

A Comparison of FDLP and FFELP

Provided by the National Council of Higher Education Loan Programs (NCHELP) Program Regulations Committee

	FDLP	FFELP	Difference	Examples
	Interest Rate			
1.	<p>[34 CFR §685.202]</p> <p>The interest rate is fixed at 6.8% for Stafford loans that are first disbursed on or after 7/1/2006 except for subsidized Stafford loans made to undergraduates. For subsidized Stafford loans made to undergraduate students, the interest rate is fixed at:</p> <ul style="list-style-type: none"> • 6.0% for loans first disbursed on or after July 1, 2008; • 5.6% for loans first disbursed on or after July 1, 2009; • 4.8% for loans first disbursed on or after July 1, 2010; and • 3.4% for loans first disbursed on or after July 1, 2011. <p>For loans first disbursed on or after July 1, 2012, the interest rate will be 6.8%. [428(d)]</p> <p>See Repayment Incentives for information on an up-front interest rate rebate.</p> <p>A borrower covered under section 207 of the Servicemembers Civil Relief Act may be eligible for a reduced interest rate not to exceed 6% for loans the borrower obtained prior to military service during the borrower's period of military service. This interest rate reduction is also applicable to defaulted loans.</p>	<p>[34 CFR §682.202]</p> <p>The interest rate is fixed at 6.8% for Stafford loans that are first disbursed on or after 7/1/2006 except for subsidized Stafford loans made to undergraduates. For subsidized Stafford loans made to undergraduate students, the interest rate is fixed at:</p> <ul style="list-style-type: none"> • 6.0% for loans first disbursed on or after July 1, 2008; • 5.6% for loans first disbursed on or after July 1, 2009; • 4.8% for loans first disbursed on or after July 1, 2010; and • 3.4% for loans first disbursed on or after July 1, 2011. <p>For loans first disbursed on or after July 1, 2012, the interest rate will be 6.8%. [428(d); 438(g)]</p> <p>A borrower covered under section 207 of the Servicemembers Civil Relief Act may be eligible for a reduced interest rate not to exceed 6% for loans the borrower obtained prior to military service during the borrower's period of military service. This interest rate reduction is also applicable to defaulted loans.</p>	<p>No difference.</p>	

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2.	<p>The interest rate is fixed at 7.9% for PLUS loans first disbursed on or after July 1, 2006.</p> <p>See Repayment Incentives for information on an up-front interest rate rebate.</p>	<p>The interest rate is fixed at 8.5% for PLUS loans first disbursed on or after July 1, 2006.</p>	<p>FDLP PLUS interest rate is 0.6% lower than the FFELP PLUS interest rate.</p>	
Loan Fees				
1.	<p>[HEA §455(c)]</p> <p>Reduces the origination fee for Direct Stafford loans (subsidized and unsubsidized) from 4% to 1% over five years.</p> <ul style="list-style-type: none"> • Loans with a first disbursement made on or after 7/1/2006 will have a fee of 3% • Loans with a first disbursement made on or after 7/1/2007 will have a fee of 2.5%; • Loans with a first disbursement made on or after 7/1/2008 will have a fee of 2%; • Loans with a first disbursement made on or after 7/1/2009 will have a fee of 1.5%; and • Loans with a first disbursement made on or after 7/1/2010 will have a fee of 1%. 	<p>[HEA §438(c)(2)(B)]</p> <p>Reduces, and eventually eliminates, the origination fee for FFELP Stafford loans (subsidized and unsubsidized) from 3% to 0% over five years.</p> <ul style="list-style-type: none"> • Loans with a first disbursement made on or after 7/1/2006 will have an fee of 2%; • Loans with a first disbursement made on or after 7/1/2007 will have a fee of 1.5%; • Loans with a first disbursement made on or after 7/1/2008 will have a fee of 1%; • Loans with a first disbursement made on or after 7/1/2009 will have a fee of 0.5%; and • Loans with a first disbursement made on or after 7/1/2010 will have a fee of 0%. 	<p>FDLP has a higher origination fee, as required by law.</p>	<p>\$10,000 loan</p> <p>Origination fee as of 7/1/2010: FDLP – 1% = \$100 FFELP - 0% = \$0</p>
Loan Fees (cont'd.)				
2.	<p>No Federal default fee</p>	<p>[HEA §428(b)(1)(H)(i) & (ii)]</p> <p>A Federal default fee in an amount equal to 1.0 percent shall be:</p> <ul style="list-style-type: none"> • Deducted from the borrower's loan proceeds, or • Paid from other non-federal sources. 	<p>FFELP is required to deposit fee of 1.0% into guarantor's Federal Reserve fund.</p>	<p>\$10,000 loan</p> <p>Federal default fee: FDLP – 0% = \$0 FFELP – 1% = \$100</p>

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Loan Repayment				
	<p>[HEA §455(d)]</p> <p>Six repayment options exist. Length of repayment period excludes periods of forbearance and deferment.</p>	<p>[HEA §428(b)(9); §428(b)(1)(L); §428(b)(9)(A)]</p> <p>Five repayment options exist. Length of repayment period excludes periods of forbearance and deferment.</p>	<p>The Higher Education Reconciliation Act of 2005 revised the Higher Education Act to require that FDLP and FFELP repayment plans be consistent. The only differences allowed are the Income Contingent Repayment plan in FDLP, the Income Sensitive Repayment plan in FFELP and the Alternative Repayment plan in FDLP.</p>	<p>Examples of repayment use a \$35,000 debt and a maximum interest rate of 8.25%.</p>
1.	<p>Standard Repayment Plan</p> <p>Borrowers pay a fixed amount each month for up to 10 years. The payment amount and length of the repayment period depend on the borrower's debt. Unless the borrower and the lender otherwise agree, minimum annual amount is the lesser of \$600 (\$50 each month) or the unpaid balance of all loans, including interest.</p>	<p>Standard Repayment Plan</p> <p>Borrowers pay a fixed amount each month for up to 10 years. The payment amount and length of the repayment period depend on the borrower's debt. Unless the borrower and the lender otherwise agree, minimum annual amount is the lesser of \$600 (\$50 each month) or the unpaid balance of all loans, including interest.</p>	<p>Standard Repayment Plan</p> <p>No difference.</p>	<p>Standard Repayment Plan</p> <p>10-year repayment period</p> <p>FDLP: Monthly payment: \$429 Total payment: \$51,480</p> <p>FFELP: Monthly payment: \$429 Total payment: \$51,480</p>

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Loan Repayment (cont'd.)				
2.	<p>Graduated Repayment Plan</p> <p>Payments are lower in the beginning of the repayment period and gradually increase during the course of repayment. No single payment can be more than three times greater than any other payment. Repayment period cannot exceed 10 years.</p> <p>Minimum repayment amount must equal at least the interest that has accrued on the loan or at least \$600 annually.</p>	<p>Graduated Repayment Plan</p> <p>Payments are lower in the beginning of the repayment period and gradually increase during the course of repayment. No single payment can be more than three times greater than any other payment. Repayment period cannot exceed 10 years.</p> <p>Minimum repayment amount must equal at least the interest that has accrued on the loan or at least \$600 annually.</p>	<p>Graduated Repayment Plan</p> <p>No difference.</p>	<p>Graduated Repayment Plan</p> <p>FDLP 10-year repayment: Monthly payment: \$241 – lowest possible initial payment in years 1 & 2 (equals interest only) Monthly payment for the remaining 8 years: \$499 Total payment: \$53,688</p> <p>FFELP 10-year repayment: Monthly payment: \$241 – lowest possible initial payment in years 1 & 2 (equals interest only) Monthly payment for the remaining 8 years: \$499 Total payment: \$53,688</p>
3.	<p>Extended Repayment Plan</p> <p>Available only to new FDLP borrowers on or after October 7, 1998, who have a balance on their FDLP loans totaling more than \$30,000. Payments can be either fixed or graduated (lower at first and higher over time) over a period of up to 25 years.</p> <p>Minimum repayment amount must equal at least the interest that has accrued on the loan or at least \$600 annually.</p>	<p>Extended Repayment Plan</p> <p>Available only to new FFELP borrowers on or after October 7, 1998, who have a balance on their FFELP loans totaling more than \$30,000. Payments can be either fixed or graduated (lower at first and higher over time) over a period of up to 25 years.</p> <p>Minimum repayment amount must equal at least the interest that has accrued on the loan or at least \$600 annually.</p>	<p>Extended Repayment Plan</p> <p>No difference.</p>	<p>Extended Repayment Plan</p> <p>FDLP 20-year repayment: Monthly payment: \$298 Total payment: \$71,520</p> <p>FFELP 20-year repayment: Monthly payment: \$298 Total payment: \$71,520</p>

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Loan Repayment (cont'd.)			
4.	<p>Income Contingent Repayment Plan (ICR)</p> <p>Payments are based on the borrower's income, family size, and loan amount. As the borrower's income increases or decreases, the payments are adjusted on an annual basis. Borrowers may have up to 25 years to repay. After 25 years, any remaining balance is cancelled, although the borrower must declare the amount cancelled as taxable income. No single payment can be more than three times greater than any other payment. Not available to Direct PLUS borrowers.</p>	<p>Income Contingent Repayment Plan</p> <p>Not available to FFELP borrowers.</p>	<p>Income Contingent Repayment Plan</p> <p>Available only to FDLP borrowers.</p> <p>Based on income of \$25,000 and a family size of 3 people using the 2006 repayment tables. Assumes no change in income over the repayment period.</p> <p>FDLP: (25-year repayment): Monthly payment: \$140 Total payments: \$42,000</p> <p>\$35,000 subject to income tax in the year repayment ceases.</p> <p>FFELP: Not available.</p>

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5.	<p>Income-Sensitive Repayment Plan</p> <p>Not available to FDLP borrowers.</p>	<p>Income-Sensitive Repayment Plan</p> <p>Payments are adjusted annually based on a borrower's income (employment and other sources). Depending on the size of a borrower's debt and monthly income, borrowers may have up to 10 years to repay. Borrowers may choose to have their payments based on a percentage of their income. No single payment can be more than three times greater than any other payment.</p> <p>If the monthly payment the borrower can afford (based on income) is not large enough to pay off the loan in 10 years, the lender must grant the borrower up to five years of forbearance. There is no loan cancellation feature after the 10 years of payment and 5 years of forbearance.</p>	<p>Income-Sensitive Repayment Plan</p> <p>Available only to FFELP borrowers.</p>	<p>Income-Sensitive Repayment Plan</p> <p>FFELP: (10-year repayment, plus 5 years forbearance)</p> <p>Monthly payment: \$241 – year 1-5 (interest only) \$429 – year 6-15 (standard repay) Total payments: \$65,940</p> <p>Loan is paid in full at the end of the repayment period.</p> <p>FDLP: Not available.</p>

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Loan Repayment (cont'd.)			
6.	<p>Income-Based Repayment Plan</p> <p>On or after July 1, 2009, a borrower with a “partial financial hardship” may qualify for IBR on eligible loans (loans not in default, and not parent PLUS Loans or Consolidation Loans that repaid parent PLUS Loans). A borrower must reapply annually by providing AGI and family size information.</p> <p>Monthly payment amount may be calculated as low as zero (\$0) and repayment may extend to as long as 25 years. If the borrower has a remaining balance at the end of 25 years and meets other criteria, the remaining principal and interest may be cancelled. Periods of economic hardship deferment are not included in the 25-year period.</p> <p>Also note that ED may require a borrower to repay defaulted loans under IBR after the loans are assigned [HEA §422(j)].</p>	<p>Income-Based Repayment Plan</p> <p>On or after July 1, 2009, a borrower with a “partial financial hardship” may qualify for IBR on eligible loans (loans not in default, and not parent PLUS Loans or Consolidation Loans that repaid parent PLUS Loans). A borrower must reapply annually by providing AGI and family size information.</p> <p>Monthly payment amount may be calculated as low as zero (\$0) and repayment may extend to as long as 25 years. If the borrower has a remaining balance at the end of 25 years and meets other criteria, the remaining principal and interest may be cancelled. Periods of economic hardship deferment are not included in the 25-year period.</p>	<p>Income-Based Repayment Plan</p> <p>Under FFELP, defaulted loans are not eligible for IBR; under FDLP, ED may require the borrower to repay defaulted loans under an IBR plan.</p>
7.	<p>[HEA §455(d)(4)]</p> <p>Alternative Repayment Plan</p> <p>Under exceptional circumstances, a borrower who is unable to repay under the standard, graduated, extended or income contingent repayment plans may be allowed to repay under an alternative repayment plan that must be approved by the Secretary. Repayment period is up to 30 years.</p>	<p>Alternative Repayment Plan</p> <p>Not available to FFELP borrowers.</p>	<p>Alternative Repayment Plan</p> <p>Available only to FDLP borrowers.</p>

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Loan Repayment (cont'd.)				
8.	<p>Combining Loans for Married Couples</p> <p>Married couples are allowed to combine payments if they are paying under the income-contingent repayment schedule as specified in §685.209(b).</p>	<p>Combining Loans for Married Couples</p> <p>Not available to FFELP borrowers.</p>	<p>Combining Loans for Married Couples</p> <p>Available only to FDLP borrowers.</p>	<p>Combining Loans for Married Couples</p> <p>Based on \$60,000 total (\$30,000 per individual), \$40,000 total income, 3 in household and using 2006 repayment tables. Assumes no change in income over the repayment period.</p> <p>FDLP: combined payments (not consolidation) Monthly payment: \$412 Total payments: \$123,600 \$60,000 subject to income tax in the year repayment ceases.</p> <p>FFELP: Not available.</p>

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Repayment Incentives				
1.	<p>[HEA §455(b)(8)(A)]</p> <p>ED has the authority to make reductions in the interest rate or origination fee paid by a borrower to encourage on-time payment. Such reductions must be cost neutral and in the best interest of the federal government.</p> <p>Repayment incentive practices also include:</p> <ul style="list-style-type: none"> • A 0.25% interest rate reduction on all FDLP loan types for borrowers making payments under an electronic debit account plan. • A 1.5% upfront rebate of interest on Stafford and PLUS loans. The 1.5% is based on the principal amount borrowed. If the borrower fails to make 12 on-time payments, the rebate amount will be added back to the principal of the loan. For loans on which the earliest disbursement date is on or after July 1, 2009 and prior to July 1, 2010, the rebate will be 1%. • Unlimited discretionary forbearance and no late fees for FDLP Consolidation loan borrowers. 	<p>The repayment incentives vary by lender. Lenders (or secondary markets) may offer reduced interest rates or origination fees to borrowers who are making their scheduled payments on time.</p> <p>Repayment incentive practices may also include an interest rate reduction on all FFELP loan types for borrowers making payments under an electronic debit account plan.</p> <p>In addition, lenders may offer benefits of unlimited discretionary forbearance and no late fees on all FFELP loan types.</p>	<p>FDLP reductions are standard for all borrowers.</p> <p>FFELP lenders have flexibility based on business practices.</p>	<p>FDLP – See column one.</p> <p>FFELP – varies by lender.</p>

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Deferments			
1.	<p>[34 CFR §685.204]</p> <p>A new borrower, or a borrower who at the time of application for the borrower's first FDLP loan, had an outstanding balance of principal or interest owing on any FFELP loan that was made, insured, or guaranteed before July 1, 1993, is eligible for all of the deferments applicable to Pre 7-1-1993 borrowers AND the following deferments:</p> <ul style="list-style-type: none"> ▪ Enrolled at least half-time in an eligible school. ▪ Enrolled in a graduate fellowship program. ▪ Enrolled in a rehabilitation program. ▪ Unemployed (three-year limit). ▪ Economic hardship (three-year limit). <p>Note: Eligibility for deferment is tied to the loan, not to the borrower. As a result, the borrower has the same deferments for all loans.</p>	<p>[34 CFR §682.209; §682.210]</p> <p>A borrower whose outstanding FFELP loans were all made on or after July 1, 1993, and when the borrower's first FFELP loan was made on or after July 1, 1993, the borrower had no outstanding FFELP loans that were made before July 1, 1993, is eligible for the following deferments:</p> <ul style="list-style-type: none"> ▪ Enrolled at least half-time in an eligible school. ▪ Enrolled in a graduate fellowship program. ▪ Enrolled in a rehabilitation program. ▪ Unemployed (three-year limit). ▪ Economic hardship (three-year limit). <p>Note: Eligibility for deferments is based on when the borrower first borrowed an FFELP loan.</p>	<p>FDLP deferments are loan-based.</p> <p>FFELP deferments are borrower-based.</p>

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Deferments (cont'd.)			
2.	<p>[HEA §455(f)(2)(C)] Active Military Service Deferments</p> <p>Effective for deferments granted or extended on or after October 1, 2007, the 3-year limit on Active Military Service Deferments was eliminated.</p> <p>A new 180-day post-demobilization deferment has been added, effective for deferments granted on or after October 1, 2007. This 180-day deferment is available each time a borrower is demobilized and at the end of qualified active duty service. This deferment is called the Military Service Deferment – 180-day Extension.</p> <p>These deferments are not limited to loans made on or after July 2, 2001 as was the previous Military Deferment, all borrowers meeting the criteria are eligible regardless of the date the borrower’s loans were made.</p>	<p>[HEA §428(b)(1)(M)] Active Military Service Deferments</p> <p>Effective for deferments granted or extended on or after October 1, 2007, the 3-year limit on Active Military Service Deferments was eliminated.</p> <p>A new 180-day post-demobilization deferment has been added, effective for deferments granted on or after October 1, 2007. This 180-day deferment is available each time a borrower is demobilized and at the end of qualified active duty service. This deferment is called the Military Service Deferment – 180-day Extension.</p> <p>These deferments are not limited to loans made on or after July 2, 2001 as was the previous Military Deferment, all borrowers meeting the criteria are eligible regardless of the date the borrower’s loans were made.</p>	<p>Active Military Service Deferments</p> <p>No difference.</p>

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Deferments (cont'd.)			
3.	<p>[HEA 493] Post-Active Duty Student Deferment</p> <p>This deferment has been extended to include the 13-month period following military service for borrowers who are members of the National Guard or other Armed Forces reserve (current or retired members) that are called to active duty while enrolled (or enrolled within 6 months of the call to active duty) at an eligible institution. The deferment expires when the borrower returns to enrolled status.</p> <p>Effective for deferment requests granted or extended on or after October 1, 2007.</p>	<p>[HEA 493] Post-Active Duty Student Deferment</p> <p>The deferment has been extended to include the 13-month period following military service for borrowers who are members of the National Guard or other Armed Forces reserve (current or retired members) that are called to active duty while enrolled (or enrolled within 6 months of the call to active duty) at an eligible institution. The deferment expires when the borrower returns to enrolled status.</p> <p>Effective for deferment requests granted or extended on or after October 1, 2007.</p>	<p>Post-Active Duty Student Deferment</p> <p>No difference.</p>

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Deferments (cont'd.)			
4.	<p>[HEA 428B(d)(1)] PLUS Loans: Deferment Eligibility</p> <p>Deferments for Parent and Graduate PLUS loans first disbursed on or after July 1, 2008 have been expanded.</p> <p>Both Parent and Graduate PLUS loan borrowers have the following options:</p> <ul style="list-style-type: none"> • Defer their eligible loan(s) based on their own at least half-time enrollment in an eligible school for every period of enrollment (this deferment is not new); • Upon request, defer their eligible loan(s) for the six-month period immediately following the date on which they ceased at least half-time enrollment at an eligible school [post-enrollment deferment period]. <p>Upon request, Parent PLUS borrowers have the following additional options:</p> <ul style="list-style-type: none"> • Defer their eligible loan(s) while the student beneficiary is enrolled at least half-time at an eligible school for every period of enrollment. • Defer their eligible loan(s) for the six-month period immediately following the date on which the student beneficiary ceased at least half-time enrollment at an eligible school [post-enrollment deferment period]. 	<p>[HEA 428B(d)(1)] PLUS Loans: Deferment Eligibility</p> <p>Deferments for Parent and Graduate PLUS loans first disbursed on or after July 1, 2008 have been expanded.</p> <p>Both Parent and Graduate PLUS loan borrowers have the following options:</p> <ul style="list-style-type: none"> • Defer their eligible loan(s) based on their own at least half-time enrollment in an eligible school for every period of enrollment (this deferment is not new); • Upon request, defer their eligible loan(s) for the six-month period immediately following the date on which they ceased at least half-time enrollment at an eligible school [post-enrollment deferment period]. <p>Upon request, Parent PLUS borrowers have the following additional options:</p> <ul style="list-style-type: none"> • Defer their eligible loan(s) while their student beneficiary is enrolled at least half-time at an eligible school for every period of enrollment. • Defer their eligible loan(s) for the six-month period immediately following the date on which the student beneficiary ceased at least half-time enrollment at an eligible school [post-enrollment deferment period]. 	<p>PLUS Loans: Deferment Eligibility</p> <p>No difference.</p>

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Discharge/Forgiveness			
<p>1. [34 CFR §685.212; §685.213; §685.214; §685.215; §685.216 and §685.217]</p> <ul style="list-style-type: none"> ▪ Total and permanent disability ▪ Death ▪ Bankruptcy ▪ Closed schools/false certification ▪ Unpaid refund ▪ Full-time teachers who meet specific requirements 	<p>[34 CFR §682.102; §682.215; §682.402]</p> <ul style="list-style-type: none"> ▪ Total and permanent disability ▪ Death ▪ Bankruptcy ▪ Closed schools/false certification ▪ Unpaid refund ▪ Full-time teachers who meet specific requirements 	No difference.	
<p>2. [HEA §437(c)(1)] False Certification due to Identify Theft</p> <p>Effective July 1, 2006: A new type of false certification discharge was created (for loans disbursed on or after January 1, 1986), authorizing a discharge if the borrower’s loan was falsely certified as a result of a crime of identity theft.</p>	<p>[HEA §437(c)(1)] False Certification due to Identify Theft</p> <p>Effective July 1, 2006: A new type of false certification discharge was created (for loans disbursed on or after January 1, 1986), authorizing a discharge if the borrower’s loan was falsely certified as a result of a crime of identity theft.</p>	<p>False Certification due to Identify Theft</p> <p>No difference.</p>	
<p>3. H.R. 6138—Third Higher Education Extension Act of 2006 (includes 9/11 discharge)</p> <p>Signed into law on September 30, 2006. Provides loan cancellation for eligible public servants, victims, and spouses and parents of victims of the September 11, 2001 attacks.</p>	<p>H.R. 6138—Third Higher Education Extension Act of 2006 (includes 9/11 discharge)</p> <p>Signed into law on September 30, 2006. Provides loan cancellation for eligible public servants, victims, and spouses and parents of victims of the September 11, 2001 attacks.</p>	<p>H.R. 6138—Third Higher Education Extension Act of 2006 (includes 9/11 discharge)</p> <p>No difference.</p> <p>Note: This discharge is also applicable to a Perkins loan.</p>	

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4.	<p>[HEA 455(e)(7), 455(m), and 428C] Loan Forgiveness for Public Service Employees</p> <p>ED will cancel the balance of principal and interest outstanding at the end of the 10 year repayment period on any eligible Direct loan (Stafford, PLUS and Consolidation):</p> <ul style="list-style-type: none"> • That is not in default, • For borrowers employed full-time in a public service job after they have made 120 separate monthly payments after October 1, 2007 on the Direct loan for which forgiveness is being requested. 	<p>Loan Forgiveness for Public Service Employees</p> <p>Not available to FFELP borrowers unless they consolidate through FDLP consolidation.</p>	<p>Loan Forgiveness for Public Service Employees</p> <p>This loan forgiveness program is only available to FDLP borrowers. However, FFELP borrowers are allowed to consolidate their FFELP loans into a FDLP consolidation loan in order to take advantage of this loan forgiveness program.</p>	

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Discharge/Forgiveness (cont'd.)				
5.	<p>[HEA 428K] Loan Forgiveness for Service in Areas of National Need</p> <p>A loan forgiveness program for loan borrowers who are employed full-time in an area of national need, including: early childhood educators, nurses, foreign language specialists, librarians, teachers educating students who are limited English proficient, teachers serving in low-income communities, teachers in underrepresented populations, child welfare workers, speech-language pathologists and audiologists, school counselors, public safety workers, emergency management workers, emergency medical technicians, public health workers, public interest legal services, nutritional specialists, medical specialists, mental health professionals, dentists, applied sciences, technology, engineering, or mathematics employees, physical therapists, school superintendents, principals, or other administrators in low-income areas, and occupational therapists.</p> <p>Loan forgiveness may be up to \$2,000 a year, not to exceed five years of service for a total aggregate forgiveness amount of \$10,000.</p> <p>Authorized to be appropriated by Congress for 2009 through 2014. Forgiveness is granted on a first-come, first-served basis, subject to the availability of funds. There are no refunds of any payments.</p>	<p>[HEA 428K] Loan Forgiveness for Service in Areas of National Need</p> <p>A loan forgiveness program for loan borrowers who are employed full-time in an area of national need, including: early childhood educators, nurses, foreign language specialists, librarians, teachers educating students who are limited English proficient, teachers serving in low-income communities, teachers in underrepresented populations, child welfare workers, speech-language pathologists and audiologists, school counselors, public safety workers, emergency management workers, emergency medical technicians, public health workers, public interest legal services, nutritional specialists, medical specialists, mental health professionals, dentists, applied sciences, technology, engineering, or mathematics employees, physical therapists, school superintendents, principals, or other administrators in low-income areas, and occupational therapists.</p> <p>Loan forgiveness may be up to \$2,000 a year, not to exceed five years of service for a total aggregate forgiveness amount of \$10,000.</p> <p>Authorized to be appropriated by Congress for 2009 through 2014. Forgiveness is granted on a first-come, first-served basis, subject to the availability of funds. There are no refunds of any payments.</p>	<p>Loan Forgiveness for Service in Areas of National Need</p> <p>No difference.</p>	

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	FDLP	FFELP	Difference	Examples
	Discharge/Forgiveness (cont'd.)			
6.	<p>[HEA 428L] Loan Repayment for Civil Legal Assistance Attorneys</p> <p>A forgiveness program for civil legal assistance attorneys who are employed full-time at:</p> <ul style="list-style-type: none"> • A nonprofit organization that provides free civil legal assistance to low-income individuals, or • A protection and advocacy system or client assistance program funded by a qualified federal program. <p>Loan forgiveness may be up to \$6,000 a year not to exceed \$40,000.</p> <p>Authorized to be appropriated by Congress for 2009 through 2014. Distributed on a first-come first-served basis, with priority given to those:</p> <ul style="list-style-type: none"> • Where 90% or more of legal practice for first 5 years, or less, as an attorney has been spent as a civil legal assistance attorney • Who received this benefit the previous year • Who completed less than 3 years of their service. 	<p>[HEA 428L] Loan Repayment for Civil Legal Assistance Attorneys</p> <p>A forgiveness program for civil legal assistance attorneys who are employed full-time at:</p> <ul style="list-style-type: none"> • A nonprofit organization that provides free civil legal assistance to low-income individuals, or • A protection and advocacy system or client assistance program funded by a qualified federal program. <p>Loan forgiveness may be up to \$6,000 a year not to exceed \$40,000.</p> <p>Authorized to be appropriated by Congress for 2009 through 2014. Distributed on a first-come first-served basis, with priority given to those:</p> <ul style="list-style-type: none"> • Where 90% or more of legal practice for first 5 years, or less, as an attorney has been spent as a civil legal assistance attorney • Who received this benefit the previous year • Who completed less than 3 years of their service. 	<p>Loan Repayment for Civil Legal Assistance Attorneys</p> <p>No difference.</p>	

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Consolidation Eligibility Requirements				
1.	[34 CFR §685.102 and §685.220]	[34 CFR §682.100; §682.102; §682.200; §682.201; §682.209]		
	<p>FDLP consolidation allows borrowers with FFELP and/or FDLP loans to consolidate both loan types. Other loans such as Perkins and Health Professions Loans can be consolidated into an FDLP Consolidation loan if at least one FFELP or FDLP is included in the consolidation.</p>	<p>FFELP consolidation allows borrowers with FFELP and/or FDLP loans to consolidate both loan types. Other loans such as Perkins and Health Professions Loans can be consolidated into an FFELP Consolidation loan. All loans eligible for FFELP Consolidation are now equal in standing and there is no longer a basis for requiring that an FFELP loan be included in the FFELP Consolidation Loan. A single eligible loan may be the only loan included in the FFELP Consolidation.</p>	<p>An FDLP consolidation must include at least one FFELP or FDLP loan.</p>	
2.	[HEA §455(g)]	[HEA §428C(b)(5)]		
	<p>FDLP consolidation is available to any borrower, including FFELP borrowers.</p> <p>An FFELP borrower can obtain an FDLP Consolidation loan if the borrower certifies that he or she is:</p> <ul style="list-style-type: none"> • Unable to obtain an FFELP Consolidation loan from a lender, or • Unable to obtain an FFELP Consolidation loan with income-sensitive repayment terms acceptable to the borrower. <p>The borrower's signature on the Direct Consolidation Loan Application/Promissory Note is sufficient for the purpose of certification.</p>	<p>An FFELP Consolidation loan is available to any borrower, including FDLP borrowers.</p>	<p>A borrower with only FDLP loans can obtain an FFELP Consolidation loan; however, a borrower with only FFELP loans can obtain an FDLP Consolidation loan only under certain situations.</p>	

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Consolidation Eligibility Requirements (cont'd.)			
<p>[HEA §428C(b)(5), 34 CFR 685.220(d)(i)(3)]</p> <p>Effective July 1, 2008: An FFELP borrower is eligible to obtain an FDLP Consolidation loan to participate in the public service loan forgiveness program.</p> <p>[34 CFR 685.220(d)(i)(4)] An FFELP borrower with an FFELP Consolidation loan that is in default or has been submitted to the guaranty agency by the lender for default aversion is eligible to obtain an FDLP Consolidation loan for the purpose of obtaining an income-contingent repayment plan.</p> <p>[HEA §428C(a)(3)(B)(i)(V)] An FFELP borrower is eligible to obtain an FDLP Consolidation loan for purposes of using the 'no accrual of interest' benefit for active duty service members. Applicable only to FDLP loans first disbursed on and after October 1, 2008.</p>			

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	FDLP	FFELP	Difference	Examples
Consolidation Eligibility Requirements (cont'd.)				
3.	[HEA §455(g)] FDLP consolidation is available only during grace and repayment periods.	[HEA §428C(a)(3)] FFELP consolidation is available only during grace and repayment periods.	No difference.	
4.	[HEA §455(g)] Defaulted borrowers Borrowers who are in default may be eligible for consolidation and may re-enter repayment through consolidation. A borrower in default must make satisfactory repayment arrangements (SRA) or agree to repay the FDLP Consolidation loan under the Income Contingent Repayment plan.	[HEA §428C(a)(3)] Defaulted borrowers Borrowers who are in default may be eligible for consolidation and may re-enter repayment through consolidation. A borrower in default must make satisfactory repayment arrangements (SRA) or agree to repay the FFELP Consolidation loan under the Income-Sensitive Repayment plan.	Defaulted borrowers The only difference is the type of repayment plan to which a borrower can agree in lieu of making satisfactory repayment arrangements (SRA).	
5.	180 day Add-on Provision A borrower can add an additional loan(s) to an existing FDLP Consolidation loan up to 180 days after the consolidation is made. After 180 days, the borrower can include an additional loan(s) in a subsequent consolidation loan.	180 day Add-on Provision A borrower can add an additional loan(s) to an existing FFELP Consolidation loan up to 180 days after the consolidation is made. After 180 days, the borrower can include an additional loan(s) in a subsequent consolidation loan.	180 day Add-on Provision No difference.	

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Consolidation Eligibility Requirements (cont'd.)				
6.	<p>[HEA 428C(a)(3)(B)(i)(V), 34 CFR 685.220(d)(i)(5)]</p> <p>Reconsolidation of an existing Consolidation loan</p> <p>FDLP borrowers with only a single Consolidation loan may not reconsolidate.</p> <p>A borrower with only a single FFELP Consolidation loan can obtain a subsequent Consolidation loan under FDLP solely for the purpose of obtaining an income contingent repayment plan, and only if the loan has been submitted to the guaranty agency for default aversion or is in default.</p> <p>Effective July 1, 2008, an FFELP borrower may obtain a subsequent consolidation loan under the Direct Loan program if the borrower wishes to participate in the public service loan forgiveness program.</p> <p>An FFELP borrower may obtain a subsequent consolidation loan under the Direct Loan program for purposes of using the 'no accrual of interest' benefit for active duty service members. Applicable only to FDLP loans first disbursed on and after October 1, 2008.</p>	<p>Reconsolidation of an existing Consolidation loan</p> <p>A borrower with only a single Consolidation loan may not reconsolidate the Consolidation loan under FFELP.</p> <p>A borrower must have another eligible loan, which may be another Consolidation loan, in order to reconsolidate in FFELP.</p> <p>A FFELP borrower can reconsolidate a single FFELP Consolidation loan into a new FDLP Consolidation loan under certain conditions (see the FDLP column for more details).</p>	<p>Reconsolidation of an existing Consolidation loan</p> <p>FFELP borrowers can reconsolidate a single FFELP Consolidation into a new FDLP Consolidation loan under certain conditions. FDLP borrowers with only a single Consolidation loan may not reconsolidate.</p>	

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Consolidation Eligibility Requirements (cont'd.)			
<p>Effective July 1, 2009, an FFELP borrower may also obtain a subsequent Consolidation loan under FDLP for the purpose of obtaining an income-based repayment plan, and only if the loan has been submitted to the guaranty agency for default aversion or is in default.</p> <p>A single FFEL Consolidation Loan held by a guaranty agency as a result of a bankruptcy claim, may be consolidated into FDLP even though default aversion assistance has not been requested.</p> <p>A borrower must have another eligible loan, which may be another Consolidation loan, in order to reconsolidate outside of the above exception. ED has clarified that all eligible loans have equal standing for purposes of Consolidation.</p>			

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Consolidation Loan Interest Rate			
1.	<p>[34 CFR §685.202]</p> <p>The weighted average of the interest rates on the loans being consolidated, rounded up to the nearest one-eighth of one percent, with a cap of 8.25 percent. This interest rate is fixed for the life of the loan.</p> <p>Any portion of the Consolidation loan that repaid a loan under the HEAL program receives the same interest rate.</p>	<p>[34 CFR §682.202]</p> <p>The weighted average of the interest rates on the loans being consolidated, rounded up to the nearest one-eighth of one percent, with a cap of 8.25 percent. This interest rate is fixed for the life of the loan.</p> <p>Any portion of the Consolidation loan that repaid a loan under the HEAL program receives a variable interest rate that changes each July 1 and is based on the average of the bond equivalent rate of 91-day T-bill for the quarter ending June 30 of that year, plus 3%, with no maximum.</p>	<p>There is a statutory difference between FDLP and FFELP in regard to the interest rate on any portion of the Consolidation loan that repaid a loan under the HEAL program.</p>
Consolidation Repayment Plans			
	<p>Effective for FDLP borrowers who enter repayment on or after July 1, 2006: The Higher Education Reconciliation Act of 2005 revised the Higher Education Act to require that FDLP and FFELP repayment plans be consistent.</p>	<p>The Higher Education Reconciliation Act of 2005 revised the Higher Education Act to require that FDLP and FFELP repayment plans be consistent.</p>	<p>The only differences allowed are the income contingent repayment plan in FDLP, the income-sensitive repayment plan in FFELP and the alternative repayment plan in FDLP.</p>

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Consolidation Repayment Plans (cont'd.)			
1.	<p>[HEA §455(a)(2)]</p> <p>An FDLP Consolidation loan borrower may have up to 30 years to repay the consolidation loan depending upon the borrower's total outstanding student loan indebtedness and type of repayment plan selected.</p> <p>Standard: FDLP Consolidation loan borrowers will receive standard repayment terms (fixed amount each month) as follows: Less than \$7,500 = 10 years \$7,500 but less than \$10,000 = 12 years \$10,000 but less than \$20,000 = 15 years \$20,000 but less than \$40,000 = 20 years \$40,000 but less than \$60,000 = 25 years \$60,000 and greater = 30 years</p> <p>Graduated: FDLP Consolidation loan borrowers will receive the same length of time as under the FDLP standard consolidation loan repayment plan but for the first few years, payments are lower and increase over the length of the repayment period. No single payment can be more than three times greater than any other payment.</p>	<p>[34 CFR §682.102 and §682.209]</p> <p>An FFELP Consolidation loan borrower may have up to 30 years to repay the consolidation loan depending upon the borrower's total outstanding student loan indebtedness and type of repayment plan selected.</p> <p>Standard: FFELP Consolidation loan borrowers will receive standard repayment terms (fixed amount each month) as follows: Less than \$7,500 = 10 years \$7,500 but less than \$10,000 = 12 years \$10,000 but less than \$20,000 = 15 years \$20,000 but less than \$40,000 = 20 years \$40,000 but less than \$60,000 = 25 years \$60,000 and greater = 30 years</p> <p>Graduated: FFELP Consolidation loan borrowers will receive the same length of time as under the FFELP standard consolidation loan repayment plan but for the first few years, payments are lower and increase over the length of the repayment period. No single payment can be more than three times greater than any other payment.</p>	

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FDLP	FFELP	Difference	Examples
Consolidation Repayment Plans (cont'd.)			
<p>Extended: FDLP Consolidation loan borrowers with total outstanding FDLP loan indebtedness greater than \$30,000 but less than \$40,000 may choose an extended repayment plan to obtain 25 years of repayment instead of 20 years of repayment, as long as they meet the FDLP extended repayment plan eligibility requirements for October 7, 1998 New Borrowers.</p> <p>Income Contingent: FDLP Consolidation loan borrowers are eligible for income contingent schedules under the FDLP regulations. No single payment can be more than three times greater than any other payment.</p> <p>FDLP PLUS Loan Consolidation borrowers are not eligible for income-contingent repayment.</p>	<p>Extended: FFELP Consolidation loan borrowers with total outstanding FFELP loan indebtedness greater than \$30,000 but less than \$40,000 may choose an extended repayment plan to obtain 25 years of repayment instead of 20 years of repayment, as long as they meet the FFELP extended repayment plan eligibility requirements for October 7, 1998 New Borrowers.</p> <p>Income-Sensitive: FFELP Consolidation loan borrowers receive the same length of time as under FFELP standard consolidation loan repayment plans but their payment amounts will be based on their income. No single payment can be more than three times greater than any other payment.</p>	<p>Income contingent and income-sensitive are two different types of repayment plans.</p>	

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FDLP	FFELP	Difference	Examples
Consolidation Repayment Plans (cont'd.)			
<p>Income-Based Repayment Plan</p> <p>On or after July 1, 2009, a borrower determined to have a “partial financial hardship” may qualify for IBR on eligible loans (loans not in default, and not parent PLUS Loans or Consolidation Loans that repaid parent PLUS Loans). A borrower must reapply annually by providing AGI and family size information.</p> <p>Monthly payment amount may be calculated as low as zero (\$0) and repayment may extend up to 25 years. If the borrower has a remaining balance at the end of 25 years and meets other criteria, the remaining principal and interest may be cancelled. Periods of economic hardship deferment are not included in the 25-year period.</p> <p>Also note that ED may require a borrower to repay defaulted loans under IBR after the loans are assigned [HEA §422(j)].</p>	<p>Income-Based Repayment Plan</p> <p>On or after July 1, 2009, a borrower determined to have a “partial financial hardship” may qualify for IBR on eligible loans (loans not in default, and not parent PLUS Loans or Consolidation Loans that repaid parent PLUS Loans). A borrower must reapply annually by providing AGI and family size information.</p> <p>Monthly payment amount maybe calculated as low as zero (\$0) and repayment may extend up to 25 years. If the borrower has a remaining balance at the end of 25 years and meets other criteria, the remaining principal and interest may be cancelled. Periods of economic hardship deferment are not included in the 25-year period.</p>	<p>Income-Based Repayment Plan</p> <p>Under FFELP, defaulted loans are not eligible for IBR; under FDLP, ED may require the borrower to repay defaulted loans under an IBR plan.</p>	
Consolidation Interest Subsidy			
<p>1. [34 CFR §685.202 and §685.207]</p> <p>Borrowers who consolidate a combination of subsidized and unsubsidized loans continue to be eligible for interest subsidy during authorized periods of deferment on the portion of the Consolidation loan that repaid subsidized loans.</p> <p>This does not include Perkins loans—see §685.220(c)(1).</p>	<p>[34 CFR §682.102 and §682.209]</p> <p>Borrowers who consolidate a combination of subsidized and unsubsidized loans continue to be eligible for interest subsidy during authorized periods of deferment on the portion of the Consolidation loan that repaid subsidized loans.</p> <p>This does not include Perkins loans—see §682.301(a)(3).</p>	<p>No difference. Perkins loans are not eligible for the interest subsidy benefits under FFELP or FDLP consolidation.</p>	

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FDLP	FFELP	Difference	Examples
Consolidation Deferments			
<p>1. [34 CFR §685.204]</p> <p>Borrowers receive the deferment benefits applicable to their oldest loan outstanding or included in the FDLP Consolidation loan.</p>	<p>[34 CFR §682.210]</p> <p>For borrowers who have consolidated FFELP loans, the deferment options available are based on the deferment provisions that are available for the oldest FFELP loan not included in the Consolidation loan. If all loans are consolidated, the borrower is eligible for the deferments currently available to new borrowers.</p>	<p>Both FDLP and FFELP Consolidation loan borrowers should contact their holder regarding possible impact on future deferment eligibility.</p>	
<p>2. [HEA §455(f)(2)(C)] Active Military Service Deferments</p> <p>Effective for deferments granted or extended on or after October 1, 2007, the 3-year limit on Active Military Service Deferments was eliminated.</p> <p>A new 180-day post demobilization deferment has been added effective for deferments granted on or after October 1, 2007. This 180-day deferment is available each time a borrower is demobilized and at the end of qualified active duty service. This deferment is called the Military Service Deferment – 180-day Extension.</p> <p>These deferments are not limited to loans made on or after July 2, 2001 as was the previous Military Deferment, all borrowers meeting the criteria are eligible regardless of the date the borrower’s loans were made.</p>	<p>[HEA §428(b)(1)(M)] Active Military Service Deferments</p> <p>Effective for deferments granted or extended on or after October 1, 2007, the 3-year limit on Active Military Service Deferments was eliminated.</p> <p>A new 180-day post demobilization deferment has been added effective for deferments granted on or after October 1, 2007. This 180-day deferment is available each time a borrower is demobilized and at the end of qualified active duty service. This deferment is called the Military Service Deferment – 180-day Extension.</p> <p>These deferments are not limited to loans made on or after July 2, 2001 as was the previous Military Deferment, all borrowers meeting the criteria are eligible regardless of the date the borrower’s loans were made.</p>	<p>Active Military Service Deferments</p> <p>No difference.</p>	

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	FDLP	FFELP	Difference	Examples
Consolidation Deferments (cont'd.)				
3.	<p>[HEA 493] Post-Active Duty Student Deferment</p> <p>This deferment has been extended to include the 13-month period following military service for borrowers who are members of the National Guard or other Armed Forces reserve (current or retired members) that are called to active duty while enrolled (or enrolled within 6 months of the call to active duty) at an eligible institution. The deferment expires when the borrower returns to enrolled status.</p> <p>Effective for deferment requests granted or extended on or after October 1, 2007.</p>	<p>[HEA 493] Post-Active Duty Student Deferment</p> <p>This deferment has been extended to include the 13-month period following military service for borrowers who are members of the National Guard or other Armed Forces reserve (current or retired members) that are called to active duty while enrolled (or enrolled within 6 months of the call to active duty) at an eligible institution. The deferment expires when the borrower returns to enrolled status.</p> <p>Effective for deferment requests granted or extended on or after October 1, 2007.</p>	<p>Post-Active Duty Student Deferment</p> <p>No difference.</p>	
Consolidation Discharge/Forgiveness				
1.	<p>[34 CFR §685.212] Death Discharge</p> <p>If PLUS loans are consolidated and the student on whose behalf the parent borrowed dies, the parent may have the underlying PLUS loans discharged.</p>	<p>[34 CFR §682.215 and §682.402] Death Discharge</p> <p>If PLUS loans are consolidated and the student on whose behalf the parent borrowed dies, the parent may have the underlying PLUS loans discharged.</p>	<p>Death Discharge</p> <p>No difference.</p>	

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FDLP	FFELP	Difference	Examples
Consolidation Discharge/Forgiveness (cont'd.)			
<p>2. [GEN-06-02] Spousal Consolidation</p> <p>For Consolidation loan applications received prior to July 1, 2006: Spousal Consolidation loan borrowers may have underlying loans discharged based on false certification, unpaid refunds, closed school (for loans disbursed on or after January 1, 1986), death, or total and permanent disability. Partial discharge is available for Spousal Consolidation loan borrowers when only one borrower dies or becomes disabled.</p>	<p>[GEN-06-02] Spousal Consolidation</p> <p>For Consolidation loan applications received prior to July 1, 2006: Spousal Consolidation loan borrowers may have underlying loans discharged based on false certification, unpaid refunds, closed school (for loans disbursed on or after January 1, 1986), death, or total and permanent disability. Partial discharge is available for Spousal Consolidation loan borrowers when only one borrower dies or becomes disabled.</p>	<p>Spousal Consolidation</p> <p>No difference.</p>	
<p>3. Teacher Loan Forgiveness</p> <p>Teacher Loan Forgiveness available up to the amount allowed for the underlying eligible loans.</p>	<p>Teacher Loan Forgiveness</p> <p>Teacher Loan Forgiveness available up to the amount allowed for the underlying eligible loans.</p>	<p>Teacher Loan Forgiveness</p> <p>No difference.</p>	
<p>4. [HEA 455(e)(7), 455(m), and 428C] Loan Forgiveness for Public Service Employees</p> <p>ED will cancel the balance of principal and interest outstanding at the end of the 10-year repayment period on any eligible Direct loan (Stafford, PLUS and Consolidation):</p> <ul style="list-style-type: none"> • That is not in default, • For borrowers employed full-time in a public service job after they have made 120 separate monthly payments after October 1, 2007 on the Direct loan for which forgiveness is being requested. 	<p>Loan Forgiveness for Public Service Employees</p> <p>Not available to FFELP borrowers unless they consolidate through FDLP consolidation.</p>	<p>Loan Forgiveness for Public Service Employees</p> <p>This loan forgiveness program is only available to FDLP borrowers. However, FFELP borrowers are allowed to consolidate their FFELP loans into a FDLP consolidation loan in order to take advantage of this loan forgiveness.</p>	

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	FDLP	FFELP	Difference	Examples
Consolidation Discharge/Forgiveness (cont'd.)				
5.	<p>[HEA 428K] Loan Forgiveness for Service in Areas of National Need</p> <p>A loan forgiveness program for loan borrowers who are employed full-time in an area of national need, including:</p> <p>early childhood educators, nurses, foreign language specialists, librarians, teachers educating students who are limited English proficient, teachers serving in low-income communities, teachers in underrepresented populations, child welfare workers, speech-language pathologists and audiologists, school counselors, public safety workers, emergency management workers, emergency medical technicians, public health workers, public interest legal services, nutritional specialists, medical specialists, mental health professionals, dentists, applied sciences, technology, engineering, or mathematics employees, physical therapists, school superintendents, principals, or other administrators in low-income areas, and occupational therapists.</p> <p>Loan forgiveness may be up to \$2,000 a year, not to exceed five years of service for a total aggregate forgiveness amount of \$10,000.</p> <p>Authorized to be appropriated by Congress for 2009 through 2014. Forgiveness is granted on a first-come, first-served basis, subject to the availability of funds. There are no refunds of any payments.</p>	<p>[HEA 428K] Loan Forgiveness for Service in Areas of National Need</p> <p>A loan forgiveness program for loan borrowers who are employed full-time in an area of national need, including:</p> <p>early childhood educators, nurses, foreign language specialists, librarians, teachers educating students who are limited English proficient, teachers serving in low-income communities, teachers in underrepresented populations, child welfare workers, speech-language pathologists and audiologists, school counselors, public safety workers, emergency management workers, emergency medical technicians, public health workers, public interest legal services, nutritional specialists, medical specialists, mental health professionals, dentists, applied sciences, technology, engineering, or mathematics employees, physical therapists, school superintendents, principals, or other administrators in low-income areas, and occupational therapists.</p> <p>Loan forgiveness may be up to \$2,000 a year, not to exceed five years of service for a total aggregate forgiveness amount of \$10,000.</p> <p>Authorized to be appropriated by Congress for 2009 through 2014. Forgiveness is granted on a first-come, first-served basis, subject to the availability of funds. There are no refunds of any payments.</p>	<p>Loan Forgiveness for Service in Areas of National Need</p> <p>No difference.</p>	

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	FDLP	FFELP	Difference	Examples
Consolidation Discharge/Forgiveness (cont'd.)				
6.	<p>[HEA 428L] Loan Repayment for Civil Legal Assistance Attorneys</p> <p>A forgiveness program for civil legal assistance attorneys who are employed full-time at:</p> <ul style="list-style-type: none"> • A nonprofit organization that provides free civil legal assistance to low-income individuals, or • A protection and advocacy system or client assistance program funded by a qualified federal program. <p>Loan forgiveness may be up to \$6,000 a year not to exceed \$40,000.</p> <p>Authorized to be appropriated by Congress for 2009 through 2014. Distributed on a first-come first-served basis, with priority given to those:</p> <ul style="list-style-type: none"> • Where 90% or more of legal practice for first 5 years, or less, as an attorney has been spent as a civil legal assistance attorney • Who received this benefit the previous year • Who completed less than 3 years of their service. 	<p>[HEA 428L] Loan Repayment for Civil Legal Assistance Attorneys</p> <p>A forgiveness program for civil legal assistance attorneys who are employed full-time at:</p> <ul style="list-style-type: none"> • A nonprofit organization that provides free civil legal assistance to low-income individuals, or • A protection and advocacy system or client assistance program funded by a qualified federal program. <p>Loan forgiveness may be up to \$6,000 a year not to exceed \$40,000.</p> <p>Authorized to be appropriated by Congress for 2009 through 2014. Distributed on a first-come first-served basis, with priority given to those:</p> <ul style="list-style-type: none"> • Where 90% or more of legal practice for first 5 years, or less, as an attorney has been spent as a civil legal assistance attorney • Who received this benefit the previous year • Who completed less than 3 years of their service. 	<p>Loan Repayment for Civil Legal Assistance Attorneys</p> <p>No difference.</p>	

A Comparison of FDLP and FFELP

Provided by the National Council of Higher Education Loan Programs (NCHELP) Program Regulations Committee

	FDLP	FFELP	Difference	Examples
Consolidation Discharge/Forgiveness (cont'd.)				
7.	<p>[HEA §437(c)(1); FP-06-05] False Certification Discharge due to Identity Theft</p> <p>Effective July 1, 2006: A new type of false certification discharge was created (for loans disbursed on or after January 1, 1986) authorizing a discharge if the borrower's loan was falsely certified as a result of a crime of identity theft. All or a portion of a FDLP Consolidation loan is eligible for discharge if it is determined that the borrower's eligibility for one or more of the loans that were consolidated was falsely certified as a result of a crime of identify theft.</p>	<p>[HEA §437(c)(1); FP-06-05] False Certification Discharge due to Identity Theft</p> <p>Effective July 1, 2006: A new type of false certification discharge was created (for loans disbursed on or after January 1, 1986) authorizing a discharge if the borrower's loan was falsely certified as a result of a crime of identity theft. All or a portion of a FFELP Consolidation loan is eligible for discharge if it is determined that the borrower's eligibility for one or more of the loans that were consolidated was falsely certified as a result of a crime of identify theft.</p>	<p>False Certification Discharge due to Identity Theft</p> <p>No difference.</p>	

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	FDLP	FFELP	Difference	Examples
Consolidation Discharge/Forgiveness (cont'd.)				
8.	<p>[§685.213] Total and Permanent Disability Discharge</p> <p>For a Consolidation loan, a borrower must be certified totally and permanently disabled (TPD) according to FDLP discharge criteria for all underlying loans—including any non-FDLP loans. In other words, all of the underlying loans would be eligible for discharge due to TPD had these loans not been consolidated.</p> <p>If a Consolidation loan is made jointly to a married couple as co-makers, and one of the borrowers becomes totally and permanently disabled, the portion of the Consolidation loan attributable to the disabled borrower may be discharged. However, both borrowers remain jointly and severally liable for any remaining balance after the discharge.</p>	<p>[§682.402(c); §682.402(a)] Total and Permanent Disability Discharge</p> <p>For a Consolidation loan, a borrower must be certified totally and permanently disabled (TPD) according to FFELP discharge criteria for all underlying loans—including any non-FFELP loans. In other words, all of the underlying loans would be eligible for discharge due to TPD had these loans not been consolidated.</p> <p>If a Consolidation loan is made jointly to a married couple as co-makers, and one of the borrowers becomes totally and permanently disabled, the portion of the Consolidation loan attributable to the disabled borrower may be discharged. However, both borrowers remain jointly and severally liable for any remaining balance after the discharge.</p>	<p>Total and Permanent Disability Discharge</p> <p>No difference.</p>	
9.	<p>[§685.212(c)] Bankruptcy</p> <p>A borrower's loan will not be automatically discharged in bankruptcy. In order to discharge a loan in bankruptcy, the borrower (and spouse, if a joint consolidation co-maker) must prove undue hardship in an adversary proceeding before the bankruptcy court.</p>	<p>[§682.402(f)] Bankruptcy</p> <p>A borrower's loan will not be automatically discharged in bankruptcy. In order to discharge a loan in bankruptcy, the borrower (and spouse, if a joint consolidation co-maker) must prove undue hardship in an adversary proceeding before the bankruptcy court.</p>	<p>Bankruptcy</p> <p>No difference.</p>	

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FDLP

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Difference

Examples

Consolidation Discharge/Forgiveness (cont'd.)			
10.	<p>H.R. 6138—Third Higher Education Extension Act of 2006 (include 9/11 discharge)</p> <p>Signed into law on September 30, 2006.</p> <p>Provides loan cancellation for eligible public servants, victims, and spouses and parents of victims of the September 11, 2001 attacks.</p>	<p>H.R. 6138—Third Higher Education Extension Act of 2006 (includes 9/11 discharge)</p> <p>Signed into law on September 30, 2006.</p> <p>Provides loan cancellation for eligible public servants, victims, and spouses and parents of victims of the September 11, 2001 attacks.</p>	<p>H.R. 6138—Third Higher Education Extension Act of 2006 (includes 9/11 discharge)</p> <p>No difference.</p> <p>Note: This discharge is also applicable to a Perkins loan.</p>