



Fresh Start Program

Which Loans Are Eligible
 Defaulted Federal Direct Loan (Direct Loan) Program loans
 Defaulted (FFEL) Program loans
 Defaulted Perkins Loans held by ED

Which Loans Are Not Eligible
 Defaulted Perkins Loans held by schools
 Defaulted Health Education Assistance Loan Program loans
 Student loans remaining with the U.S. Department of Justice for ongoing litigation
 Direct Loans that default after the end of the COVID-19 student loan payment pause
 FFEL Program loans that default after the end of the COVID-19 student loan payment pause

What Happens Next

If you use Fresh Start to get out of default, here's what will happen:

- We'll transfer your defaulted loans from the Default Resolution Group (or from a guaranty agency) to a loan servicer.
- We'll return your defaulted loans to "in repayment" status.
- We'll remove the record of your default from your credit report.

PAYMENT PLANS

[DOE Loan Simulator](#)

- **Income-Driven (IDR)** An IDR plan customizes your monthly payment to your income. You will never pay more than 10–20% of your income. Half of borrowers on Fresh Start are paying \$0 a month, and 60% of Fresh Start borrowers are paying less than \$50 a month.
- **Standard Repayment** – A fixed payment each month until loans are paid in full with 10 years to repay (or up to 30 years for a consolidated loan).
- **Extended Repayment** – Pay a fixed or graduated monthly amount until loans are paid in full. You must have at least \$30k in outstanding Federal Loans and have up to 25 years to repay.
- **Graduated Repayment** – Payments start out low and increase every two years. Like Standard, you have 10 years to repay or 30 years for a consolidated loan.

Payment Plans, CONTINUED

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- **Revised Pay As You Earn Repayment Plan (REPAYE)** - Only for DL (FFEL loans can be consolidated into DL) and monthly payments are capped at 10% of discretionary income. Payments are recalculated each year and based on updated income and family size...income and family size must be updated each year (even if unchanged). Married borrowers will have both spouses income and loan debt considered, regardless of tax filing status. Any outstanding balance on the loan will be forgiven after 20 years of payments (for UNDg studies) and 25 years (for GRAD/Prof studies)
- **Pay As you Earn Repayment** - Only for DL (FFEL loans can be consolidated into DL) and monthly payments are capped at 10% of discretionary income. You MUST be a "new" borrower (you had no balance on a federal loan on 10/1/07, and you borrowed a federal loan on/after 10/1/2011. PSLF can be an option with this plan after 10 years of consistent repayments and other requirements met.

*****You may have to pay income tax on any amount forgiven****

Payment Plans, CONTINUED


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- **Income-Based Repayment (IBR)** - This payment plan is designed for borrowers who have a high debt:income ratio. Monthly payments will be 10 or 15% of discretionary income (depending on when you received your first loans), but never more than the standard repayment plan payment. Recalculated every year, and if married, your spouses income or loan debt are only considered IF a joint tax return is filed.
- **Income-Contingent Repayment (ICR)** - Your monthly payment will be the lesser of: 20% of discretionary income or the amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income. Recalculated every year, and if married, your spouses income or loan debt are only considered IF a joint tax return is filed.

PAYMENT PLANS

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- **Income-Sensitive Repayment Plan** - ONLY for FFEL loan borrowers which are not eligible for PSLF. Monthly payments are based on annual income, but the loan will be paid in full in 15 years.



Helpful Tips for Student Borrowers

P – PLAN Ahead! Start making payments now to take advantage of the 0% interest relief to reduce your time in repayment.

A- ASK Questions! Contact your Loan Service to identify repayment options and communicate your financial situation.

Y – YOU are in charge! It is up to you, the student, to seek options that are specific to YOUR financial needs. Don't default and risk the impact on your future, financial wellness.
