section.	Reject. See response to item 4.
17.	Original Section 6, Bullet 5 – Definition of Deferment	Change reference from “I” to “you” as noted.	A deferment is a period during which ... Interest does accrue during a deferment on a Direct Unsubsidized Loan, a Direct PLUS Loan, an unsubsidized Direct Consolidation Loan, an unsubsidized Federal Stafford Loan, a Federal PLUS Loan, or a Federal SLS Loan unless you qualify for the no interest accrual benefit for active duty service members (see Section 7) ...	Correction.	Accept.
18.	Original Section 7, Header	Renumber.	SECTION 78: DEFERMENT ELIGIBILITY REQUIREMENTS AND TERMS/CONDITIONS	Renumbering due to insertion of the new section. Adding the word ‘deferment’ clarifies that this section only pertains to deferment requests as there are no terms and conditions for SCRA.	Reject. See response to item 4.
19.	Original Section 7, Bullet 1	Insert comma as noted.	Military Service Deferment eligibility requirements: You may defer repayment of your loan(s) while you are (1) serving on active duty during a war or other military operation or national emergency, or (2) performing qualifying National Guard duty...	Correction.	Accept.
20.	Original Section 7, Bullet 7	Revise as noted.	If you are a Direct Loan borrower, no interest will be charged on your Direct Loan Program loan(s) that were <u>was</u> first disbursed on or after October 1, 2008, or on the portion of a Direct Consolidation Loan that repaid <u>a</u> Direct Loan and/or FFEL Program loan(s) that were <u>was</u> first	Corrections and clarity. A borrower may have a single Direct Loan disbursed on/after 10/1/08 or a	Accept.

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			disbursed on or after October 1, 2008, for a period not to exceed 60 months while you:	single Direct/FFEL loan disbursed on/after 10/1/08 that was part of the Direct Consolidation Loan.	
21.	Original Section 8, Header	Re-number and revise as noted.	<i>SECTION 89: WHERE TO SEND THE INTEREST RATE LIMITATION OR COMPLETED DEFERMENT REQUEST</i>	Renumbering due to insertion of the new section. Addition of reference for SCRA due to inclusion of SCRA request on this form.	Reject. See response to item 4.
22.	Original Section 9, Header	Re-number.	<i>SECTION 9-10: IMPORTANT NOTICES</i>	Renumbering due to insertion of the new section.	Reject. See response to item 4.
23.	Original Section 9, Last sentence	Revise as noted.	If you have questions regarding the status of your individual submission of this form, contact your loan holder (see Section 89).	Correction to section reference due to the insertion of the new section.	Reject. See response to item 4.