

Reimagining and Improving Student Education (RISE)
Negotiated Rulemaking Session 2, November 3 – 7, 2025

#11 Proposed Draft Regulations

Section 685.209 Income-Driven Repayment Plans

Amend § 685.209 by revising and republishing the section in its entirety to read as follows:

§ 685.209 Income-driven repayment plans.

(a) General.

Income-driven repayment (IDR) plans are repayment plans that base the borrower's monthly payment amount on the borrower's income and family size. The ~~four~~ five IDR plans are—

- (1) The Revised Pay As You Earn (REPAYE) plan, which may also be referred to as the Saving on a Valuable Education (SAVE) plan;
- (2) The Income-Based Repayment (IBR) plan;
- (3) The Pay As You Earn (PAYE) Repayment plan; and
- (4) The Income-Contingent Repayment (ICR) plan; and
- (5) The Repayment Assistance Plan.

(b) ~~Definitions.~~—

~~The following definitions apply to this section: For the purposes of this section, the following terms apply:~~

- (1) **Applicable amount**, under the IBR and PAYE plans, means 15 percent of the result obtained by calculating on at least an annual basis, the amount of the borrower's adjusted gross income, and the borrower's spouse's adjusted gross income if married filing jointly, that exceeds 150 percent of the poverty guideline. For new borrowers, as defined in this section, repaying under IBR or PAYE, 10 percent will be substituted for 15 percent in the calculation.

(2) **Base payment**, under the Repayment Assistance Plan, means the amount of the applicable base payment for a borrower with an adjusted gross income –

(i) not more than \$10,000, is \$120;

(ii) more than \$10,000 and not more than \$20,000, is 1 percent of such adjusted gross income;

(iii) more than \$20,000 and not more than \$30,000, is 2 percent of such adjusted gross income;

(iv) more than \$30,000 and not more than \$40,000, is 3 percent of such adjusted gross income;

(v) more than \$40,000 and not more than \$50,000, is 4 percent of such adjusted gross income;

(vi) more than \$50,000 and not more than \$60,000, is 5 percent of such adjusted gross income;

(vii) more than \$60,000 and not more than \$70,000, is 6 percent of such adjusted gross income;

(viii) more than \$70,000 and not more than \$80,000, is 7 percent of such adjusted gross income;

(ix) more than \$80,000 and not more than \$90,000, is 8 percent of such adjusted gross income;

(x) more than \$90,000 and not more than \$100,000, is 9 percent of such adjusted gross income; and

(xi) more than \$100,000, is 10 percent of such adjusted gross income.

(3) **Dependent**, ~~under~~for the purposes of the Repayment Assistance Plan, means an individual who qualifies as a dependent under section 152 of the Internal Revenue Code of 1986, as amended, and who were claimed on the borrower's Federal income tax return. For a borrower who filed a Federal tax return as married filing separately, "dependent" shall only include the dependents claimed on the borrower's return.

(4) **Discretionary income** means the greater of \$0 or the difference between the borrower's income as determined under paragraph (e) (1) of this section and—

- (i) For the REPAYE plan, 225 percent of the applicable Federal poverty guideline;
- (ii) For the IBR and PAYE plans, 150 percent of the applicable Federal poverty guideline; and
- (iii) For the ICR plan, 100 percent of the applicable Federal poverty guideline.

(5) **Eligible loan**, for purposes of determining ~~partial financial hardship status~~ the applicable amount and for adjusting the monthly payment amount in accordance with paragraph (g) of this section means—

- (i) Any outstanding loan made to a borrower under the Direct Loan Program, except for a Direct PLUS Loan made to a parent borrower, or an excepted consolidation loan ~~a Direct Consolidation Loan that repaid a Direct PLUS Loan or a Federal PLUS Loan made to a parent borrower~~; and
- (ii) Any outstanding loan made to a borrower under the FFEL Program, except for a Federal PLUS Loan made to a parent borrower, or an excepted consolidation loan ~~Federal Consolidation Loan that repaid a Federal PLUS Loan or a Direct PLUS Loan made to a parent borrower.~~

(6) **Excepted consolidation loan**, means—

(i)

(A) A FFEL or Direct Consolidation Loan if such consolidation loan repaid a FFEL or Direct PLUS loan made to a parent borrower on behalf of a dependent student; or

(B) A FFEL or Direct Consolidation Loan that repaid a FFEL or Direct Consolidation loan described under paragraph (b) (6) (i) (A) of this definition that repaid a FFEL or Direct PLUS loan made to a parent borrower on behalf of a dependent student; and

(ii) Excludes a loan described under paragraph (b)(6)(i)(A) or (B) of this definition that was being repaid under the ICR, PAYE, or IBR plans on any date on or after July 4, 2025 through and including June 30, 2028. For purposes of paragraph (b)(6)(ii) of this definition, being repaid means at least one payment was made under the ICR, PAYE, or IBR repayment plans.

(7) **Excepted loan** means any outstanding loan that is—

(i) a Federal Direct PLUS Loan made to a parent borrower on behalf of a dependent student; or

(ii) a Federal Direct Consolidation Loan, if it repaid an excepted PLUS loan (as defined in this section) or an excepted consolidation loan (as defined in this section).

(8) **Excepted PLUS loan** means any outstanding loan that is a FFEL or Direct PLUS loan made to a parent borrower on behalf of a dependent student.

(9) **Family size** means, for all IDR plans except the Repayment Assistance Plan, the number of individuals that is determined by adding together—

(i)

(A) The borrower;

(B) The borrower's spouse, for a married borrower filing a joint Federal income tax return;

(C) The borrower's children, including unborn children who will be born during the year the borrower certifies family size, if the children receive more than half their support from the borrower and are not included in the family size for any other borrower except the borrower's spouse who filed jointly with the borrower; and

(D) Other individuals if, at the time the borrower certifies family size, the other individuals live with the borrower and receive more than half their support from the borrower and will continue to receive this support from

the borrower for the year for which the borrower certifies family size.

(ii) The Department may calculate family size based on Federal tax information reported to the Internal Revenue Service.

(10) **Income** means either—

(i) The borrower's and, if applicable, the spouse's, Adjusted Gross Income (AGI) as reported to the Internal Revenue Service; or

(ii) The amount calculated based on alternative documentation of all forms of taxable income received by the borrower and provided to the Secretary.

(11) **Income-driven repayment plan** means a repayment plan in which the monthly payment amount is primarily determined by the borrower's income.

(12) **Monthly payment or the equivalent under the PAYE, ICR, and IBR plans** means—

(i) A required monthly payment as determined in accordance with paragraphs (k)(4)(i) through (iii) of this section;

(ii) A month in which a borrower receives a deferment or forbearance of repayment under one of the deferment or forbearance conditions listed in paragraphs (k)(4)(iv) of this section; or

(iii) A month in which a borrower makes a payment in accordance with procedures in paragraph (k)(6) of this section.

(13) **New borrower** means—

(i) For the purpose of the PAYE plan, an individual who—

(A) Has no outstanding balance on a Direct Loan Program loan or a FFEL Program loan as of October 1, 2007, or who has no outstanding balance on such a loan on the date the borrower receives a new loan after October 1, 2007; and

(B) Receives a disbursement of a Direct Subsidized Loan, a Direct Unsubsidized Loan, a Direct PLUS Loan made to a

graduate or professional student, or a Direct Consolidation Loan on or after October 1, 2011, except that a borrower is not considered a new borrower if the Direct Consolidation Loan repaid a loan that would otherwise make the borrower ineligible under paragraph (13) (i) (A) of this definition.

(ii) For the purposes of the IBR plan, an individual who has no outstanding balance on a Direct Loan or FFEL Program loan on before July 1, 2014 and obtains no new loan on or after July 1, 2026, or who has no outstanding balance on such a loan on the date the borrower obtains a loan after July 1, 2014 but before July 1, 2026.

~~**Partial financial hardship** means—~~

~~(i) For an unmarried borrower or for a married borrower whose spouse's income and eligible loan debt are excluded for purposes of determining a payment amount under the IBR or PAYE plans in accordance with paragraph (e) of this section, a circumstance in which the Secretary determines that the annual amount the borrower would be required to pay on the borrower's eligible loans under the 10-year standard repayment plan is more than what the borrower would pay under the IBR or PAYE plan as determined in accordance with paragraph (f) of this section. The Secretary determines the annual amount that would be due under the 10-year Standard Repayment plan based on the greater of the balances of the borrower's eligible loans that were outstanding at the time the borrower entered repayment on the loans or the balances on those loans that were outstanding at the time the borrower selected the IBR or PAYE plan.—~~

~~(ii) For a married borrower whose spouse's income and eligible loan debt are included for purposes of determining a payment amount under the IBR or PAYE plan in accordance with paragraph (e) of this section, the Secretary's determination of partial financial hardship as described in paragraph (1) of this definition is based on the income and eligible loan debt of the borrower and the borrower's spouse.—~~

(14) **Poverty guideline** refers to the income categorized by State and family size in the Federal poverty guidelines published annually by the United States Department of Health and Human Services pursuant to 42 U.S.C. 9902(2). If a borrower is not a resident of a State identified in the Federal poverty guidelines, the Federal poverty guideline to be used for the borrower is the Federal poverty guideline (for the relevant family size) used for the 48 contiguous States.

(15) **Support** includes money, gifts, loans, housing, food, clothes, car, medical and dental care, and payment of college costs.

(c) Borrower eligibility for IDR plans.

(1) Except as provided in paragraphs (d) (2) and (d) (4) of this section, defaulted loans may not be repaid under an IDR plan.

(2) Any Through June 30, 2028, a Direct Loan borrower who has not received a Direct Loan on or after July 1, 2026, may repay under the REPAYE plan if the borrower has loans eligible for repayment under the plan;

(3)

(i) Except as provided in paragraph (c) (3) (ii) of this section, any Direct Loan borrower may repay under the IBR plan if the borrower has loans eligible for repayment under the plan and ~~has a partial financial hardship~~ elects to have their aggregate monthly payment amount recalculated to not exceed the applicable amount when the borrower initially enters the plan.

(ii) A borrower who has made 60 or more qualifying repayments under the REPAYE plan on or after July 1, 2024, may not enroll in the IBR plan.

(4) Through June 30, 2028, Aa borrower may repay under the PAYE plan only if the borrower—

(i) Has loans eligible for repayment under the plan;

(ii) Is a new borrower;

(iii) ~~Has a partial financial hardship~~ Elects to have their aggregate monthly payment amount recalculated to not exceed the applicable amount when the borrower initially enters the plan; ~~and~~

(iv) Was repaying a loan under the PAYE plan on July 1, 2024. A borrower who was repaying under the PAYE plan on or after July 1, 2024 and changes to a different repayment plan in accordance with § 685.210(b) may not re-enroll in the PAYE plan; ~~and-~~

(v) Has not received a Direct Loan on or after July 1, 2026.

(5)

(i) Except as provided in (c) (5) (ii) or (c) (5) (iii) of this section, and through June 30, 2028, a borrower may enroll under the ICR plan only if the borrower—

(A) Has loans eligible for repayment under the plan; ~~and~~

(B) Was repaying a loan under the ICR plan on July 1, 2024. A borrower who was repaying under the ICR plan on or after July 1, 2024, and changes to a different repayment plan in accordance with § 685.210(b) may not re-enroll in the ICR plan unless they meet the criteria in paragraph (c) (5) (ii) or (c) (5) (iii); and

(C) Has not received a Direct Loan on or after July 1, 2026.

(ii) (A) Through June 30, 2028, Aa borrower may choose the ICR plan to repay a Direct Consolidation Loan disbursed on or after July 1, 2006 and that repaid a parent Direct PLUS Loan or a parent Federal PLUS Loan.

(B) Paragraph (c) (5) (ii) (A) of this section shall not apply if that borrower received a Direct Loan on or after July 1, 2026.

(iii) (A) Through June 30, 2028, Aa borrower who has a Direct Consolidation Loan disbursed on or after July

1, 2025, which repaid a Direct parent PLUS loan, a FFEL parent PLUS loan, or a Direct Consolidation Loan that repaid a consolidation loan that included a Direct parent PLUS or FFEL parent PLUS loan may not choose any IDR plan except the ICR plan.

(B) Paragraph (c) (5) (iii) (A) of this section shall not apply if that borrower received a Direct Loan on or after July 1, 2026.

(6) Any Direct Loan borrower may repay under the Repayment Assistance Plan if the borrower has loans eligible for repayment under the plan.

(7) Transition from Income-Contingent Repayment Plans

(i) Before July 1, 2028, a borrower repaying Direct Loans under the PAYE, and ICR plan, respectively, under paragraphs (a) (1), (a) (3), or (a) (4) of this section, or who is in an administrative forbearance (as defined under § 685.205(b)) associated with PAYE, or ICR, must elect to repay those Direct Loans under one of the following repayment plans for which they are otherwise eligible before July 1, 2028:

(A) the Repayment Assistance Plan under paragraph (a) (5) of this section;

(B) the IBR plan under paragraph (a) (2) of this section;

(C) the standard repayment plans under § 685.208(b) (1) or (b) (2);

(D) the graduated repayment plans under § 685.208(b) (5), (b) (6), or (g) (7);

(E) the extended repayment plans under § 685.208(b) (3) or (b) (4); or

(F) through June 30, 2028, the PAYE and ICR plans, respectively, under paragraphs (a) (3) and (a) (4) of this section.

(ii) A borrower who elects to repay their loans under paragraph (c) (7) (i) of this section shall begin

repaying under the terms of their elected repayment plan on July 1, 2028. Notwithstanding the foregoing, the borrower may elect to repay their loans earlier than July 1, 2028.

(iii) (A) In the case of a borrower who does not select a repayment plan under paragraph (c)(7)(i) of this section by July 1, 2028, the Secretary shall require the loans to be repaid under the following repayment plans:

(1) the Repayment Assistance Plan under paragraph (a)(5) of this section, for the Direct Loans eligible to be repaid under such repayment plan; or

(2) the IBR plan under paragraph (a)(2), for the Direct Loans that are ineligible to be repaid under the Repayment Assistance Plan.

(B) The Secretary will require the borrower to repay their Direct Loans that are in a repayment status in PAYE, or ICR or an administrative forbearance associated with PAYE, or ICR repayment plan under the terms of the applicable plan under paragraphs (c)(7)(iii)(A)(1) or (2) of this section on July 1, 2028.

(d) Loans eligible to be repaid under an IDR plan.

(1) Through June 30, 2028, The-the following loans are eligible to be repaid under the REPAYE and PAYE plans: Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans made to graduate or professional students, and Direct Consolidation Loans that ~~did not repay a Direct parent PLUS Loan or a Federal parent PLUS Loan~~ are not excepted consolidation loans;

(2) The following loans, including defaulted loans, are eligible to be repaid under the IBR plan: Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans made to graduate or professional students, and Direct Consolidation Loans that ~~did not repay a Direct parent PLUS Loan or a~~

~~Federal parent PLUS Loan are not excepted consolidation loans.~~

(3) Through June 30, 2028, ~~The~~ the following loans are eligible to be repaid under the ICR plan: Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans made to graduate or professional students, and all Direct Consolidation Loans (including ~~Direct Consolidation Loans that repaid Direct parent PLUS Loans or Federal parent PLUS Loans excepted consolidation loans~~), except for Direct PLUS Consolidation Loans made before July 1, 2006.

(4) The following loans, including defaulted loans, are eligible to be repaid under the Repayment Assistance Plan: Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans made to graduate or professional students, and Direct Consolidation Loans that are not excepted consolidation loans.

(5) Notwithstanding the conditions under paragraphs (d) (1) through (d) (3) of this section, only Direct Loans made before July 1, 2026 may be repaid under the PAYE, IBR, and ICR plans.

(e) Treatment of income and loan debt –

(1) Income.

(i) For purposes of calculating the borrower's monthly payment amount under the Repayment Assistance Plan, REPAYE, IBR, and PAYE plans–

(A) For an unmarried borrower, a married borrower filing a separate Federal income tax return, or a married borrower filing a joint Federal tax return who certifies that the borrower is currently separated from the borrower's spouse or is currently unable to reasonably access the spouse's income, only the borrower's income is used in the calculation.

(B) For a married borrower filing a joint Federal income tax return, except as provided in paragraph (e) (1) (i) (A) of this section, the

combined income of the borrower and spouse is used in the calculation.

(ii) For purposes of calculating the monthly payment amount under the ICR plan—

(A) For an unmarried borrower, a married borrower filing a separate Federal income tax return, or a married borrower filing a joint Federal tax return who certifies that the borrower is currently separated from the borrower's spouse or is currently unable to reasonably access the spouse's income, only the borrower's income is used in the calculation.

(B) For married borrowers (regardless of tax filing status) who elect to repay their Direct Loans jointly under the ICR Plan or (except as provided in paragraph (e)(1)(ii)(A) of this section) for a married borrower filing a joint Federal income tax return, the combined income of the borrower and spouse is used in the calculation.

(2) Loan debt.

(i) For the REPAYE, IBR, and PAYE plans, the spouse's eligible loan debt is included for the purposes of adjusting the borrower's monthly payment amount as described in paragraph (g) of this section if the spouse's income is included in the calculation of the borrower's monthly payment amount in accordance with paragraph (e)(1) of this section.

(ii) For the ICR plan, the spouse's loans that are eligible for repayment under the ICR plan in accordance with paragraph (d)(3) of this section are included in the calculation of the borrower's monthly payment amount only if the borrower and the borrower's spouse elect to repay their eligible Direct Loans jointly under the ICR plan.

(iii) For the Repayment Assistance Plan, only the borrower's loan debt that is eligible to be repaid

under the plan is included for the purposes of calculating the borrower's monthly payment amount as described in paragraph (f)(5) of this section.

(f) Monthly payment amounts.

(1) For the REPAYE plan, the borrower's monthly payments are—

(i) \$0 for the portion of the borrower's income, as determined under paragraph (e)(1) of this section, that is less than or equal to 225 percent of the applicable Federal poverty guideline; plus

(ii) 5 percent of the portion of income as determined under paragraph (e)(1) of this section that is greater than 225 percent of the applicable poverty guideline, prorated by the percentage that is the result of dividing the borrower's original total loan balance attributable to eligible loans received for the borrower's undergraduate study by the original total loan balance attributable to all eligible loans, divided by 12; plus

(iii) For loans not subject to paragraph (f)(1)(ii) of this section, 10 percent of the portion of income as determined under paragraph (e)(1) of this section that is greater than 225 percent of the applicable Federal poverty guidelines, prorated by the percentage that is the result of dividing the borrower's original total loan balance minus the original total loan balance of loans subject to paragraph (f)(1)(ii) of this section by the borrower's original total loan balance attributable to all eligible loans, divided by 12.

(2) For new borrowers under the IBR plan and for all borrowers on the PAYE plan, the borrower's monthly payments are the lesser of—

(i) 10 percent of the borrower's discretionary income, divided by 12; or

(ii) What the borrower would have paid on a 10-year standard repayment plan based on the eligible loan balances and interest rates on the loans at the time

the borrower began paying under the IBR or PAYE plans~~-, except that the borrower may repay such loans in excess of 10 years.~~

(3) For those who are not new borrowers under the IBR plan, the borrower's monthly payments are the lesser of—

(i) 15 percent of the borrower's discretionary income, divided by 12; or

(ii) What the borrower would have paid on a 10-year standard repayment plan based on the eligible loan balances and interest rates on the loans at the time the borrower began paying under the IBR plan~~-, except that the borrower may repay such loans in excess of 10 years.~~

(4)

(i) For the ICR plan, the borrower's monthly payments are the lesser of—

(A) What the borrower would have paid under a repayment plan with fixed monthly payments over a 12-year repayment period, based on the amount that the borrower owed when the borrower began repaying under the ICR plan, multiplied by a percentage based on the borrower's income as established by the Secretary in a Federal Register notice published annually to account for inflation; or

(B) 20 percent of the borrower's discretionary income, divided by 12.

(ii)

(A) Married borrowers may repay their loans jointly under the ICR plan. The outstanding balances on the loans of each borrower are added together to determine the borrowers' combined monthly payment amount under paragraph (f)(4)(i) of this section;

(B) The amount of the payment applied to each borrower's debt is the proportion of the payments

that equals the same proportion as that borrower's debt to the total outstanding balance, except that the payment is credited toward outstanding interest on any loan before any payment is credited toward principal.

(5) For the Repayment Assistance Plan, the borrower's applicable monthly payment is an amount equal to—

(i) the borrower's applicable base payment, divided by 12; minus;

(ii) \$50 for each dependent of the borrower.

(g) Adjustments to monthly payment amounts.

(1) Monthly payment amounts calculated under paragraphs (f)(1) through (3) of this section will be adjusted in the following circumstances:

(i) In cases where the spouse's loan debt is included in accordance with paragraph (e)(2)(i) of this section, the borrower's payment is adjusted by—

(A) Dividing the outstanding principal and interest balance of the borrower's eligible loans by the couple's combined outstanding principal and interest balance on eligible loans; and

(B) Multiplying the borrower's payment amount as calculated in accordance with paragraphs (f)(1) through (3) of this section by the percentage determined under paragraph (g)(1)(i) of this section.

(ii) In cases where the borrower has outstanding eligible loans made under the FFEL Program, the borrower's calculated monthly payment amount, as determined in accordance with paragraphs (f)(1) through (3) of this section or, if applicable, the borrower's adjusted payment as determined in accordance with paragraph (g)(1) of this section is adjusted by—

(A) Dividing the outstanding principal and interest balance of the borrower's eligible loans

that are Direct Loans by the borrower's total outstanding principal and interest balance on eligible loans; and

(B) Multiplying the borrower's payment amount as calculated in accordance with paragraphs (f)(1) through (3) of this section or the borrower's adjusted payment amount as determined in accordance with paragraph (g)(1) of this section by the percentage determined under paragraph (g)(2)(i) of this section.

(iii) In cases where the borrower's monthly payment amount calculated under paragraphs (f)(1) through (3) of this section or the borrower's adjusted monthly payment as calculated under paragraphs (g)(1)(i) or (g)(1)(ii) of this section is—

(A) Less than \$5, the monthly payment is \$0; or

(B) Equal to or greater than \$5 but less than \$10, the monthly payment is \$10.

(2) Monthly payment amounts calculated under paragraph (f)(4) of this section will be adjusted to \$5 in circumstances where the borrower's calculated payment amount is greater than \$0 but less than or equal to \$5.

(3) (i) Monthly payment amounts calculated under paragraph (f)(5) of this section will be adjusted in the following circumstances:

(A) In cases where the borrower's monthly payment amount calculated under paragraph (f)(5) of this section is less than \$10, the monthly payment is \$10, except that a borrower's final payment may be less than \$10.

(B) In cases where the borrower's total outstanding balance on all loans being repaid under the Repayment Assistance Plan is less than the applicable monthly payment amount as calculated under paragraph (f)(5) of this section is less than \$10, the applicable monthly payment shall be the total outstanding balance.

(h) **Interest.** If a borrower's calculated monthly payment under an IDR plan is insufficient to pay the accrued interest on the borrower's loans, the Secretary charges the remaining accrued interest to the borrower in accordance with paragraphs (h)(1) through ~~(34)~~ of this section.

(1) Under the REPAYE plan, during all periods of repayment on all loans being repaid under the REPAYE plan, the Secretary does not charge the borrower's account any accrued interest that is not covered by the borrower's payment;

(2)

(i) Under the IBR and PAYE plans, the Secretary does not charge the borrower's account with an amount equal to the amount of accrued interest on the borrower's Direct Subsidized Loans and Direct Subsidized Consolidation Loans that is not covered by the borrower's payment for the first three consecutive years of repayment under the plan, except as provided for the IBR and PAYE plans in paragraph (h)(2)(ii) of this section;

(ii) Under the IBR and PAYE plans, the 3-year period described in paragraph (h)(2)(i) of this section excludes any period during which the borrower receives an economic hardship deferment under § 685.204(g); and

(3) Under the ICR plan, the Secretary charges all accrued interest to the borrower.

(4) Under the Repayment Assistance Plan, during all periods of repayment on all loans being repaid under the Repayment Assistance Plan, the Secretary does not charge the borrower's account for any accrued interest that is not covered by the borrower's payment for that month.

(i) **Changing repayment plans.** A borrower who is repaying under an IDR plan may change at any time to any other repayment plan for which the borrower is eligible, except as otherwise provided in § 685.210(b).

(j) **Interest capitalization.**

(1) Under the Repayment Assistance Plan, REPAYE, PAYE, and ICR plans, the Secretary capitalizes unpaid accrued interest in accordance with § 685.202(b).

(2) Under the IBR plan, the Secretary capitalizes unpaid accrued interest—

(i) In accordance with § 685.202(b);

(ii) When a borrower's payment is the amount described in paragraphs (f)(2)(ii) and (f)(3)(ii) of this section; and

(iii) When a borrower leaves the IBR plan.

(k) Forgiveness timeline.

(1) In the case of a borrower repaying under the REPAYE plan who is repaying at least one loan received for graduate or professional study, or a Direct Consolidation Loan that repaid one or more loans received for graduate or professional study, a borrower repaying under the IBR-plan who is not a new borrower, or a borrower repaying under the ICR plan, the borrower receives forgiveness of the remaining balance of the borrower's loan after the borrower has satisfied 300 monthly payments or the equivalent in accordance with paragraph (k)(4) of this section over a period of at least 25 years;

(2) In the case of a borrower repaying under the REPAYE plan who is repaying only loans received for undergraduate study, or a Direct Consolidation Loan that repaid only loans received for undergraduate study, a borrower repaying under the IBR plan who is a new borrower, or a borrower repaying under the PAYE plan, the borrower receives forgiveness of the remaining balance of the borrower's loans after the borrower has satisfied 240 monthly payments or the equivalent in accordance with paragraph (k)(4) of this section over a period of at least 20 years;

(3) Notwithstanding paragraphs (k)(1) and (k)(2) of this section, a borrower receives forgiveness if the borrower's total original principal balance on all loans that are being paid under the REPAYE plan was less than or equal to \$12,000, after the borrower has satisfied 120 monthly

payments or the equivalent, plus an additional 12 monthly payments or the equivalent over a period of at least 1 year for every \$1,000 if the total original principal balance is above \$12,000.

(4) For ~~all IDR~~ the PAYE, ICR, and IBR plans, a borrower receives a month of credit toward forgiveness by—

(i) (A) Notwithstanding paragraph (k)(4)(i)(B) of this section, Mmaking a payment under an IDR plan or having a monthly payment obligation of \$0;

(B) For the IBR plan only, making a payment on or before June 30, 2028, under the PAYE, or ICR plan or having a monthly payment obligation of \$0;

(ii) Making a payment under the 10-year standard repayment plan under § 685.208(b) (1);

(iii) Making a payment under a repayment plan with payments that are as least as much as they would have been under the 10-year standard repayment plan under § 685.208(b) (1), except that no more than 12 payments made under paragraph (1)(9)(iii) of this section may count toward forgiveness under the REPAYE plan;

(iv) Deferring or forbearing monthly payments under the following provisions:

(A) A cancer treatment deferment under section 455(f)(3) of the Act;

(B) A rehabilitation training program deferment under § 685.204(e);

(C) An unemployment deferment under § 685.204(f);

(D) An economic hardship deferment under § 685.204(g), which includes volunteer service in the Peace Corps as an economic hardship condition;

(E) A military service deferment under § 685.204(h);

(F) A post active-duty student deferment under § 685.204(i);

(G) A national service forbearance under § 685.205(a)(4) on or after July 1, 2024;

(H) A national guard duty forbearance under § 685.205(a)(7) on or after July 1, 2024;

(I) A Department of Defense Student Loan Repayment forbearance under § 685.205(a)(9) on or after July 1, 2024;

(J) An administrative forbearance under § 685.205(b)(8) or (9) on or after July 1, 2024;
or

(K) A bankruptcy forbearance under § 685.205(b)(6)(viii) on or after July 1, 2024 if the borrower made the required payments on a confirmed bankruptcy plan.

(v) Making a qualifying payment as described under § 685.219(c)(2),

(vi)

(A) Counting payments a borrower of a Direct Consolidation Loan made on the Direct Loans or FFEL program loans repaid by the Direct Consolidation Loan if the payments met the criteria in paragraph (k)(4) of this section, the criteria in § 682.209(a)(6)(vi) that were based on a 10-year repayment period, or the criteria in § 682.215.

(B) For a borrower whose Direct Consolidation Loan repaid loans with more than one period of qualifying payments, the borrower receives credit for the number of months equal to the weighted average of qualifying payments made rounded up to the nearest whole month.

(C) For borrowers whose Joint Direct Consolidation Loan is separated into individual Direct Consolidation loans, each borrower

receives credit for the number of months equal to the number of months that was credited prior to the separation; or,

(vii) Making payments under paragraph (k)(6) of this section.

(5) For the IBR plan only, a monthly repayment obligation for the purposes of forgiveness includes—

(i) A payment made pursuant to paragraph (k)(4)(i) or (k)(4)(ii) of this section on a loan in default;

(ii) An amount collected through administrative wage garnishment or Federal Offset that is equivalent to the amount a borrower would owe under paragraph (k)(4)(i) of this section, except that the number of monthly payment obligations satisfied by the borrower cannot exceed the number of months from the Secretary's receipt of the collected amount until the borrower's next annual repayment plan recertification date under IBR; or

(iii) An amount collected through administrative wage garnishment or Federal Offset that is equivalent to the amount a borrower would owe on the 10-year standard plan.

(6)

(i) A borrower may obtain credit toward forgiveness as defined in paragraph (k) of this section for any months in which a borrower was in a deferment or forbearance not listed in paragraph (k)(4)(iv) of this section, other than periods in an in-school deferment, by making an additional payment equal to or greater than their current IDR payment, including a payment of \$0, for a deferment or forbearance that ended within 3 years of the additional repayment date and occurred after July 1, 2024.

(ii) Upon request, the Secretary informs the borrower of the months for which the borrower can make payments under paragraph (k)(6)(i) of this section.

(7) In the case of a borrower repaying under the Repayment Assistance Plan, the borrower receives forgiveness of the remaining balance of the borrower's loans after the borrower has satisfied 360 monthly payments or the equivalent in accordance with paragraph (k)(8) of this section over a period of at least 30 years.

(8) For a borrower repaying at least one loan under the Repayment Assistance Plan—

(i) To qualify for loan forgiveness, a borrower must have—

(A) participated in the Repayment Assistance Plan during any period;

(B) made their final payment under such Repayment Assistance Plan prior to loan cancellation; and

(C) Made 360 qualifying monthly payments, which includes any of the following:

(1) An on-time monthly payment made by the date the payment is due for that month in accordance with paragraph (f)(5) of this section;

(2) An on-time monthly payment made by the date the payment is due for that month under the tiered standard repayment plan in accordance with §685.208(c)(1);

(3) A monthly payment under any other repayment plan (excluding the Repayment Assistance Plan), of not less than the monthly payment that would have been required under a standard repayment plan amortized over a 10-year period;

(4) A monthly payment under the IBR plan in accordance with this section of not less than the monthly payment required under the plan, including the minimum payment permitted under that plan;

(5) Prior to July 1, 2028, a monthly payment under the PAYE, or ICR plan under this section, of not less than the monthly payment required

under the applicable plan, including the minimum payment permitted under such plan;

(6) Prior to July 1, 2028, a monthly payment under an alternative repayment plan in accordance with §685.221, of not less than the monthly payment required under the plan, including the minimum payment permitted under that plan;

(7) A month when the borrower received an unemployment deferment (as provided under §685.204(f)) or economic hardship deferment (as provided under §685.204(g)); or

(8) A month that ended before July 1, 2026, when the borrower did not make a payment because they were in a period of deferment or forbearance as follows:

(a) A cancer treatment deferment under section 455(f)(3) of the Act;

(b) A rehabilitation training program deferment under § 685.204(e);

(c) An unemployment deferment under § 685.204(f);

(d) An economic hardship deferment under § 685.204(g), which includes volunteer service in the Peace Corps as an economic hardship condition;

(e) A military service deferment under § 685.204(h);

(f) A post active-duty student deferment under § 685.204(i);

(g) A national service forbearance under § 685.205(a)(4) on or after July 1, 2024;

(h) A national guard duty forbearance under § 685.205(a)(7) on or after July 1, 2024;

(i) A Department of Defense Student Loan Repayment forbearance under § 685.205(a) (9) on or after July 1, 2024;

(j) An administrative forbearance under § 685.205(b) (8) or (9) on or after July 1, 2024; or

(k) A bankruptcy forbearance under § 685.205(b) (6) (viii) on or after July 1, 2024 if the borrower made the required payments on a confirmed bankruptcy plan.

(1) Application and annual recertification procedures.

(1) To initially enter or recertify their intent to repay under an IDR plan, a borrower (and their spouse, if applicable) provides approval for the disclosure of applicable tax information to the Secretary either as part of the process of completing a Direct Loan Master Promissory Note or a Direct Consolidation Loan Application and Promissory Note in accordance with sections ~~455(e) (8) and~~ 493C(c) (2) and 494(a) (2) of the Act or on application form approved by the Secretary~~+~~.

(2) If a borrower (and their spouse, if applicable) does not provide approval for the disclosure of applicable tax information under sections ~~455(e) (8) and~~ 493C(c) (2) and 494(a) (2) of the Act when completing the promissory note or on the application form for an IDR plan, the borrower must provide documentation to the Secretary-

(i) for the Income-Based Repayment plan, of the borrower's income and family size; or

(ii) for the Repayment Assistance plan, the borrower's income and the number of dependents of the borrower.

(3) If the Secretary has received approval for disclosure of applicable tax information, but cannot obtain the borrower's ~~AGI and family size tax information~~ from the Internal Revenue Service, the borrower ~~and, if applicable, the borrower's spouse,~~ (and their spouse, if applicable) must provide documentation to the Secretary-

(i) for the Income-Based Repayment plan, the borrower's income and family size; or

(ii) for the Repayment Assistance Plan, the borrower's income and the number of dependents.

(4) After the Secretary obtains sufficient information to calculate the borrower's monthly payment amount, the Secretary calculates the borrower's payment and establishes the 12-month period during which the borrower will be obligated to make a payment in that amount~~+~~.

(5) The Secretary sends to the borrower a repayment disclosure that—

(i) Specifies the borrower's calculated monthly payment amount;

(ii) Explains how the payment was calculated;

(iii) Informs the borrower of the terms and conditions of the borrower's selected repayment plan; ~~and~~

(iv) Informs the borrower of how to contact the Secretary if the calculated payment amount is not reflective of the borrower's current income~~or~~ and family size, or income and the number of dependents for the Repayment Assistance Plan;

(v) Informs the borrower of the right of the Secretary to follow the procedures in paragraph (1)(3) of this section and in accordance with section 493C(c)(2) of the Act on an annual basis to automatically recertify their eligibility for an IDR plan; and

(vi) Informs the borrower of their right to opt out, at any time, of the disclosure of applicable tax information under section 493C(c)(2) of the Act, and describes the process for affirmatively opting out.

(6) If the borrower believes that the payment amount is not reflective of the borrower's current income and family size, or income and the number of dependents for the Repayment Assistance Plan, the borrower may request that the Secretary recalculate the payment amount. To support the request, the borrower must also submit alternative

documentation of income, or and family size, or income and the number of dependents for the Repayment Assistance Plan ~~not based on tax information~~ to account for circumstances such as a decrease in income since the borrower last filed a tax return, the borrower's separation from a spouse with whom the borrower had previously filed a joint tax return, the birth or impending birth of a child, or other comparable circumstances~~†.~~

(7) If the borrower provides alternative documentation under paragraph (1)(6) of this section or if the Secretary obtains documentation from the borrower or spouse under paragraph (1)(3) of this section, the Secretary grants forbearance under § 685.205(b)(9) to provide time for the Secretary to recalculate the borrower's monthly payment amount based on the documentation obtained from the borrower or spouse~~†.~~

(8) Once the borrower has 3 monthly payments remaining under the 12-month period specified in paragraph (1)(4) of this section, the Secretary follows the procedures in paragraphs (1)(3) through (1)(7) of this section.

(9) If the Secretary requires information from the borrower under paragraph (1)(3) of this section to recalculate the borrower's monthly repayment amount under paragraph (1)(8) of this section, and the borrower does not provide the necessary documentation to the Secretary by the time the last payment is due under the 12-month period specified under paragraph (1)(4) of this section—

(i) For the IBR and PAYE plans, the borrower's monthly payment amount is the amount determined under paragraph (f)(2)(ii) or (f)(3)(ii) of this section;

(ii) For the ICR plan, the borrower's monthly payment amount is the amount the borrower would have paid under a 10-year standard repayment plan based on the total balance of the loans being repaid under the ICR Plan when the borrower initially entered the ICR Plan;
~~and~~

(iii) For the REPAYE plan, the Secretary removes the borrower from the REPAYE plan and places the borrower

on an alternative repayment plan under which the borrower's required monthly payment is the amount the borrower would have paid on a 10-year standard repayment plan based on the current loan balances and interest rates on the loans at the time the borrower is removed from the REPAYE plan-; and

(iv) For the Repayment Assistance Plan, the borrower's required monthly payment is the amount the borrower would have paid on a 10-year standard repayment plan based on the total balance of the loans when such loans entered repayment.

(10) At any point during the 12-month period specified under paragraph (l)(4) of this section, the borrower may request that the Secretary recalculate the borrower's payment earlier than would have otherwise been the case to account for a change in the borrower's circumstances, such as a loss of income or employment or divorce. In such cases, the 12-month period specified under paragraph (l)(4) of this section is reset based on the borrower's new information.

(11) The Secretary tracks a borrower's progress toward eligibility for forgiveness under paragraph (k) of this section and forgives loans that meet the criteria under paragraph (k) of this section without the need for an application or documentation from the borrower.

(m) Automatic enrollment in an IDR plan.

* * * * *

(n) Removal from default.

The Secretary will no longer consider a borrower in default on a loan if-

(1) The borrower provides information necessary to calculate a payment under paragraph (f) of this section;

(2) The payment calculated pursuant to paragraph (f) of this section is \$0; and

(3) The income information used to calculate the payment under paragraph (f) of this section includes the point at which the loan defaulted.

(o) Other Provisions

(1) For the PAYE plan, Repayment Assistance Plan, and REPAYE plan, if the borrower's monthly payment amount or the monthly payment reduced under paragraph (g)(3)(i) of this section is not sufficient to pay any of the principal due, the payment of that principal is postponed.

(2) Matching Principal Payment. In the case where the borrower is not in a period of deferment under §685.204 or forbearance under §685.205 and the borrower's monthly payment as applied in paragraph (f)(5)(i) of this section reduces the outstanding principal balance by less than \$50, the Secretary reduces such total outstanding principal of the borrower by an amount that is equal to—

(i) the lesser of—

(A) \$50; or

(B) the monthly payment made; minus

(ii) the amount of the monthly payment that is applied to such total outstanding principal balance.