



Combined Application to Separate a Joint Consolidation Loan and Direct Consolidation Loan Promissory Note
William D. Ford Federal Direct Loan Program

OMB No. 1845-NEW
Form Under Review
Exp. Date XX/XX/XXXX

30D COMMENT PERIOD DRAFT 04/29/2024

GENERAL INFORMATION ABOUT THIS FORM

Background

Before July 1, 2006, married individuals were able to consolidate their individual federal student loans made under the William D. Ford Federal Direct Loan Program (“Direct Loan Program”) or the Federal Family Education Loan Program (“FFEL Program”) into a single consolidation loan known as a “joint consolidation loan.” Married individuals who signed a promissory note for a joint consolidation loan agreed to be jointly and severally liable for the entire amount of the joint debt, regardless of any future change in their marital status. A new law, the Joint Consolidation Loan Separation Act (“JCLSA”), now allows borrowers who have a Joint Consolidation Loan to apply to separate the joint debt into individual Direct Consolidation Loans.

Purpose and Use of This Form

This Combined Application to Separate a Joint Consolidation Loan and Direct Consolidation Loan Promissory Note (“Application/Promissory Note”) is the application that must be used if you want to separate a joint consolidation loan that you and your current or former spouse currently owe into new Direct Consolidation Loans for which you are separately responsible. The form also describes the terms and conditions of the new Direct Consolidation Loan you will receive after the joint consolidation loan has been separated and serves as the legally binding agreement (promissory note) that you will repay the new consolidation loan.

Under the JCSLA, there are three ways to apply to separate a joint consolidation loan:

- 1. Joint application for proportional separation of a joint consolidation loan.** If you select this option (by checking Item 18 in Section 4 of the Application/Promissory Note), you and your current or former spouse with whom you jointly owe the consolidation loan must each sign and submit a separate Application/Promissory Note (you do not both sign the same application). With this option, you will each receive a new separate Direct Consolidation Loan for an amount equal to each person’s portion of the current outstanding balance of the joint consolidation loan. For example, if 60% of the original balance of the joint consolidation loan represented your loans, and 40% of the original balance of the joint consolidation loan represented your current or former spouse’s loans, you will receive a new Direct Consolidation Loan for an amount equal to 60% of the current outstanding balance of the joint consolidation loan (as of the day before your new consolidation loan is made), and your current or former spouse will receive a new Direct Consolidation Loan for an amount equal to 40% of the current outstanding balance of the joint consolidation loan.
- 2. Joint application for separation of a joint consolidation loan based on a divorce decree issued by a court, a court order signed by a judge, or a settlement agreement that has been signed and dated by me and by the co-borrower identified in Section 2.** If you select this option (by checking Item 19 in Section 4 of the Application/Promissory Note), you and your current or former spouse with whom you jointly owe the consolidation loan must each sign and submit a separate Application/Promissory Note (you do not both sign the same application), and you must each provide a copy of the same divorce decree, court order, or settlement agreement specifying the portion of the current outstanding balance of the joint consolidation loan (as of the day before your new consolidation loan is made) that each of you is responsible for repaying. With this option, you will each receive a new Direct Consolidation Loan for the amount specified in the divorce decree, court



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order, or settlement agreement. For example, if 75% of the original balance of the joint consolidation loan represented your loans, and 25% of the original balance of the joint consolidation loan represented your current or former spouse's loans, but the divorce decree that you and your former spouse submit with your applications specifies that each of you is responsible for 50% of the joint consolidation loan, you and your former spouse will each receive a new Direct Consolidation Loan for an amount equal to 50% of the current outstanding balance of the joint consolidation loan.

- 3. Separate application for separation of a joint consolidation loan.** If you select this option (by checking Item 20 in Section 4 of the Application/Promissory Note), you alone will sign and submit an Application/Promissory Note, regardless of whether or when your current or former spouse with whom you jointly owe your consolidation loan submits an application to separate the debt. You can select this option only if: (1) you certify that you have experienced economic abuse or domestic violence (as those terms are defined in the Violence Against Women Act of 1994) from your current or former spouse with whom you jointly owe the consolidation loan that you are applying to separate, or that you are unable to reach your current or former spouse or obtain their loan information; or (2) the U.S. Department of Education determines for other reasons that you may apply separately. With this option, you will receive a new Direct Consolidation Loan for an amount equal to your portion of the current outstanding balance of the joint consolidation loan. For example, if 20% of the original balance of the joint consolidation loan represented your loans, you will receive a new Direct Consolidation Loan for an amount equal to 20% of the current outstanding balance of the joint consolidation loan. Your current or former spouse will be responsible for the full remaining balance of the joint consolidation loan.

The three options above are the only options for separating a joint consolidation loan authorized under the JCLSA.

TERMS USED IN THIS APPLICATION/PROMISSORY NOTE

- “Joint Direct Consolidation Loan” refers to a joint consolidation loan that was made under the Direct Loan Program.
- “Joint Federal Consolidation Loan” refers to a joint consolidation loan that was made under the FFEL Program.
- “Joint consolidation loan” refers to either a joint Direct Consolidation Loan or a joint Federal Consolidation Loan.
- “Borrower” refers to you, the person who is completing the Combined Application and Promissory Note and who will be the borrower of the new Direct Consolidation Loan that is made after the joint consolidation loan has been separated.
- “Co-borrower” refers to your current or former spouse with whom you jointly owe the consolidation loan that you are applying to separate.

IMPORTANT: Regardless of which option you select to separate your joint consolidation loan, the co-borrower does not sign your Application/Promissory Note. If you and the co-borrower both want to separate the joint consolidation loan (as indicated by checking Item 18 or Item 19 in Section 4), you must each submit your own Application/Promissory Note and check the same item in Section 4.

- “We,” “us,” “our,” and “ED” refer to the U.S. Department of Education or our loan servicers.



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COMPLETING THE APPLICATION/PROMISSORY NOTE

IMPORTANT: You may use this Application/Promissory Note **ONLY** to apply for separation of a joint consolidation loan that is currently owed by you and the co-borrower identified in Section 2 of the Application/Promissory Note.

Carefully read the instructions in italics within each section of the Application/Promissory Note. Print using a blue or black ballpoint pen. Enter dates as month-day-year (mm-dd-yyyy). Use only numbers. Example: June 1, 2024 = 06-01-2024.

Provide all requested information in each section. Incorrect or incomplete information may delay the processing of your Direct Consolidation Loan.

By submitting this Application/Promissory Note, you are requesting that we separate any joint consolidation loan that we identify in our records as jointly owed by you and the co-borrower identified in Section 2. If you jointly owe another consolidation loan with a different co-borrower that you also want to separate, you must submit a separate application.

You must submit pages 5 through 12 of this Application/Promissory Note for your application to be processed.

AFTER YOU HAVE COMPLETED THE APPLICATION/PROMISSORY NOTE

Review all the information on your Application/Promissory Note. When you have completed the form, make a copy for your records and mail the original pages 5 through 12 to us in the envelope provided, along with the completed forms identified in the Repayment Plan Selection section. If you check Item 19 in Section 4, you must also include a copy of the divorce decree, court order, or settlement agreement that specifies the portion of your joint consolidation loan that you are responsible for repaying. If you do not have the envelope we provided, mail the Application/Promissory Note to the address shown below. We will begin processing your application after we receive your completed form and any required additional documentation. While processing your application, we might contact you with questions.

IMPORTANT: If you and the co-borrower identified in Section 2 are both applying to separate the consolidation loan that you jointly owe (as indicated by checking Item 18 or 19 in Section 4), the co-borrower must separately submit their own Application/Promissory Note, and we will not process your application or pay off your joint consolidation loan unless all of the following conditions have been met:

- The co-borrower identified in Section 2 has also submitted an Application/Promissory Note, and has checked the same item in Section 4 (18 or 19) that you checked;
- If you and the co-borrower both checked Item 19, you and the co-borrower have each provided a copy of the same divorce decree, court order, or settlement agreement; and
- Neither you nor the co-borrower have requested that we cancel your application for a Direct Consolidation Loan by the deadline specified in the notice that each of you will receive (see the next page for information about this notice).

While we are processing your application, continue making payments on your joint consolidation loan (unless you have been granted a deferment or forbearance) until you receive written notification that your joint consolidation loan has been separated into a new Direct Consolidation Loan.

We will send you a notice before we pay off your joint consolidation loan. This notice will:



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- Identify the joint consolidation loans that will be separated into a new Direct Consolidation Loan and show the payoff amount for your portion of joint consolidation loans that we have verified; and
- Tell you the deadline by which you must notify us if you want to cancel your application for the separation of the joint consolidation loan.

IMPORTANT: You must inform us by the deadline specified in the notice if you want to cancel your application for the separation of the joint consolidation loan.

If you and the co-borrower identified in Section 2 both submit applications to separate the consolidation loan that you jointly owe together (as indicated by checking Item 18 or 19 in Section 4) and only one of you notifies us that you want to cancel your application for a Direct Consolidation Loan, we will also discontinue processing the other individual's application. The individual who did not request to cancel the application may reapply by submitting a separate application for a Direct Consolidation Loan if that individual meets the eligibility requirements to apply separately, as described in Section 4, Item 20 of the Application/Promissory Note.

WHERE TO SEND YOUR COMPLETED APPLICATION/PROMISSORY NOTE

Mail pages 5 through 12 of your completed Application/Promissory Note and any other required documents (see Final Notes, above) to the following address:

[INSERT SERVICER ADDRESS]

For help completing this form, call [INSERT SERVICER #].



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WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or 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: BORROWER INFORMATION

Enter your first name, then your middle name, last name, and suffix (for example, Jr. or Sr.). If you don't have a middle name or suffix, enter N/A.

1. First Name _____

Middle Name _____ -

Last Name _____ Suffix _____

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.

2. Former Name(s) _____

Enter your nine-digit Social Security Number.

3. Social Security Number ____ - ____ - _____

Enter your date of birth in mm/dd/yyyy format (for example, enter July 1, 1982 as 07/01/1982).

4. Date of Birth ____ - ____ - _____

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

5. Driver's License State and Number _____

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.

6. Email Address _____

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.

7. Phone Number (____) ____ - _____

If there is an alternate phone number at which you can be reached, enter that number. Otherwise enter N/A.

8. Alternate Phone Number (____) ____ - _____

Enter your **permanent address** (number, street, apartment number, or rural route number and box number, then city, state, and zip code).

9. Permanent Address _____



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If your **mailing address** is different from your permanent address, enter your mailing address. If your permanent and mailing addresses are different, you must list both addresses. If you do not have a different mailing address, enter N/A.

10. Mailing Address (if different from permanent address)

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 information is used only if necessary to help locate you if we are unable to reach you by any other means. **Your employer will not be contacted in connection with your application to separate a joint consolidation loan.**

11. Employer's Name and Address

Enter your work area code and phone number. If you are self-employed, enter the area code and phone number of your business. If you are not employed, enter N/A.

12. Work Phone Number (_____) _____ - _____

SECTION 2: CO-BORROWER INFORMATION

The co-borrower is your current or former spouse with whom you jointly owe the consolidation loan that you are applying to separate. **IMPORTANT:** We request information about the co-borrower to help us identify the joint consolidation loan that you are applying to separate. The co-borrower is not required to sign your Application/Promissory Note.

Enter the co-borrower's first name, middle name, last name, and suffix (for example, Jr. or Sr.). If the co-borrower does not have a middle name or suffix, enter N/A.

13. First Name _____

Middle Name _____

Last Name _____ Suffix _____

Enter the co-borrower's nine-digit Social Security Number. If you do not know the co-borrower's Social Security Number, leave Item 14 blank. If necessary, we may contact you for additional information to help us identify the joint consolidation loan that you are applying to separate.

14. Social Security Number ____ - ____ - _____

Enter the co-borrower's date of birth in mm/dd/yyyy format (for example, enter July 1, 1982 as 07/01/1982).

15. Date of Birth ____ - ____ - _____



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SECTION 3: REFERENCE INFORMATION

Enter the requested information for two persons with different U.S. addresses who do not live with you and who have known you for at least three years. References who live outside the United States are not acceptable.

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

IMPORTANT: References are used only to help us contact you in the future if we are unable to reach you by other means. References are never required to repay your loan, and they are not contacted as part of the application process for your new Direct Consolidation Loan.

16. Reference 1

First Name _____

Middle Name _____

Last Name _____ Suffix _____

Permanent Address

Email Address _____ Phone Number (_____) _____ - _____

Relationship to You _____

17. Reference 2

First Name _____

Middle Name _____

Last Name _____ Suffix _____

Permanent Address

Email Address _____ Phone Number (_____) _____ - _____

Relationship to You _____



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SECTION 4: JOINT OR SEPARATE APPLICATION TO SEPARATE A JOINT CONSOLIDATION LOAN

Check the item (18, 19, or 20) that describes how you are applying to separate your joint consolidation loan. **Check only one.**

For purposes of Items 18, 19, and 20 the **current outstanding balance of the joint consolidation loan** that you are applying to separate is the total of the unpaid principal and accrued interest on the loan, plus any outstanding charges and fees (as defined by federal regulations and as certified by the loan holder), as of the day before your new Direct Consolidation Loan is made. If you are applying to separate a defaulted joint consolidation loan, collection costs may also be included as part of the current outstanding balance. ED does not charge collection costs on defaulted Direct Loans or defaulted Federal Family Education Loan (FFEL) Program loans 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 balance of the loan is limited to a maximum of 18.5% of the outstanding principal and interest.

18. **Joint application for proportional separation of a joint consolidation loan.**

The individual identified in Section 2 and I are submitting individual applications to separate any joint consolidation loan identified in ED's records as having been made to us as co-borrowers.

My new individual Direct Consolidation Loan will be for an amount equal to my portion of the joint consolidation loan. If I check Item 18, my portion will be calculated by:

1. Determining the percentage of the **original** outstanding balance of the joint consolidation loan that was attributable to my individual loans that were repaid by the joint consolidation loan when the joint consolidation loan was made; and
2. Multiplying the **current** outstanding balance of the joint consolidation loan (see above) by the percentage determined in step 1.

19. **Joint application for separation of a joint consolidation loan based on a divorce decree, court order, or settlement agreement.**

The individual identified in Section 2 and I are submitting individual applications to separate any joint consolidation loan identified in ED's records as having been made to us as co-borrowers.

My Direct Consolidation Loan will be for an amount equal to my portion of the joint consolidation loan. If I check Item 19, my portion will be equal to a percentage of the current outstanding balance of the joint consolidation loan (see above) that is specified in a divorce decree issued by a court, a court order signed by a judge, or a settlement agreement that has been signed and dated by me and by the co-borrower identified in Section 2. **I must include a copy of the divorce decree, court order, or settlement agreement with this Application/Promissory Note.**

20. **Separate application for separation of a joint consolidation loan.**

I am separately applying to separate any joint consolidation loan identified in ED's records as having been made to me and the co-borrower identified in Section 2 into an individual Direct Consolidation Loan, regardless of whether or when the co-borrower identified in Section 2 also applies to separate the joint consolidation loan.



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My Direct Consolidation Loan will be for an amount equal to my portion of the joint consolidation loan. If I check Item 20, my portion will be determined by:

1. Determining the percentage of the **original** outstanding balance of the joint consolidation loan that was attributable to my individual loans that were repaid by the joint consolidation loan when the joint consolidation loan was made; and
2. Multiplying the **current** outstanding balance of the joint consolidation loan (see above) by the percentage determined in Step 1.

I understand that the co-borrower identified in Section 2 will be notified in writing that they are solely responsible for repayment of the remaining portion of the joint consolidation loan.

If I check Item 20, I certify that unless ED has otherwise determined that I may separately apply to separate the joint consolidation loan, I have experienced economic abuse or an act of domestic violence (as those terms are defined in section 40002 of the Violence Against Women Act of 1994 (34 U.S.C. 12291) from the co-borrower identified in Section 2, or I am unable to reach or access the loan information of the co-borrower identified in Section 2.

SECTION 5: REPAYMENT PLAN SELECTION

To understand your repayment plan options, carefully read the repayment plan information in Section 8, Item 10 of this Application/Promissory Note and in any other materials you receive with this form. 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](https://studentaid.gov/idr/) (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. The IDR plans are the Saving on a Valuable Education Plan (SAVE Plan), the Income-Based Repayment Plan (IBR Plan), and the Income-Contingent Repayment Plan (ICR Plan). Not all borrowers are eligible for all of the IDR plans.*

SECTION 6: BORROWER CERTIFICATIONS, AUTHORIZATIONS, AND UNDERSTANDINGS

Carefully read Items 21-23 and the entire Application/Promissory Note.

21. 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.** If I owe an overpayment on a Federal Perkins Loan or on a grant made under the federal student aid programs (as defined in Section 8), I have made satisfactory arrangements to repay the amount owed.
- C.** 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.

22. I authorize:



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- A.** ED to contact the holder of the joint consolidation loan I want to separate into a new individual Direct Consolidation Loan to determine my eligibility for consolidation and the payoff amount of the loan.
- B.** The holder of the joint consolidation loan I want to separate to release any information required to separate and consolidate my portion of the loan, in accordance with the Act, to ED or its agents and contractors.
- C.** ED to pay the holder of the joint consolidation loan I want to separate the full amount required to pay off the loan.
- 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.

23. I understand the following:

- A.** If ED accepts this Application/Promissory Note, ED will send funds to the holder of the joint consolidation loan that I want to separate to pay off the loan, as described below. The amount of my Direct Consolidation Loan will be as follows:
 - If I checked Item 18 or Item 20 in Section 4, the amount of my new individual Direct Consolidation Loan will be equal to the percentage of the original outstanding balance of the joint consolidation loan that was attributable to my individual loans that were repaid by the joint consolidation loan when the joint consolidation loan was made, multiplied by the current outstanding balance of the joint consolidation loan (as defined in Section 4).
 - If I checked Item 19 in Section 4, the amount of my Direct Consolidation Loan will be equal to a percentage of the current outstanding balance of the joint consolidation loan (as defined in Section 4) that is specified in the divorce decree issued by a court, court order signed by a judge, or settlement agreement signed and dated by me and by the co-borrower identified in Section 2 that I have included with this completed Application/Promissory Note.
- B.** If I checked Item 18 or 19 in Section 4, the co-borrower identified in Section 2 must also submit an Application/Promissory Note and must select the same joint application option in Section 5 that I selected. My Application/Promissory Note will not be processed unless the co-borrower identified in Section 2 has also submitted an Application/Promissory Note, has selected the same joint application option, and, if the co-borrower selects Item 19, has provided a copy of the same divorce decree issued by a court, court order signed by a judge, or settlement agreement signed and dated by me and by the co-borrower identified in Section 2 that I have included with this Application/Promissory Note.
- C.** If I checked Item 20 in Section 4, the co-borrower identified in Section 2 will be solely responsible for the remaining balance of the joint consolidation loan after my portion of the loan is separated into a new Direct Consolidation Loan.



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- D.** Before the joint consolidation loan is separated and my new Direct Consolidation Loan is made, ED will send me a notice that: **(1)** identifies the joint consolidation loan that will be separated and shows the amount of that loan that will be included in my new Direct Consolidation Loan, as verified with the holder of the joint consolidation loan or through the National Student Loan Data System (NSLDS), and **(2)** tells me the deadline by which I must notify ED if I want to cancel my application to separate the joint consolidation loan into an individual Direct Consolidation Loan.
- E.** If the amount ED sends to the holder of the joint consolidation loan is more than the amount needed to pay off the loan (as described above in Item 23.A.), the holder will refund the excess amount to ED and this amount will be applied against the outstanding balance of my new Direct Consolidation Loan. If the amount ED sends to the joint consolidation loan holder is less than the amount needed to pay off my portion of the loan, ED will include the remaining amount in my new Direct Consolidation Loan.
- F.** Under the Act, as defined in Section 8, Item 1, if the joint consolidation loan I am applying to separate repaid Direct Subsidized Loans, Direct Unsubsidized Loans, Subsidized Federal Stafford Loans, or Unsubsidized Federal Stafford Loans that were made to me, the portion of the joint consolidation loan that is repaid by my new Direct Consolidation Loan is counted against my remaining eligibility under the applicable aggregate loan limit for those loan types.
- G.** If I am applying to separate a joint Federal Consolidation Loan into a new Direct Consolidation Loan and I choose to repay my Direct Consolidation Loan under an IDR plan, the following will count as qualifying payments toward IDR loan forgiveness on my new consolidation loan: **(1)** any payments made on or after July 1, 2009, on the joint Federal Consolidation Loan under the IBR Plan, the Standard Repayment Plan with a 10-year repayment period, or any other repayment plan if the payment amount is not less than an amount calculated for a 10-year repayment period based on the loan balance outstanding when I entered repayment on the joint Federal Consolidation Loan; or **(2)** any months on or after July 1, 2009, of economic hardship deferment on the Federal Consolidation Loan.
- H.** If I am applying to separate a joint Direct Consolidation Loan into a new Direct Consolidation Loan and I choose to repay my new Direct Consolidation Loan under an IDR plan, any payments made on the joint Direct Consolidation Loan or months of deferment or forbearance on the joint Direct Consolidation Loan will count as qualifying payments toward IDR loan forgiveness on my new consolidation loan if those payments or periods of deferment or forbearance would otherwise count as qualifying payments or the equivalent toward IDR loan forgiveness on a Direct Loan Program loan.
- I.** If I am applying to separate a joint Direct Consolidation Loan into a new Direct Consolidation Loan, I may receive credit toward the 120 qualifying payments required to receive forgiveness under the Public Service Loan Forgiveness (PSLF) Program (see Section 8, Item 15) for payments made on the joint Direct Consolidation Loan before the date of consolidation. The number of payments for which I may receive credit is the weighted average of the payments made on the joint Direct Consolidation Loan that met the criteria of the PSLF Program to be counted as qualifying payments toward forgiveness.
- J.** 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 Section 8, Item 7. This is



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called "capitalization." Capitalization will increase the principal amount owed on the loan and the total amount of interest I must pay.

- K.** If I separate my joint consolidation loan into a new Direct Consolidation Loan 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 Section 8, Item 6 during that period of military service.
- L.** 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.
- M.** I have a right to receive an exact copy of this Application/Promissory Note.

SECTION 7: PROMISES

*Carefully read Item 24. **IMPORTANT: This Application/Promissory Note is a legally binding contract.***

Sign and date the Application/Promissory Note in Item 25. If you do not sign it, your application cannot be processed.

24. By signing this Application/Promissory Note, I make the following promises:

- A.** I will pay ED the full amount of the new Direct Consolidation Loan made to me and used to pay off my portion of the joint consolidation loan that I want to separate, plus interest and other charges and fees that I may be required to pay under the terms of the Application/Promissory Note.
- B.** If I do not make a payment on my Direct Consolidation Loan when it is due, I will pay reasonable additional costs, including but not limited to attorney fees, court costs, and other fees.
- C.** I will not sign this Application/Promissory Note before reading the entire form, even if I am told not to read it, or told that I am not required to read it.
- D.** I have read, understand, and agree to the terms and conditions of this Application/Promissory Note, including the Borrower Certifications, Authorizations, and Understandings in Section 6, and the Application and Promissory Note Terms and Conditions/Borrower's Rights and Responsibilities in Section 8.

I UNDERSTAND THAT THIS IS A LOAN I MUST REPAY.

25. Borrower's Signature _____

Today's Date (mm-dd-yyyy) ____ - ____ - ____



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SECTION 8: APPLICATION AND PROMISSORY NOTE TERMS AND CONDITIONS/BORROWER’S RIGHTS AND RESPONSIBILITIES

This section describes the terms and conditions of your Direct Consolidation Loan and explains your rights and responsibilities with respect to that loan. You may request a complete copy of the Application/Promissory Note Terms and Conditions/Borrower’s Rights and Responsibilities (“Terms and Conditions/BRR”) at any time by contacting your servicer.

In this section, 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:

- Federal Pell Grant Program
- Federal Supplemental Educational Opportunity Grant (FSEOG) Program;
- Federal Work-Study (FWS) Program
- Leveraging Educational Assistance Partnership Grant Program
- Teacher Education Assistance for College and Higher Education (TEACH) Grant Program
- William D. Ford Federal Direct Loan (Direct Loan) Program
- Federal Family Education Loan (FFEL) Program (loans are no longer made under this program)
- 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 of this Application/Promissory Note are determined in accordance with the Higher Education Act of 1965, as amended (the HEA), our regulations, 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 the Direct Consolidation 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, emailed 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 your loan may be modified or waived, unless we do so in writing. If any term of your loan 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)



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- 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 from borrowers 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 [Who's My Student Loan Servicer? | Federal Student Aid](https://studentaid.gov/manage-loans/repayment/servicers#your-servicer) (studentaid.gov/manage-loans/repayment/servicers#your-servicer).

3. TYPES OF LOANS YOU CAN CONSOLIDATE UNDER THIS APPLICATION/PROMISSORY NOTE

This Application/Promissory Note can be used **ONLY** to consolidate your portion of a joint Direct Consolidation Loan or joint Federal Consolidation Loan that you jointly owe with the co-borrower identified in Section 2. Joint consolidation loan borrowers may apply to separate a joint consolidation loan and receive new separate Direct Consolidation Loans for which each borrower is individually responsible under the terms and conditions described in this Application/Promissory Note.

4. DIRECT CONSOLIDATION LOAN COMPONENTS

This Application/Promissory Note is used to apply for the separation of a joint Direct Consolidation Loan or Federal Consolidation Loan that you jointly owe with your current or former spouse, and to request a new Direct Consolidation Loan that will repay your portion of the joint consolidation loan. You will have a single Direct

Consolidation Loan and will receive only one bill but, depending on the types of loans that were repaid by the portion of the joint consolidation loan that your new Direct Consolidation Loan repays, your Direct Consolidation Loan may have two components (see below), with each component having a separate loan identification number.

When the joint consolidation loan is paid off, we will send you a disclosure statement. The disclosure statement will identify the amount of your new individual 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 new Direct Consolidation Loan (identified as a "Direct Subsidized Consolidation Loan") will have one loan identification number representing the portion of the joint consolidation loan being repaid by your new Direct Consolidation Loan that is attributable to the following loan types:

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

Unsubsidized component

The unsubsidized component of your new Direct Consolidation Loan (identified as a "Direct Unsubsidized Consolidation Loan") will have one identification number representing the portion of the joint consolidation loan being repaid by your new Direct Consolidation Loan that is attributable to the following loan types:



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- Direct Unsubsidized Loans
- Direct Unsubsidized Consolidation Loans
- Direct PLUS Loans (for parents or for graduate and professional students)
- Direct PLUS Consolidation Loans
- Unsubsidized and Nonsubsidized Federal Stafford Loans
- Unsubsidized Federal Consolidation Loans
- Federal PLUS Loans (for parents or for graduate and professional students)
- Federal Supplemental Loans for Students (SLS)
- Federal Perkins Loans
- National Direct Student Loans (NDSL)
- National Defense Student Loans (NDSL)
- 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)

5. ADDING ELIGIBLE LOANS TO YOUR DIRECT CONSOLIDATION LOAN

You may add other 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 (contact your loan servicer for more information on how to do this). Your Direct Consolidation Loan is "made" on the date we pay off the joint consolidation loan that is being separated. 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.

6. INTEREST RATE

Unless we notify you in writing that a different interest rate will apply, the interest rate on your Direct Consolidation Loan is equal to the interest rate on the joint consolidation loan you are applying to separate

that is in effect as of the day before your new Direct Consolidation Loan is made. If you are applying to separate a joint Direct Consolidation Loan that currently has a variable interest rate, your Direct Consolidation Loan will have a fixed interest rate that is equal to the interest rate on the joint consolidation loan that is in effect as of the day before your new Direct Consolidation Loan is made.

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 your Direct Consolidation Loan has an interest rate greater than 6%, we will automatically reduce the interest rate on the loan 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 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.

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.

7. PAYMENT OF INTEREST

General



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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; and
- During some periods of repayment under certain IDR plans.

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 some periods of repayment under the SAVE Plan; and
- During periods of deferment for cancer treatment (see Item 14 in this section).

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 (see Item 14 in this section), 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%.



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

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 <https://irs.gov/publications/p970>.

8. 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.

9. 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).

10. REPAYING YOUR LOAN

You must repay your loan in monthly installments during a repayment period that begins on the date of the payoff of the joint consolidation loan that you have requested to separate and consolidate into a new Direct Consolidation Loan. 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 date of the payoff of your joint consolidation loan. 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, 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 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.



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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.

There are three fixed payment repayment plans:

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). See 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). See 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:

1. You have an outstanding balance on Direct Loans that exceeds \$30,000, and
2. 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 income-driven 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



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payment each year based on any changes in your income and family size.

Your required monthly payment amount under an IDR plan is generally a percentage of your annual discretionary income, divided by 12. 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, in this circumstance your monthly payment under the SAVE Plan or the IBR Plan will be reduced if your spouse also has federal student loans.

If you are married and file a separate federal 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 will 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 specific plan, 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 income tax on the loan amount that is forgiven.

Not all of the IDR plans are available for all Direct Consolidation Loans, as explained below. The term “parent PLUS loan” as used in the IDR plan descriptions means a Direct PLUS Loan or a Federal PLUS Loan that you obtained to help pay for your child’s undergraduate education.

Three IDR plans are available:

Saving on a Valuable Education Plan (SAVE Plan)

Any borrower who applies to separate a joint Direct Consolidation Loan or joint Federal Consolidation Loan

into a new Direct Consolidation Loan before July 1, 2025 may choose to repay the new Direct Consolidation Loan under the SAVE Plan. However, if you later add a parent PLUS loan to the new Direct Consolidation Loan (see Item 5 in this section), the Direct Consolidation Loan will no longer be eligible for the SAVE Plan.

If you apply to separate a joint Direct Consolidation Loan or Federal Consolidation Loan into a new Direct Consolidation Loan on or after July 1, 2025, you may not repay the new Direct Consolidation Loan under the SAVE Plan if your portion of the joint consolidation was attributable to one or more parent PLUS loans.

Under the SAVE Plan, your monthly payment amount will be a percentage of your discretionary income ranging from 5% to 10%, depending on whether the joint consolidation loan repaid by your new Direct Consolidation Loan repaid only undergraduate loans (loans you received for undergraduate study), only non-undergraduate loans (any loans other than loans you received for undergraduate study), or a mix of loans in both categories.

Income-Based Repayment Plan (IBR Plan)

Any borrower who applies to separate a joint Direct Consolidation Loan or joint Federal Consolidation Loan into a new Direct Consolidation Loan before July 1, 2025, and who meets the requirement to initially enter the IBR Plan (see below) may choose to repay the new Direct Consolidation Loan under the IBR Plan. However, if you later add a parent PLUS loan to the new Direct Consolidation Loan (see Item 5 in this section), the Direct Consolidation Loan will no longer be eligible for the IBR Plan.

If you apply to separate a joint Direct Consolidation Loan or Federal Consolidation Loan into a new Direct Consolidation Loan on or after July 1, 2025, you may not repay the new Direct Consolidation Loan under the IBR Plan if your portion of the joint consolidation was attributable to one or more parent PLUS loans.

To initially qualify for the IBR Plan, the monthly amount you would be required to pay under this plan (based on your income and family size) must be less than the



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amount you would have to pay under the Standard Repayment Plan with a 10-year repayment period.

Your monthly payment under the IBR Plan is generally 15% of your discretionary income, but it will never be more than the Standard Repayment Plan amount.

Income-Contingent Repayment Plan (ICR Plan)

The ICR Plan is not available to all Direct Consolidation Loan borrowers. Generally, you may choose the ICR Plan to repay your new Direct Consolidation Loan **only** if you are consolidating a joint Direct Consolidation Loan or joint Federal Consolidation Loan that repaid one or more parent PLUS loans.

Under the ICR Plan, your monthly payment amount will be **the lesser of—**

- 20% of your discretionary income, or
- A percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period.

ADDITIONAL REPAYMENT INFORMATION

Additional IDR plans available to some borrowers

An additional IDR plan, the Pay As You Earn Repayment Plan (PAYE Plan), may be available if you previously received Direct Loans and began repaying those loans under the PAYE Plan. The ICR Plan may also be available (even if you do not meet the ICR Plan eligibility requirements described above) if you previously received Direct Loans and began repaying those loans under the ICR Plan. Your loan servicer can tell you whether you qualify for one of these plans and provide more information about the plans. You can also find more detailed information about all of the Direct Loan repayment plans at [Repayment Plans | Federal Student Aid](https://studentaid.gov/manage-loans/repayment/plans) (studentaid.gov/manage-loans/repayment/plans).

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.

Adjustments to the number or amount of payments

Under each plan, the number or amount of payments 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) (studentaid.gov/loan-simulator/) to evaluate your eligibility for the IBR Plan and to estimate your monthly and total payment amounts under all of the repayment plans. The Loan Simulator is for informational purposes only. Your servicer 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



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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 you may receive forgiveness of the remaining balance of your loan 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 when you 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.

11. 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.

12. 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 balance 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 for; or
- Default on your loan (see Item 11 in this section).

13. INFORMATION WE REPORT ABOUT YOUR LOAN

We will report information about your loan to nationwide consumer reporting agencies (commonly known as "credit bureaus") and 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). 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



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consumer reporting agencies using the methods established by those agencies.

14. DEFERMENT AND FORBEARANCE (POSTPONING PAYMENTS)

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



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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).

15. 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 or discharge 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. The required 120 payments do not have to be consecutive.

If you are consolidating a joint Direct Consolidation Loan, you may receive credit toward the 120 qualifying payments required to receive forgiveness under the PSLF Program for payments you made on the joint Direct Consolidation Loan before the date of consolidation into a new Direct Consolidation Loan. The number of payments for which you may receive credit is the weighted average of the payments you made on the

joint Direct Consolidation Loan that met the requirements of the PSLF Program to be counted as qualifying payments toward forgiveness.

You can learn more about the requirements for the PSLF Program at [Public Service Loan Forgiveness | Federal Student Aid](https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service) (studentaid.gov/manage-loans/forgiveness-cancellation/public-service) or by contacting your servicer.

Teacher Loan Forgiveness

We may forgive a portion of your Direct Consolidation Loan if the portion of the joint consolidation loan you are consolidating repaid eligible student loans you received under the Direct Loan Program or the FFEL Program and 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 a portion of your new Direct Consolidation Loan if your portion of the joint consolidation loan you are consolidating into the new Direct Consolidation Loan 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



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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 repaid by your portion of the joint consolidation loan that you are consolidating 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 repaid by your portion of the joint consolidation loan that you are consolidating was falsely certified by the school;
- Your eligibility for one or more of the Direct Loan Program or FFEL Program loans repaid by your portion of the joint consolidation loan that you are consolidating was falsely certified as a result of a crime of identity theft; or
- Your former school did not pay a required refund of one or more Direct Loan Program or FFEL Program loans repaid by your portion of the joint consolidation loan that you are consolidating.

Borrower defense to repayment discharge

We may discharge some or all of the portion of your new Direct Consolidation Loan based on certain conduct committed by the school where you received one or more of the loans repaid by your portion of the joint consolidation loan that you are consolidating. 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 [Borrower Defense Loan Discharge | Federal Student Aid](https://studentaid.gov/manage-loans/forgiveness-cancellation/borrower-defense) (studentaid.gov/manage-loans/forgiveness-cancellation/borrower-defense) or contact your servicer.

END OF TERMS AND CONDITIONS/BRR



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SECTION 9: 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. 1087 et seq.), authorizes the Department of Education (Department) to ask the questions set forth in this Combined Application to Separate a Joint Consolidation Loan and Direct Consolidation Loan Promissory Note form, including collecting Social Security numbers (SSNs) from a borrower, and, where necessary, the spouse of a married borrower (20 U.S.C. 1091(a)(4)) and 31 U.S.C. 7701(b). The collection of the SSNs 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 request to separate a Joint Consolidation Loan. The principal purposes for collecting the information on this form, including you and your spouse's SSN, are to verify you and your spouse's identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, forgiveness, or separation of a joint consolidation loan) 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 Services for Borrowers (CSB)" (18-11-16) 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 verify the identity of the individual whom records indicate has applied for or received title IV, HEA program funds, disclosures may be made to guaranty agencies, educational and financial institutions, and their authorized representatives; to Federal, State, Tribal, or local agencies, and their authorized representatives; to private parties, such as relatives, business and personal associates, and present and former employers; to creditors; to consumer reporting agencies; to adjudicative



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bodies; and to the individual whom the records identify as the party obligated to repay the title IV, HEA obligation;

- To determine program eligibility and benefits, disclosures may be made to guaranty agencies, educational and financial institutions, and their authorized representatives; to Federal, State, or local agencies, and their authorized representatives; to private parties, such as relatives, business and personal associates, and present and former employers; to creditors; to consumer reporting agencies; and to adjudicative bodies;
- To enforce the conditions or terms of a title IV, HEA obligation, disclosures may be made to guaranty agencies, educational and financial institutions, and their authorized representatives; to Federal, State, or local agencies, and their authorized representatives; to private parties, such as relatives, business and personal associates, and present and former employers; to creditors; to consumer reporting agencies; to adjudicative bodies; and to the individual whom the records identify as the party obligated to repay the title IV, HEA obligation;
- To permit originating, disbursing, servicing, collecting, assigning, adjusting, transferring, referring, furnishing of credit information, or discharging title IV, HEA obligations, disclosures may be made to guaranty agencies, educational institutions, or financial institutions that originated, held, serviced, or have been assigned the title IV, HEA obligation, and their authorized representatives; to a party identified by the debtor as willing to advance funds to repay the title IV, HEA obligation; to Federal, State, or local agencies, and their authorized representatives; to private parties, such as relatives, business and personal associates, and present and former employers; to creditors; to consumer reporting agencies; and to adjudicative bodies;
- To provide customers with information to help them make informed decisions on repayment options, including deferment, forbearance, and

recurring auto debit, based on their unique situations, disclosures may be made to guaranty agencies, educational and financial institutions, and their authorized representatives; and to Federal, State, or local agencies, and their authorized representatives.

Effects of Not Providing Information: Providing information on this Combined Application to Separate a Joint Consolidation Loan and Direct Consolidation Loan 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.

THE PAPERWORK REDUCTION ACT OF 1995

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-NEW. 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 20 U.S.C. 1087e(g)(2)(A)(i).

If you have comments or concerns regarding the status of your individual submission of this form, contact:

[INSERT SERVICER ADDRESS]