

FINANCIAL AID INFORMATION FOR STUDENT VETERANS

Your guide to federal loan deferment, forgiveness, forbearance and discharge options for student veterans and military personnel

Deferments

➔ What is a deferment?

A deferment allows borrowers to temporarily postpone payments on a Federal Family Education Loan Program (FFELP) loan.

- Deferments are granted in specific situations and have certain time limits and conditions for eligibility.
- Deferments are entitlements. If a borrower is eligible and provides the required documentation, the borrower can't be denied the deferment.
- During a deferment, the federal government will pay the interest accrued on a subsidized Federal Stafford loan.



➔ Military Service Deferment

A deferment for borrowers in the FFELP, Federal Direct Loan Program (FDLP) and Federal Perkins Loan Program who are called to active duty during a war, other military operation or national emergency.

- Eligible borrowers may receive a deferment on all outstanding Title IV loans in repayment for all periods of active duty service that include or begin on or after Oct. 1, 2007.
- A borrower or borrower's representative must request the military service deferment.
- Without supporting documentation, a lender may grant a military service deferment to an otherwise eligible borrower for a period not to exceed 12 months.
- The deferment is extended for an additional 180 days after each time a borrower is demobilized from a qualifying active duty service and provides documentation.
- Not all active duty military personnel are eligible for the military service deferment.

Deferments

➔ Post-Active Duty Student Deferment

A post-active duty student deferment is available to a borrower who is called or ordered to active duty service on or after Oct. 1, 2007, while enrolled at least half-time in an eligible school at the time of, or within six months prior to, his or her activation.

- A borrower or borrower's representative must request deferment and provide documentation of his or her duty status.
- Documentation must show the borrower was a member of the National Guard or Reserves (including a member in a retired status), establish an end of military service date and show enrollment status at an eligible school at the time of, or within six months prior to, military activation.
- If the borrower has already received a military service deferment, a post-active duty student deferment can be granted without an additional request from the borrower.
- A borrower may receive a deferment for up to 13 months following the completion of active duty military service.
- The deferment ends on the date the borrower re-enrolls in school at least half-time or when the 13-month period ends, whichever comes first.
- A borrower who is eligible for both the post-active duty student deferment and the military service 180-day extended deferment can only receive these benefits concurrently—not consecutively.
- Active duty does not include training or attendance at a service school.

Forgiveness

➔ What is forgiveness?

Forgiveness is the release of a borrower or any co-maker from all or a portion of their loan obligation as authorized by Title IV, Part B of the Higher Education Act, as amended.

➔ Loan Forgiveness for Public Service Employees

Effective Oct. 1, 2007, the College Cost Reduction and Access Act (CCRAA) created a new loan forgiveness program for public service employees. Under this program, the U.S. Department of Education will forgive the remaining outstanding balance of principal and accrued interest on an eligible FDLP loan for a borrower who is not in default and who makes 120 monthly payments on the loan after Oct. 1, 2007. Qualifications include:

- Employed full-time in a public service job during the same time the qualifying payments are made and the cancellation is granted.
- Must have made the required 120 monthly payments under one of the qualifying repayment plans:
 - Income-based repayment plan.
 - Income-contingent repayment plan.
 - FDLP standard repayment plan based on a 10-year repayment period.
 - Any FDLP loan repayment plan or a FDLP Consolidation loan, if the monthly amounts are not less than what would have been paid under a FDLP standard repayment plan based on a 10-year repayment period.
- Effective July 1, 2008, a FFELP borrower may consolidate his or her FFELP loans into a FDLP Consolidation loan to be eligible to participate in the public service loan forgiveness program.

➔ What is a forbearance?

Forbearance is a period of time during which the borrower is permitted to temporarily stop making payments or reduce the amount of each payment. The borrower is responsible for the interest. Depending on the type, a forbearance can be granted at the discretion of the lender or entitlements to which the borrower is entitled.

➔ Mandatory Administrative Forbearance

A mandatory administrative forbearance must be granted by the lender to a borrower during any period, and during the 30 days following the period, of local or national emergency, military mobilization or disaster when the lender is notified by the U.S. Department of Education.

➔ Active Military State Duty Forbearance

An active military state duty forbearance must be granted for any period during which the borrower serves on active military state duty as a member of the National Guard during a time when the Governor activates the National Guard for a period of more than 30 consecutive days and the activities are paid with state or federal funds. This is for a borrower who qualifies for a post-active duty student deferment, but who does not qualify for a military service deferment or other deferment while serving in active military state duty.



Discharges

➔ What is a student loan discharge?

A discharge is the release of a borrower from all or a portion of their loan obligation.

➔ Total and Permanent Disability

- A borrower who has been determined by the Secretary of Veterans Affairs to be either unemployable due to a service-connected condition or totally disabled based on an individual unemployability determination and who provides documentation of such determination to the Secretary of Education shall be considered totally and permanently disabled.
- A borrower in this condition will not be required to present further supporting documentation.
- Available to borrowers whose discharge applications are received on or after Aug. 14, 2008.

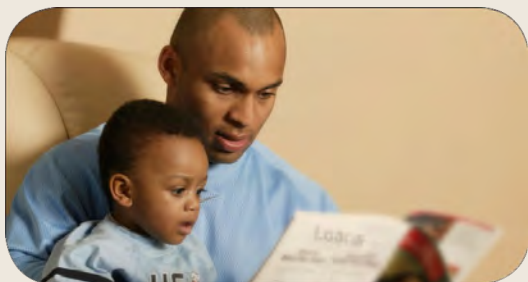
Other Available Benefits

➔ Service Members Civil Relief Act

This act applies to Title IV loans. For requests received on or after Aug. 14, 2008, eligible service members can have the interest rate on their Title IV loans reduced to 6 percent.

➔ Institution Readmission Requirements for Service Members

- Institutions must readmit, without reapplication, students who were called to serve in the military upon their return from military service.



- Does not apply if the student's service is terminated due to dishonorable or bad conduct discharge, a dismissal under section 1161(a) of U.S.C. 10, or dropping of the student from the rolls pursuant to 1161(b) of U.S.C. 10.
- An institution of higher education may not delay or attempt to avoid readmission of a student by demanding documentation that does not exist, or is not readily available, at the time of readmission.

➔ Tuition Rates

Effective July 1, 2009, tuition at a state school may not exceed in-state rates for a member of the armed forces (or spouse or dependent) who is on active duty for at least 30 days and whose domicile or duty station is in said state.

➔ Estimated Financial Assistance Calculation*

Effective July 1, 2009, when determining FFELP loan eligibility, veterans' educational benefits, national service education awards or post-service benefits received under Title I of the National and Community Service Act of 1990 will not be included in the calculation of the student's Estimated Financial Assistance (EFA).

➔ Title IV Eligibility Calculation*^

Effective July 1, 2009, veterans' education benefits will be not be counted as available estimated financial assistance when determining Title IV eligibility. The cost of attendance for students living in military housing or receiving a housing allowance may not include an allowance for room, but may include an allowance for board.

(Visit www.newgibill.org for a complete list of benefits available under the Post 9/11 GI Bill.)

*Established by the 2008 Higher Education Opportunity Act

^Amended by Public Law 111-039 (H.R. 1777)

Questions?

Have questions?

Contact our Policy, Compliance, and Training (PCT) department at 405.234.4432 or pct@ogslp.org.



Oklahoma Guaranteed Student Loan Program
A division of the Oklahoma State Regents for Higher Education

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