

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

#3 Proposed Draft Regulations

Section 682.215 Income-based Repayment

Amend § 682.215 by revising paragraphs (a), (b), (d), (e) and (f) to read as follows:

**§ 682.215 Income-based repayment plan.**

(a) \* \* \*

~~(4) **Partial financial hardship** means a circumstance in which—~~

~~(i) For an unmarried borrower or a married borrower who files an individual Federal tax return, the annual amount due on all of the borrower's eligible loans, as calculated under a standard repayment plan based on a 10-year repayment period, using the greater of the amount due at the time the borrower initially entered repayment or at the time the borrower elects the income-based repayment plan, exceeds 15 percent of the difference between the borrower's AGI and 150 percent of the poverty guideline for the borrower's family size; or~~

~~(ii) For a married borrower who files a joint Federal tax return with his or her spouse, the annual amount due on all of the borrower's eligible loans and, if applicable, the spouse's eligible loans, as calculated under a standard repayment plan based on a 10-year repayment period, using the greater of the amount due at the time the loans initially entered repayment or at the time the borrower or spouse elects the income-based repayment plan, exceeds 15 percent of the difference between the borrower's and spouse's AGI, and 150 percent of the poverty guideline for the borrower's family size.—~~

(4) **Applicable amount** means, for the purposes of the IBR plan, 15 percent of the result obtained by calculating, on at least an annual basis, the amount by which the adjusted gross income of the borrower's and the borrower's spouse's (if applicable) exceeds 150 percent of the poverty guideline.

\* \* \* \* \*

(b) \* \* \*

(1) For the Income-Based Repayment plan, Aa borrower may elect ~~the income-based repayment plan only if the borrower has a partial financial hardship to have their aggregate monthly payment recalculated to not exceed the applicable amount.~~ The borrower's aggregate monthly loan payments are limited to no more than 15 percent of the amount by which the borrower's AGI exceeds 150 percent of the poverty line income applicable to the borrower's family size, divided by 12. The loan holder adjusts the calculated monthly payment if—

(i) Except for borrowers provided for in paragraph (b)(1)(ii) of this section, the total amount of the borrower's eligible loans includes loans not held by the loan holder, in which case the loan holder determines the borrower's adjusted monthly payment by multiplying the calculated payment by the percentage of the total outstanding principal amount of the borrower's eligible loans that are held by the loan holder;

(ii) Both the borrower and the borrower's spouse have eligible loans and filed a joint Federal tax return, in which case the loan holder determines—

(A) Each borrower's percentage of the couple's total eligible loan debt;

(B) The adjusted monthly payment for each borrower by multiplying the calculated payment by

the percentage determined in paragraph (b) (1) (ii) (A) of this section; and

(C) If the borrower's loans are held by multiple holders, the borrower's adjusted monthly payment by multiplying the payment determined in paragraph (b) (1) (ii) (B) of this section by the percentage of the total outstanding principal amount of the borrower's eligible loans that are held by the loan holder;

(iii) The calculated amount under paragraph (b) (1), (b) (1) (i), or (b) (1) (ii) of this section is less than \$5.00, in which case the borrower's monthly payment is \$0.00; or

(iv) The calculated amount under paragraph (b) (1), (b) (1) (i), or (b) (1) (ii) of this section is equal to or greater than \$5.00 but less than \$10.00, in which case the borrower's monthly payment is \$10.00.

\* \* \*

(5) Except as provided in paragraph (b) (4) of this section, accrued interest is capitalized at the time the borrower chooses to leave the income-based repayment plan or ~~no longer has a partial financial hardship when the applicable amount exceeds the maximum amount calculated under paragraph (d) (1) (i) of this section.~~

(6) If the borrower's monthly payment amount is not sufficient to pay any principal due, the payment of that principal is postponed until the borrower chooses to leave the income-based repayment plan or ~~no longer has a partial financial hardship when the applicable amount exceeds the maximum amount calculated under paragraph (d) (1) (i) of this section.~~

(7) The special allowance payment to a lender during the period in which the borrower has ~~a partial financial hardship~~ their aggregate monthly payment recalculated to not exceed the applicable amount, under the income-based

repayment plan<sup>1</sup> is calculated on the principal balance of the loan and any accrued interest unpaid by the borrower.

\* \* \* \* \*

(d) \* \* \*

(1) If a borrower's applicable amount exceeds the maximum amount calculated under paragraph (d)(1)(i) of this section ~~no longer has a partial financial hardship~~, the borrower may continue to make payments under the income-based repayment plan, but the loan holder must recalculate the borrower's monthly payment. The loan holder also recalculates the monthly payment for a borrower who chooses to stop making income-based payments. In either case, as a result of the recalculation—

(i) The maximum monthly amount that the loan holder requires the borrower to repay is the amount the borrower would have paid under the FFEL standard repayment plan based on a 10-year repayment period using the amount of the borrower's eligible loans that was outstanding at the time the borrower began repayment on the loans with that holder under the income-based repayment plan; and

(ii) The borrower's repayment period based on the recalculated payment amount may exceed 10 years.

\* \* \* \* \*

(e) \* \* \*

(1) The loan holder ~~determines whether a borrower~~ recalculates the borrower's aggregate monthly payment to not exceed the applicable amount ~~has a partial financial hardship to qualify for the income-based repayment plan~~ for the year the borrower elects the Income-Based Repayment plan and for each subsequent year that the borrower remains on the plan. To make this determination, the loan holder requires the borrower to—

(i) Provide documentation, acceptable to the loan holder, of the borrower's AGI;

(ii) If the borrower's AGI is not available, or the loan holder believes that the borrower's reported AGI does not reasonably reflect the borrower's current income, provide other documentation to verify income;

(iii) If the spouse of a married borrower who files a joint Federal tax return has eligible loans and the loan holder does not hold at least one of the spouse's eligible loans—

(A) Ensure that the borrower's spouse has provided consent for the loan holder to obtain information about the spouse's eligible loans from the National Student Loan Data System; or

(B) Provide other documentation, acceptable to the loan holder, of the spouse's eligible loan information; and

(iv) Annually certify the borrower's family size. If the borrower fails to certify family size, the loan holder must assume a family size of one for that year.

(2) After ~~making a determination that a borrower has a partial financial hardship to qualify for the income-based repayment plan~~ determining the borrower's aggregate monthly payment for the year the borrower initially elects the plan and for any subsequent year that the borrower ~~has a partial financial hardship~~ remains on the Income-Based Repayment plan, the loan holder must send the borrower a written notification that provides the borrower with—

(i) The borrower's scheduled monthly payment amount, as calculated under paragraph (b)(1) of this section, and the time period during which this scheduled monthly payment amount will apply (annual payment period);

(ii) Information about the requirement for the borrower to annually provide the information described in paragraph (e)(1) of this section, if the borrower chooses to remain on the income-based repayment plan after the initial year on the plan, and an explanation that the borrower will be notified in advance of the date by which the loan holder must receive this information;

(iii) An explanation of the consequences, as described in paragraphs (e)(1)(iv) and (e)(7) of this section, if the borrower does not provide the required information;

(iv) An explanation of the consequences if the borrower no longer wishes to repay under the income-based repayment plan; and

(v) Information about the borrower's option to request, at any time during the borrower's current annual payment period, that the loan holder recalculate the borrower's monthly payment amount if the borrower's financial circumstances have changed and the income amount that was used to calculate the borrower's current monthly payment no longer reflects the borrower's current income. If the loan holder recalculates the borrower's monthly payment amount based on the borrower's request, the loan holder must send the borrower a written notification that includes the information described in paragraphs (e)(2)(i) through (e)(2)(v) of this section.

(3) For each subsequent year that a borrower ~~who currently has a partial financial hardship~~ remains on the income-based repayment plan, the loan holder must notify the borrower in writing of the requirements in paragraph (e)(1) of this section no later than 60 days and no earlier than 90 days prior to the date specified in paragraph (e)(3)(i) of this section. The notification must provide the borrower with—

(i) The date, no earlier than 35 days before the end of the borrower's annual payment period, by which the loan holder must receive all of the information described in paragraph (e)(1) of this section (annual deadline); and

(ii) The consequences if the loan holder does not receive the information within 10 days following the annual deadline specified in the notice, including the borrower's new monthly payment amount as determined under paragraph (d)(1) of this section, the effective date for the recalculated monthly payment amount, and the fact that unpaid accrued interest will be capitalized at the end of the borrower's current annual payment period in accordance with paragraph (b)(5) of this section.

(4) Each time a loan holder ~~makes a determination that a borrower no longer has a partial financial hardship~~ recalculates the borrower's monthly payment amount for a subsequent year that the borrower wishes to remain on the plan, the loan holder must send the borrower a written notification that provides the borrower with—

(i) The borrower's recalculated monthly payment amount, as determined in accordance with paragraph (d)(1) of this section;

(ii) An explanation that unpaid accrued interest will be capitalized in accordance with paragraph (b)(5) of this section; and

(iii) Information about the borrower's option to request, at any time, that the loan holder ~~redetermine whether the borrower has a partial financial hardship~~ recalculate the monthly payment amount, if the borrower's financial circumstances have changed and the income amount used ~~to determine that the borrower no longer has a partial financial hardship~~ does not reflect the borrower's current income, and an explanation that the borrower will be notified annually of this option. ~~If the loan holder determines~~

~~that the borrower again has a partial financial hardship~~If the loan holder recalculates the borrower's monthly payment amount based on the borrower's request, the loan holder must ~~recalculate the borrower's monthly payment in accordance with paragraph (b) (1) of this section and~~ send the borrower a written notification that includes the information described in paragraphs (e) (2) (i) through (e) (2) (v) of this section.

(5) For each subsequent year that a borrower ~~who does not currently have a partial financial hardship~~ remains on the income-based repayment plan, the loan holder must send the borrower a written notification that includes the information described in paragraph (e) (4) (iii) of this section.

(6) If a borrower who is currently repaying under another repayment plan selects the income-based repayment plan but does not provide the documentation described in paragraphs (e) (1) (i) through (e) (1) (iii) of this section, ~~or if the loan holder determines that the borrower does not have a partial financial hardship~~, the borrower remains on his or her current repayment plan.

\* \* \* \* \*

(f) \* \* \*

(1) To qualify for loan forgiveness after 25 years, the borrower must have participated in the income-based repayment plan and satisfied at least one of the following conditions during that period—

(i) Made reduced monthly payments ~~under a partial financial hardship~~ as provided in paragraph (b) (1) of this section, including a monthly payment amount of \$0.00, as provided in paragraph (b) (1) (iii) of this section;

(ii) Made reduced monthly payments ~~after the borrower no longer had a partial financial hardship~~ or stopped



making income-based payments as provided in paragraph (d)(1) of this section;

(iii) Made monthly payments under any repayment plan, that were not less than the amount required under the FFEL standard repayment plan described in § 682.209(a)(6)(vi) with a 10-year repayment period for the amount of the borrower's loans that were outstanding at the time the loans initially entered repayment;

(iv) Made monthly payments under the FFEL standard repayment plan described in § 682.209(a)(6)(vi) based on a 10-year repayment period; or

(v) Received an economic hardship deferment on eligible FFEL loans.

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