August 2016

# Midyear update on student loan complaints

Income-driven repayment plan application issues

Consumer Financial Protection Bureau

# Table of contents

# Executive summary

- This midyear report analyzes complaints submitted by consumers from October 1, 2015 through May 31, 2016. During this period, the Bureau handled approximately 3,500 private student loan complaints, and also handled 1,500 debt collection complaints related to private and federal student loans. The Bureau also began handling complaints about problems managing or repaying federal student loans, and handled 2,400 federal student loan servicing complaints during the final three months of this reporting period.

- Since 2009, the vast majority of borrowers with federal student loans have a right under federal law to set their monthly student loan payments based on their income. For borrowers who are unemployed or earn low wages, these income-driven repayment (IDR) plans provide for a "payment" as low as $0 per month.

- Many borrowers depend on student loan servicers to inform them about the availability of IDR options and for processing borrowers' enrollment in these plans. This report observes that borrowers encounter obstacles when submitting applications for IDR plans, including poor customer service, unexpected delays, lost paperwork, and inconsistent or inaccurate application processing. Consumer complaints describe how these obstacles can increase costs, reduce benefits, and extend repayment terms for consumers.

- This report focuses on problems for borrowers who submit an application to enroll in or recertify income and family size under an IDR plan. These observations build on previous reports by the Bureau that noted consumers encountered problems with two other key segments of the IDR enrollment process. First, we described problems identified by consumers related to the information provided by student loan servicers regarding available repayment options. These include concerns raised by borrowers about practices by some servicing personnel that drive borrowers into short-term alternatives such as forbearance, over longer-term options that may be better suited to meet many borrowers' needs. Second, we noted that borrowers described problems related to communications and processes for recertifying income and family size for borrowers who do successfully enroll—the process through which borrowers maintain an income-driven payment over the long-term.

- With this report, the Bureau has now reported on servicing problems at every step of the IDR lifecycle, as identified by consumers with federal student loans.

- The Bureau handled complaints from borrowers describing IDR application processing delays that last weeks or months, during which these borrowers lose out on protections that can lower their monthly payment, save them money on interest charges, and start them on the path to loan forgiveness. Many student loan borrowers are able to complete the application process for an IDR plan online at www.studentloans.gov, supplemented by tax information provided electronically by the Internal Revenue Service. For these borrowers, a student loan servicer need only validate the information provided, and approve or deny the application. However, consumers seeking to apply online in this manner report encountering costly and cumbersome delays.

- The Bureau has also handled complaints from otherwise eligible borrowers describing differing approaches to addressing incomplete applications, depending on the identity of their servicer. Borrowers report that servicers reject borrowers' applications without providing borrowers the opportunity to fix mistakes or update documentation. Instead of facilitating these borrowers' enrollment in their requested IDR plan, clumsy or flawed IDR enrollment practices mean borrowers are unlikely to obtain an affordable repayment option. Many borrowers are required to provide supplemental information directly to their student loan servicer outside of the electronic enrollment process, either to attest that they are unemployed or have no income, or to provide documentation indicating that their income has changed substantially since their prior year's tax returns. These borrowers rely on their student loan servicer to evaluate whether borrowers' supporting documentation is sufficient to approve or deny an enrollment application, and to work with them to address any deficiencies in their application. However, consumers report surprise rejections that can lead to payment shocks, delayed benefits, and increased interest charges.

- This report offers recommendations to address the challenges identified in consumer complaints. This report recommends immediate action from student loan servicers, highlighting recent policy guidance issued by the Department of Education as a roadmap to strengthen practices related to the handling of IDR applications. This report also recommends that servicers consider providing clear, actionable instructions to consumers who submit incomplete IDR applications by clarifying any deficiencies, and providing adequate time for borrowers to provide corrections and stay on track to certify or recertify their income and family size.

- The Bureau developed a prototype *Income-Driven Repayment Application Fix it Form* (IDR Fix It Form). Servicers seeking to adopt the recommendations included in this report can look to the IDR Fix It Form as one approach to improve the level of service they provide to their customers seeking to apply for IDR. The IDR Fix It Form documents any deficiencies with borrowers' IDR applications and communicates to borrowers about how to address the deficiencies and get their applications back on track. The Bureau has also made available a sample IDR Fix It Form that consumers can provide their servicer when attempting to navigate the enrollment and recertification process.

- This report also notes the lack of publicly available data related to the processes highlighted in this report, calling for policymakers to take immediate action in order to publish servicer-specific metrics related to application handling, processing time, and borrower outcomes under a range of IDR plans.

# 1. About this report

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Act) established a Student Loan Ombudsman within the Bureau. Pursuant to the Act, the Ombudsman shall compile and analyze data on private student loan complaints and make appropriate recommendations to the Secretary of the Treasury, the Director of the Consumer Financial Protection Bureau, the Secretary of Education, and Congress.

This report analyzes more than 3,500 private student loan complaints, 2,400 federal student loan servicing complaints, and approximately 1,500 debt collection complaints related to private and federal student loan debt handled between October 1, 2015 and May 31, 2016. The information included in this report represents the Ombudsman's independent judgment and does not necessarily represent the view of the Consumer Financial Protection Bureau.

Seth Frotman
*Student Loan Ombudsman*
**Consumer Financial Protection Bureau**

# 2. Student loan complaint data

Information about consumer complaints, including information about private student loan and debt collection complaints, is available to the public through the CFPB's Consumer Complaint Database.[1]

The database contains anonymized complaint data provided by consumers, including the type of complaint, the date of submission, the consumer's zip code, and the company that the complaint concerns. The database also includes information about the actions taken by a company in response to a complaint: whether the company's response was timely, how the company responded, and whether the consumer disputed the company's response. The database does not include consumers' personal information. The database includes web-based features such as the ability to filter data based on specific search criteria; to aggregate data in various ways, such as by complaint type, company, location, date, or any combination of available variables; and to download data.

The following tables are based on complaints handled from October 1, 2015, through May 31, 2016, as exported from the public Consumer Complaint Database as of August 1, 2016.[2] Due to

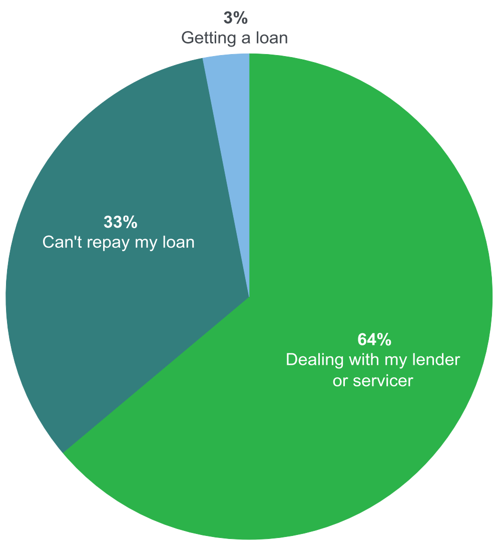
---

[1] Consumer Financial Protection Bureau, *Consumer Complaint Database, available at* http://www.consumerfinance.gov/complaintdatabase/. The database lists complaints where the companies have had the opportunity to provide a response or after the companies have had the complaint for 15 calendar days –whichever comes first. The publication criteria are available at http://files.consumerfinance.gov/f/201303_cfpb_Final-Policy-Statement-Disclosure-of-Consumer-Complaint-Data.pdf.

[2] Not all complaints handled by the Bureau are published in the public Consumer Complaint Database. Therefore the number of complaints published in the database may be fewer than the total number of complaints handled by the Bureau. For example, complaints that do not meet the publication criteria may be removed from the database. In addition, when we first begin to accept complaints about a specific product (such as federal student loan servicing complaints, which we began handling in February 2016), the Bureau first evaluates the data of each new product or

the lack of publicly available data on private student loans, these tables are not indexed for market share.[3]

**FIGURE 1:** PRIVATE STUDENT LOAN ISSUES REPORTED BY CONSUMERS FROM OCTOBER 1, 2015 THROUGH MAY 31, 2016




Note: Consumers submitting student loan complaints can select from the following three types of complaint categories: "Getting a loan," "Can't pay my loan," and "Dealing with my lender or servicer." This figure reflects the categories consumers selected when submitting a complaint.

---

service and considers whether any product- or service-specific policy changes are warranted before beginning to publish those complaints.

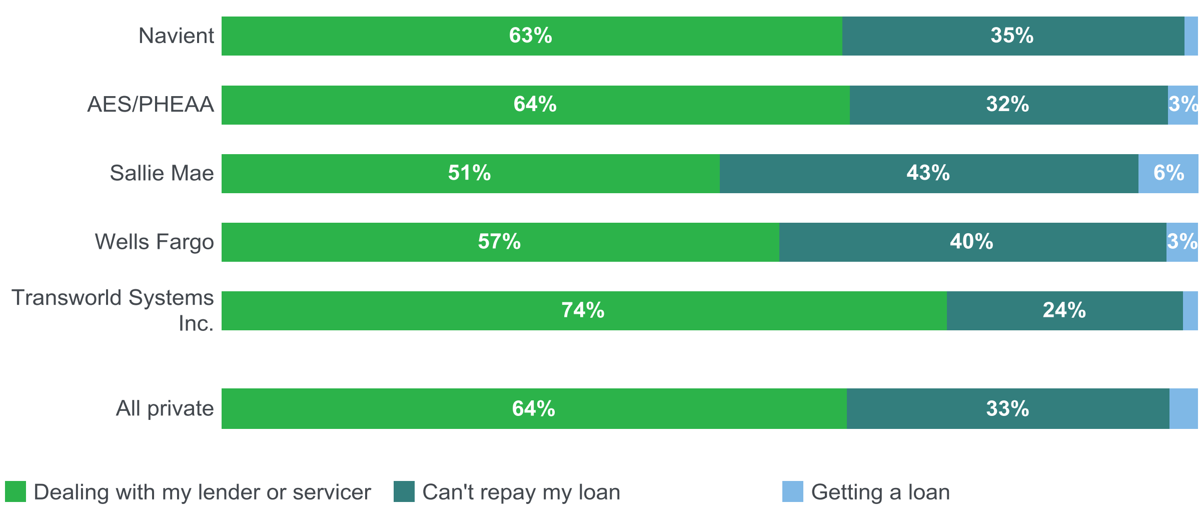
[3] Compared to other large markets of consumer financial products, such as residential mortgages and credit cards, availability of market data is quite limited for private student loans, which grew rapidly in the years leading up to the financial crisis. *See* Consumer Financial Protection Bureau and U.S. Department of Education, *Private Student Loans* (2012), *available at* http://www.consumerfinance.gov/reports/private-student-loans-report/.

**TABLE 1:** COMPANIES WITH THE MOST PRIVATE STUDENT LOAN COMPLAINTS RANKED BY VOLUME

| Company | Oct. 2014 – May 2015 | Oct. 2015 – May 2016 |
|---|---|---|
| Navient | 1,210 | 1,123 |
| AES/PHEAA | 259 | 317 |
| Sallie Mae | 149 | 161 |
| Wells Fargo | 156 | 154 |
| Transworld Systems Inc. | 70 | 128 |

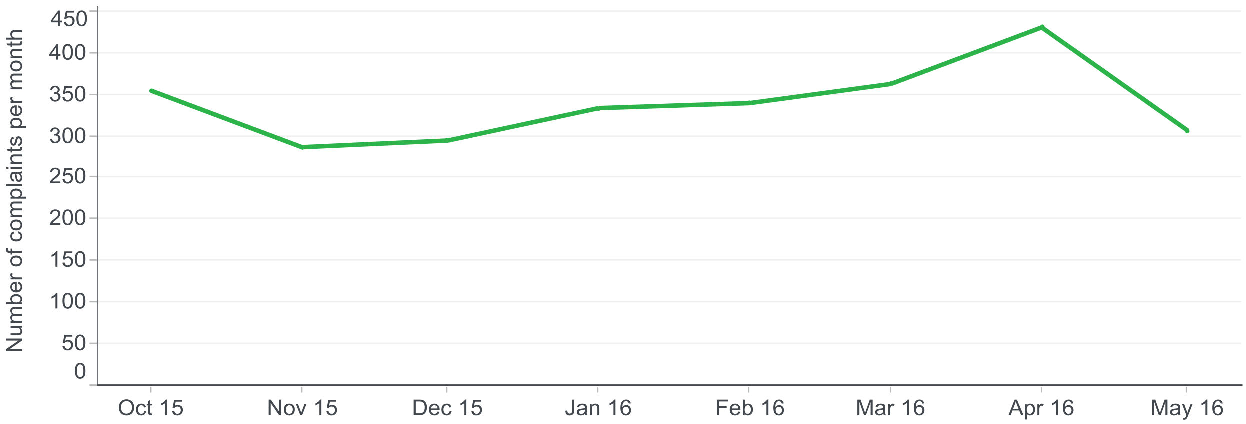
Note: This table reflects complaints where (1) the consumer identified the sub-product as a non-federal student loan and (2) the identified company responded to the complaint, confirming a relationship with the consumer.

**FIGURE 2:** ISSUES IDENTIFIED IN PRIVATE STUDENT LOAN COMPLAINTS BY COMPANY FROM OCTOBER 1, 2015 THROUGH MAY 31, 2016



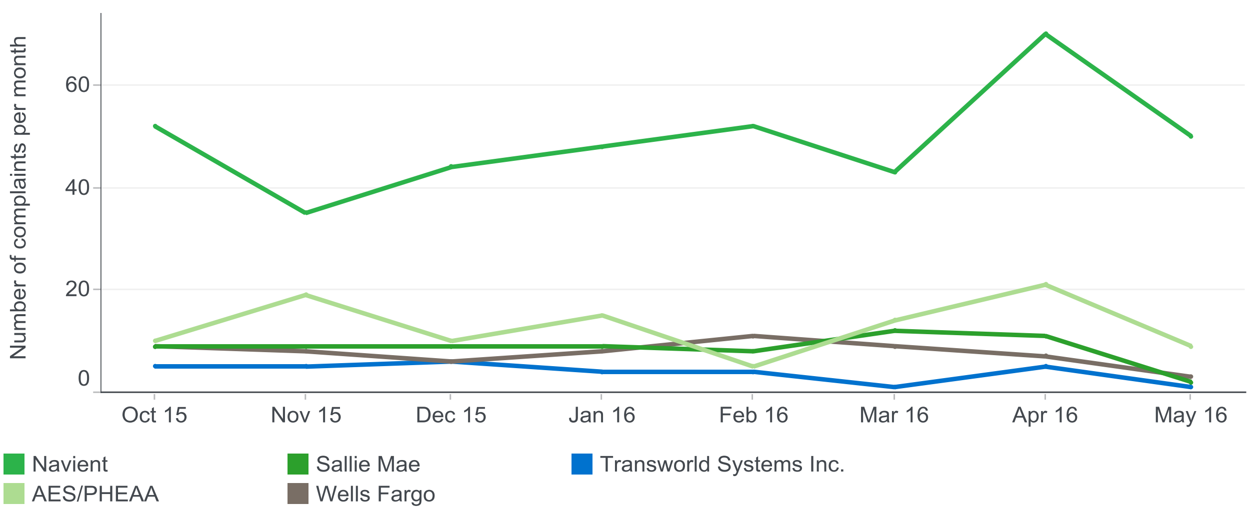

Note: This table reflects complaints where (1) the consumer identified the sub-product as a non-federal student loan, (2) the consumer identified the issue and (3) the identified company responded to the complaint, confirming a relationship with the consumer. This table only reflects the top companies by complaint volume.

**FIGURE 3:** PRIVATE STUDENT LOAN COMPLAINTS BY MONTH




Note: This table reflects complaints where (1) the consumer identified the sub-product as a non-federal student loan and (2) the identified company responded to the complaint, confirming a relationship with the consumer.

**FIGURE 4:** PRIVATE STUDENT LOAN COMPLAINTS RELATED TO REPAYMENT DISTRESS BY MONTH




Note: This table reflects complaints where (1) the consumer identified the sub-product as a non-federal student loan, (2) the consumer identified their issue as "can't repay my loan" and (3) the identified company responded to the complaint, confirming a relationship with the consumer. This table only reflects the top companies by complaint volume.

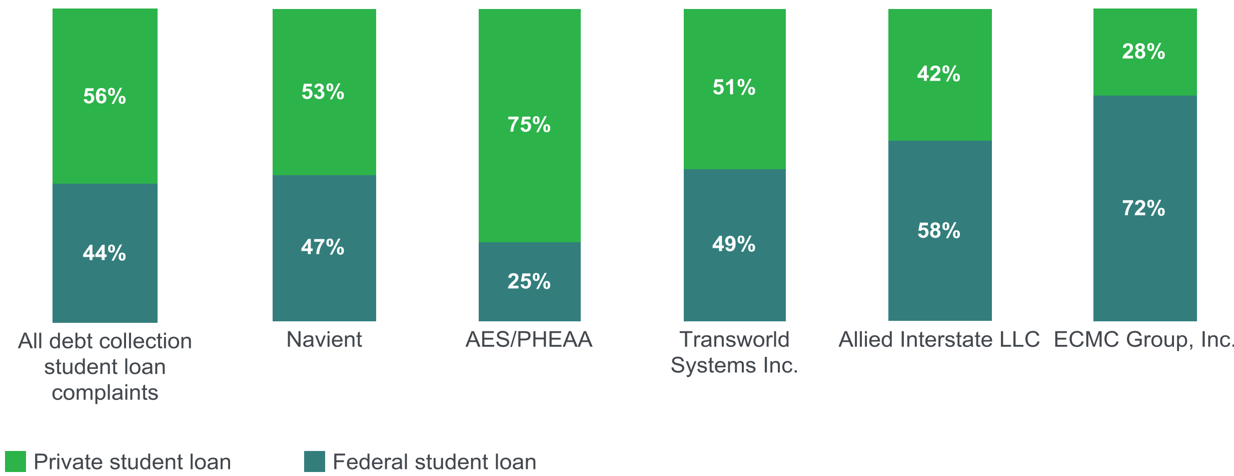
From October 1, 2015 through May 31, 2016, the CFPB handled approximately 1,500 debt collection complaints related to private and federal student loans.

**TABLE 2:** TOP RECIPIENTS OF DEBT COLLECTION COMPLAINTS ABOUT STUDENT LOANS FROM OCTOBER 1, 2015 THROUGH MAY 31, 2016

| Federal Student Loans | Number of Complaints | Private Student Loans | Number of Complaints |
|---|---|---|---|
| Navient | 102 | Navient | 115 |
| Transworld Systems Inc. | 25 | AES/PHEAA | 50 |
| ECMC Group, Inc. | 21 | Transworld Systems Inc. | 26 |
| Allied Interstate LLC | 18 | URS Holding, LLC | 19 |
| AES/PHEAA | 17 | Financial Asset Management Systems Inc. | 15 |
| Performant Financial Corporation | 17 | Allied Interstate LLC | 13 |

Note: This table reflects debt collection complaints where (1) the consumer identified the sub-product as a non-federal or a federal student loan and (2) the identified company responded to the complaint, confirming a relationship with the consumer. This table also reflects aggregated complaints of subsidiary debt collection companies that operate under their respective parent companies.

**FIGURE 5:** DISTRIBUTION OF LOAN TYPE FOR STUDENT LOAN DEBT COLLECTION COMPLAINTS BY COMPANY FROM OCTOBER 1, 2015 THROUGH MAY 31, 2016




Note: This table reflects debt collection complaints where (1) the consumer identified the sub-product as a non-federal or a federal student loan and (2) the identified company responded to the complaint, confirming a relationship with the consumer. This table was not adjusted to reflect each company's relative market share. This table reflects the top companies by complaint volume. This table also reflects aggregated complaints of subsidiary debt collection companies under the parent company.

# 3. Issues faced by borrowers

### Sources of information

To identify the range of issues faced by student loan borrowers, the report relies primarily on complaints handled by the Bureau. We reviewed other information, such as comments submitted by the public in response to requests for information, submissions to the "Tell Your Story" feature on the Bureau's website, and input from discussions with consumers, regulators and law enforcement agencies, and market participants.

### Limitations

Readers should note that this report does not suggest the prevalence of the issues described as they relate to the entire student loan market. The information provided by borrowers helps to illustrate where there is a mismatch between borrower expectations and actual service delivered. Representatives from industry and borrower assistance organizations will likely find the inventory of borrower issues helpful in further understanding the diversity of customer experience in the market.

## 3.1 Overview of student loan complaints

The Bureau continues to handle complaints from borrowers related to a range of servicing problems, including payment processing, payment handling, and servicer communications. Over this reporting period, student loan borrowers with private loans continue to submit complaints when unable to identify options that would lower their monthly payment or allow them to enroll in an affordable repayment program for their private loan. Complaints also suggest that alternative repayment plans may be available for certain private student loan borrowers, but that these borrowers may experience difficulty in accessing information about these plans. When borrowers seek to investigate potential repayment options and contact their lender or servicer to obtain information, complaints reveal that some of these borrowers may receive responses that servicers do not or were unable to offer an alternative repayment plan.

Borrowers also submitted complaints noting that they received conflicting information from multiple customer service representatives about eligibility criteria to enroll in alternative repayment programs. Borrowers with private student loans also continue to submit complaints related to the process of "auto-defaulting" on a student loan, in which a servicer places a borrower's loan in default upon the death or bankruptcy of a co-signer, even when the borrower has been making full, on-time payments each month.[4]

In February 2016, the Bureau began handling complaints from borrowers with federal student loans related to student loan servicing. The Bureau handled more than 2,400 complaints from consumers with federal student loans, related to servicer communications, payment processing, and the administration of benefits and protections created under Title IV of the Higher Education Act, including IDR plans.[5] The following section seeks to explore complaints citing problems related to the administration of IDR plan applications in further detail.

---

[4] Earlier this year, the Bureau noted in an edition of *Supervisory Highlights* that examiners determined that one or more student loan servicers engaged in an unfair practice in violation of the Dodd-Frank Act relating to auto-default. When a private student loan had a borrower and a co-signer, one or more servicers would auto-default both the borrower and co-signer if either filed for bankruptcy. These auto-defaults were determined to be unfair where the *Whole Loan Due* clause was ambiguous on this point because reasonable consumers would not likely interpret the promissory notes to allow their own default as the result of a co-debtor's bankruptcy. Further, one or more servicers did not notify either co-debtor that the loan was placed in default. Some consumers only learned that a servicer placed the loan in a default status when they identified adverse information on their consumer reports, the servicer stopped accepting loan payments, or they were contacted by a debt collector. Supervision directed one or more servicers to immediately cease this practice. *See* Consumer Financial Protection Bureau, *Supervisory Highlights: Winter 2016* (March 2016), *available at* http://files.consumerfinance.gov/f/201603_cfpb_supervisory-highlights.pdf.

[5] During the reporting period ending on May 31, 2016.

## 3.2 Issue highlight: Income-driven repayment plan application obstacles

The Bureau has repeatedly discussed widespread problems reported by consumers related to student loan servicing practices, and in particular, practices related to IDR plans. To date, we have focused on two key areas where there is a mismatch between borrower expectations and actual service delivered. First, we described problems identified by consumers related to the information provided by student loan servicers regarding available repayment options. These include concerns raised by borrowers related to practices by some servicing personnel that drive borrowers into short-term alternatives such as forbearance, instead of longer-term options that may be better suited to meet many borrowers' needs.[6] Second, we highlighted problems borrowers described when seeking to maintain an income-driven monthly payment amount, including issues related to servicer communications regarding borrowers' obligation to recertify income and family size under these plans.[7] This report focuses on a third key area in the lifecycle of a student loan borrower enrolled in an IDR plan—the processing of application paperwork and other obstacles related to IDR enrollment.

[6] *See* Consumer Financial Protection Bureau, *Student Loan Servicing*, 25 (Sept. 2015), *available at* http://files.consumerfinance.gov/f/201509_cfpb_student-loan-servicing-report.pdf ("Borrowers may not be informed about the availability of certain alternative repayment plans or may be encouraged by servicing personnel to enroll in alternatives that may not be in their best interest.").

[7] *See* Consumer Financial Protection Bureau, *When you make student loan payments on an income-driven plan, you might be in for a payment shock* (Aug. 2015), *available at* http://www.consumerfinance.gov/about-us/blog/when-you-make-student-loan-payments-on-an-income-driven-plan-you-might-be-in-for-a-payment-shock/; s*ee also* Consumer Financial Protection Bureau, *Student Loan Servicing* (Sept. 2015), *available at* http://files.consumerfinance.gov/f/201509_cfpb_student-loan-servicing-report.pdf ("Commenters note that servicing issues related to certifying income continue for borrowers even after they successfully enroll in income-driven repayment plans.").

**FIGURE 6:** SERVICING LIFECYCLE OF AN INCOME-DRIVEN REPAYMENT PLAN


**Note:** To date, the Bureau has reported problems identified by borrowers related to the first and third category in this diagram— servicer communications about repayment options and servicer communications and processing when borrowers seek to recertify income and family size in order to retain a monthly payment based on their income. This report focuses on the second category in this diagram—servicer processing of IDR enrollment applications.

Prior to 2009, most federal student loan borrowers experiencing financial hardship were forced to choose between delinquency, which leads to late fees and damaged credit, or forbearance, an option that permits suspension of monthly payments for a limited period of time, effectively extending the term of the loan and causing the borrower to incur interest expenses. Accordingly, both delinquent borrowers and borrowers in forbearance who encountered financial hardship could not progress toward payoff (or loan forgiveness) during periods of economic distress. However, since 2009, the vast majority of federal student loan borrowers experiencing financial distress have had access to IDR plans, when the Income-Based Repayment (IBR) plan was created.[8] IDR plans typically offer a better option for distressed borrowers—one intended to provide a long-term alternative that preserves these borrowers' credit profiles and provides a path to satisfy their financial obligation.

Most federal student loan borrowers have a right to a repayment plan that sets their monthly student loan payments based on their discretionary income.[9] These plans offer benefits and

[8] *See* 20 U.S.C. § 1098e(b). IBR is one of several types of IDR plans. While all IDR plans peg a borrower's payment amount to the borrower's discretionary income and family size, the individual plans each have slightly different terms, the most prominent of which is the percentage of discretionary income used to determine the payment (*e.g.*, IBR payments are set at 15 percent of a borrower's discretionary income, while payment under Pay As You Earn, another IDR plan, are set at 10 percent of a borrower's discretionary income).

[9] *See* U.S. Department of Education, *Repayment Plans* (accessed Aug. 1, 2016), *available at* https://studentaid.ed.gov/sa/repay-loans/understand/plans.

protections intended to facilitate successful repayment. Under an IDR plan, borrowers can make payments based on their income and family size, rather than based on their loan balance.[10] For borrowers who are unemployed or have very low wages, "payments" under these plans may be as low as $0 per month.[11] In addition to obtaining immediate payment relief, borrowers enrolled in these plans can take advantage of other immediate and long-term benefits, including interest subsidies, special treatment of unpaid interest, and potentially loan forgiveness.

Borrowers depend on student loan servicers to manage and process enrollment in IDR plans, including making determinations about eligibility, evaluating documentation, and communicating with borrowers about the enrollment process.

However, since the Bureau began accepting federal student loan servicing complaints, issues related to enrollment in IDR plans have emerged. In particular, consumer complaints continue to cite IDR enrollment issues that result in lost interest subsidy benefits, potentially delay eligibility for loan forgiveness benefits, and trigger unnecessary capitalization of interest.

## Application processing delays drive up borrower costs

To enroll in an IDR plan, borrowers are required to submit an application, along with proof of income and family size, to their servicer for review and processing. This application may be submitted online through www.studentloans.gov—an information system managed by the

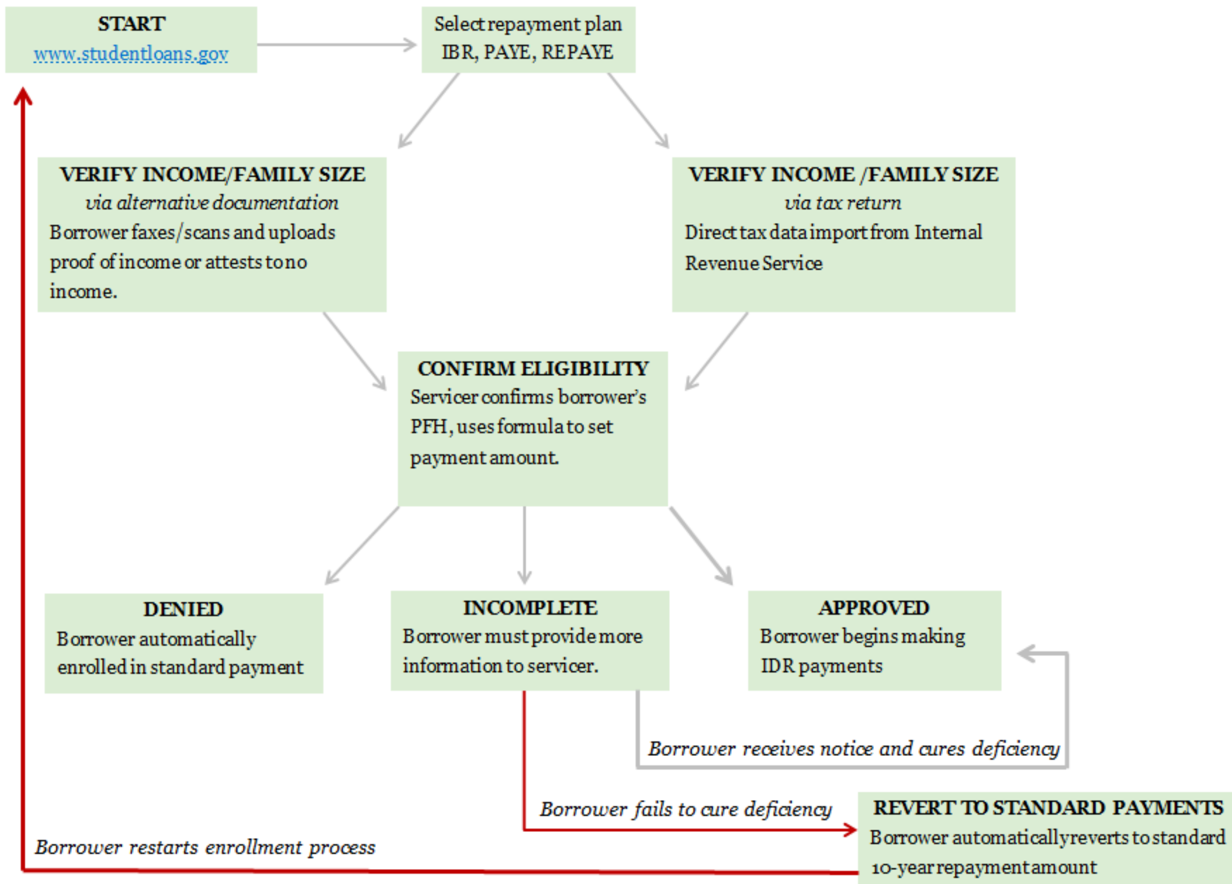
[10] *See* U.S. Department of Education, *Income-Driven Repayment Plans for Federal Students Loans* (Feb. 2016), *available at* https://studentaid.ed.gov/sa/sites/default/files/income-driven-repayment.pdf.

[11] In April 2016, the Department of Education published a framework outlining its expectations for how student loan information should appear on borrowers' credit reports. *See* U.S. Department of Education, *Fact Sheet: Modernizing Credit Reporting for Student Loans* (Apr. 2016), *available at* http://www2.ed.gov/documents/press-releases/04282016-credit-reporting.doc.

Department of Education—or via paper application, submitted directly to a student loan servicer. In both cases, servicers target processing IDR applications within 15 days.[12]

[12] *See* U.S. Department of Education, Memorandum from U.S. Department of Education Under Secretary Ted Mitchell on *Policy Direction on Federal Student Loan Servicing* (July 20, 2016), *available at* http://www2.ed.gov/documents/press-releases/loan-servicing-policy-memo.pdf.

**FIGURE 7:** IDR ENROLLMENT AND RECERTIFICATION PROCESS




Servicers' failure to timely process these applications can be detrimental to borrowers. Borrower complaints note that IDR applications may take weeks or months to process, delaying borrowers' access to the consumer protections described above. Furthermore, when borrowers' enrollment in IDR is delayed, they may be subject to otherwise avoidable harms, such as increased loan balances and loss of benefits.

**Borrowers complain that their loan balances grow due to the accrual and capitalization of interest during extended application processing periods.** Generally, servicers will place a borrower's loans into administrative forbearance for up to 60 days while processing an initial IDR application.[13] During periods of forbearance, interest continues to accrue. However, unlike other types of forbearance, interest accrued during a period of administrative forbearance will not capitalize (*i.e.*, will not be added on to a borrower's principal balance) if an application is processed and the borrower is successfully enrolled in IDR during this period.[14] However, borrowers report that servicers may take longer than 60 days to process their applications, even when these applications are complete and submitted timely. Borrowers complain that their administrative forbearance period expires before their application is processed, and only learn of the expiration of forbearance when they receive an unexpected bill indicating that they owe a payment set at their prior, standard 10-year amount. For some borrowers, this can also result in the capitalization of unpaid interest charges, potentially increasing loan balances by hundreds or even thousands of dollars.

**Prolonged application processing delays borrowers' access to interest subsidies.** When borrowers enroll in an IDR plan, their payments may not be sufficient to cover the interest charged each month, potentially resulting in a growing balance of unpaid interest. However, any unpaid interest charges on subsidized loans are waived during the first 36 months of repayment under any IDR plan.[15] Additionally, for borrowers enrolled in Revised Pay As You Earn (REPAYE), the Department of Education will further waive 50 percent of any unpaid interest for both subsidized and unsubsidized loans, with no associated time limit.[16] Borrowers

---

[13] *See* 34 C.F.R. § 685.205(b)(9). One servicer notes that 70 percent of its borrowers enrolling in an IDR plan enter forbearance prior to enrollment. S*ee* Comment from Navient, CFPB-2016-0018-0665, *available at* https://www.regulations.gov/document?D=CFPB-2016-0018-0665.

[14] *See* 34 C.F.R. § 685.205(b)(9).

[15] This interest subsidy is available for borrowers under IBR, PAYE, and REPAYE, but not for borrowers enrolled in Income-Contingent Repayment (ICR).

[16] *See* 34 C.F.R. § 685.209(c)(2)(iii).

report that when servicers process applications over an extended period of time, these delays can result in extra interest charges that would have otherwise been waived.

**Delayed IDR enrollment also delays and decreases borrowers' potential loan forgiveness.** Borrowers enrolled in an IDR plan are entitled to forgiveness of any remaining loan balance after 20 or 25 years of qualified payments.[17] If these borrowers are employed in public service, they can receive loan forgiveness after 10 years of qualified payments.[18] Borrowers complain that their servicer's delayed processing of their IDR applications is obstructing their road to repayment, and effectively reducing any loan forgiveness benefit they may ultimately receive.[19] One borrower notes:

> *[My servicer] still [has] not completed the processing of my application. . . . This delay . . . is creating a hardship on me, as it is lengthening the amount of time I remain in debt and delays my final repayment date back as many months as [my servicer is] unable to get me into the new repayment plan. I am also enrolled in the Public Service Loan Forgiveness program, so the "clock" on my maximum 10-year repayment time span has essentially stopped. . .*

**Borrowers complain that processing delays drive them to draw down on a limited allotment of forbearance.** Federal student loan borrowers are entitled to 36 months of financial hardship forbearance over the life of their loan—an important protection against very

---

[17] *See* 34 C.F.R. § 682.215(f); 34 C.F.R. §§ 685.209(a)(6), (c)(5).

[18] *See* 34 C.F.R. § 685.219.

[19] In effect, borrowers using forbearance forgo qualifying months at their present income and family size and assume an obligation to make future monthly payments—in some circumstances, borrowers may experience future wage growth that makes these monthly payments substantially higher than payments based on their current income and family size. For these borrowers, processing delays can result in higher future payments that may further increase the total lifetime cost of their loan.

short-term financial distress or temporary changes in borrowers' financial circumstances.[20] When IDR enrollment is not timely processed, borrowers may need to draw on this limited allowance for each month that processing extends beyond the 60 days of administrative forbearance. Borrowers complain that they had intended to preserve their finite allotment of forbearance in case of financial emergency, but were driven to draw on this protection in order to keep their loan current. Borrowers who encounter servicing delays each time they recertify their IDR plan may find their forbearance allowance depleted long before their loans are forgiven.

## Application rejections

Borrowers seeking to enroll in an IDR plan are required to submit an application to their student loan servicer, either electronically through www.studentloans.gov or via a paper application submitted directly to their servicer.  Borrowers submitting applications electronically have the option to include income information provided directly by the Internal Revenue Service using an electronic version of their most recent federal tax return. Borrowers who are unemployed or need to use alternative documentation due to a recent change in income must provide this information directly to their servicer, even when applying through www.studentloans.gov.[21] Upon receipt, servicers are required to evaluate these applications and make determinations about borrowers' eligibility and payment level.

---

[20] *See* U.S. Department of Education, *Deferment and Forbearance*, *available at* https://studentaid.ed.gov/sa/repay-loans/deferment-forbearance. Financial hardship forbearance, one type of "voluntary" forbearance, permits the borrower to temporarily cease payments on his or her loan while remaining current. Borrowers can verbally request this type forbearance from their servicer. Any interest accrued during periods of voluntary forbearance is capitalized upon reentering repayment under any repayment plan.

[21] One large servicer notes that at least 50 percent of its borrowers cannot complete their application solely through www.studentloans.gov, and require additional documentation certifying no income or income requiring alternative documentation. *See* Comment from Navient, CFPB-2016-0018-0665, *available at* https://www.regulations.gov/document?D=CFPB-2016-0018-0665.

As noted above, federal law makes IDR plans available to the vast majority of federal student loan borrowers experiencing financial distress, excluding borrowers under only two discrete circumstances: (1) having loans that are ineligible for the requested IDR plan;[22] or (2) not demonstrating partial financial hardship (a prerequisite for most, but not all, IDR plans).[23] In effect, borrowers with eligible loans who are able to demonstrate partial financial hardship have the right to enroll in an IDR plan, provided they supply their servicer with all the necessary information.[24] However, consumers report a range of problems that result in rejected applications, including barriers to enrollment related to some servicers' customer service and IDR application handling practices.

**Borrowers submit complaints describing how servicers reject incomplete applications submitted by otherwise eligible borrowers, without providing an opportunity to remedy any deficiency.** Borrowers may submit applications for IDR enrollment that do not include one or more components necessary for their servicer to timely

---

[22] Certain types of federal student loans are not eligible to enroll in an IDR plan. Other federal loans must first be consolidated with a Direct Consolidation Loan in order to be eligible. For example, loans made to parents of undergraduate students (Parent PLUS loans) are ineligible for any IDR plan; however, a parent borrower may be eligible to enroll in Income-Contingent Repayment (ICR) if he or she consolidates into a Direct Consolidation Loan. Borrowers with federal loans made by institutions of higher education under the Perkins Loan program face a similar additional step; once a Perkins loan is consolidated into a Direct Loan, it is potentially eligible for any IDR plan for which the borrower would otherwise qualify. *See* U.S. Department of Education, *Loan Consolidation* (accessed Aug. 1, 2016), *available at* https://studentaid.ed.gov/sa/repay-loans/consolidation.

[23] *See, e.g.*, 34 C.F.R. § 382.215(b)(1); 34 C.F.R. § 658.221(b)(1); 34 C.F.R. § 685.209(a)(2)(i). Additionally, borrowers with delinquent or defaulted loans are not eligible to enroll in an IDR plan. For delinquent borrowers seeking to enroll in an IDR plan, servicers may retroactively apply forbearance to resolve any past-due payment and bring the borrower's account current. *See, e.g.*, 34 C.F.R. § 682.211(f)(14). Borrowers in default seeking to enroll in IDR must either consolidate their defaulted loans into a Direct Consolidation Loan, or complete a rehabilitation program. *See* U.S. Department of Education, *Getting out of Default* (accessed Aug. 11, 2016), *available at* https://studentaid.ed.gov/sa/repay-loans/default/get-out.

[24] On December 17, 2015, the Department of Education announced a new IDR plan, Revised Pay As You Earn (REPAYE), available to virtually all borrowers with federal student loans, excluding loans made to parents to finance the education of an und

process their enrollment.[25] Deficiencies may include lack of income documentation, signatures on required forms, or other personal or demographic information. Borrowers with incomplete applications report that servicers reject their applications, despite borrowers' offering to remedy the application. Borrowers note that rejections may result from missing information or lost paperwork, and that in both circumstances borrowers are not asked to address these issues prior to the denial of their application. Other borrowers complain that their application is rejected simply for checking the "wrong box," and that they are not given the opportunity to submit a corrected application prior to rejection. These borrowers complain that they must then submit a new application, potentially encountering the same processing delays and lost benefits described above.

**Borrowers who enter forbearance due to application processing delays may find their applications rejected due to their use of forbearance.** When borrowers submit IDR applications, they must provide the current status of their income and their loans, including whether the loan is in forbearance.[26] As previously discussed, borrowers complain that when application processing exceeds their allotted 60 days of administrative forbearance, borrowers with loans that were in active repayment may need to use an additional "voluntary" forbearance, in some cases at the express direction of servicing personnel. As a result, by the time these borrowers' applications are finally reviewed, their loan status will have changed from repayment to voluntary forbearance. Borrowers complain that servicers subsequently reject their applications because of inaccurate information regarding loan status, yet the loan status only

---

[25] As noted above, the distinction between an "incomplete" application and an "ineligible" loan or borrower is critical. Potentially eligible consumers report that their enrollment in IDR is rejected by their servicer despite the fact that they have both (1) an "eligible loan," and (2) are able to demonstrate partial financial hardship. These rejections occur because an application is "incomplete"—once a servicer has identified deficiencies in a borrower's application that may be easily remedied (*e.g.*, missing information, incorrect documentation), borrowers report that their servicer may opt not to take proactive steps to work with them to address these deficiencies and, in some cases, may summarily reject the application.

[26] *See* U.S. Department of Education, *Income-Driven Repayment Request Application*, *available at* http://www.ifap.ed.gov/dpcletters/attachments/18450102IDRFINALExtended.pdf.

changed due to the servicer's processing delays. When these borrowers enter voluntary forbearance on the advice of their servicer, they are not informed that the voluntary forbearance will have the unintended effect of rendering their IDR application inaccurate.

Borrowers note that, had they been presented with an opportunity to correct these deficiencies prior to the rejection of their application, they would have been able to quickly get back on track to enroll in IDR.

**Borrowers complain that they are rejected when seeking to enroll in an IDR plan, because of changes in borrowers' circumstances during a prolonged application processing period.** Borrowers note that their applications were rejected when servicers' application processing delays coincided with changes in borrowers' circumstances, resulting in inaccuracies to information contained in their applications. For example, one borrower complained that she submitted a complete application and, after nearly four months of processing, she received a notice rejecting her enrollment in IDR because her income information provided in the application was more than 90 days old. Despite attempts to quickly correct her application, it took the borrower an extra two months and numerous calls to her servicer to finally enroll in IDR.

# 4. Ombudsman’s discussion

Based on the analysis of complaints and other market trends, additional discussion is offered below. The discussion represents the Ombudsman’s independent judgment and does not necessarily represent the view of the Consumer Financial Protection Bureau.

## 4.1 Securing and keeping an income-driven student loan payment

The preceding section of this report focuses on application processing problems that can increase costs and cause delays for borrowers seeking to enroll in an IDR plan. Similarly, these challenges can cause problems for borrowers seeking to recertify income and family size—a requirement for borrowers seeking to maintain an income-driven monthly payment under any IDR plan.

The recertification process essentially functions as re-enrollment; borrowers must submit the same application and proof of income as they did when initially enrolling in the IDR plan, using the same process described above. The Bureau handled substantively similar complaints describing comparable obstacles for borrowers seeking to recertify. As the following discussion highlights, servicing practices related to enrollment or recertification, particularly processing delays, can create substantial, unnecessary costs for borrowers.

**When borrowers apply to enroll in IDR, processing delays can increase the short-term and long-term cost of repayment.** Consider a borrower with $23,000 in Direct Subsidized Loans (the loan limit for dependent undergraduate students) with a weighted average interest rate of 3.76 percent interest who is not currently enrolled in an IDR plan but who would qualify for a $0 monthly payment upon enrollment.[27] She completes an IDR enrollment application online at www.studentloans.gov and her servicer offers to suspend her prior monthly payment as her application is processed, using an administrative forbearance. Because this borrower is not enrolled in an IDR plan while waiting for her application to be processed, she is responsible for paying any interest charges on her loan that accrue during this period.[28]

Due to the daily accrual of interest on student loans, this borrower will have to pay $2.37 in extra interest charges for each day that it takes her servicer to process her application.[29] Because she has Direct Subsidized Loans, any interest charges that accrued while enrolled in an IDR plan would be waived for up to 36 consecutive months. This protection does not apply to periods of

---

[27] $23,000 is the maximum aggregate subsidized loan amount available to undergraduate Direct Loan borrowers. *See* https://studentaid.ed.gov/sa/types/loans/subsidized-unsubsidized. Direct Subsidized Loans for undergraduates disbursed between July 1, 2016 and July 1, 2017 carry an interest rate of 3.76 percent. *See* https://studentaid.ed.gov/sa/about/announcements/interest-rate. Some observers also suggest that IDR borrowers outperform borrowers in other repayment plans because these plans are largely utilized by higher-income borrowers with graduate degrees and above-average levels of student debt. Although public data on wages of borrowers in IDR plan is limited, one large student loan servicer provided data to the Bureau related to IDR utilization by its customers with Direct Loans. This data shows that, of the greater than 1 million Direct Loan borrowers on its platform enrolled in IBR or PAYE, 50 percent reported adjusted gross income between $0 and $20,000 and 84 percent reported AGI less than $50,000. 95 percent of these borrowers reported AGI less than $75,000. *See also* Government Accountability Office, *Federal Student Loans: Education Could Do More to Help Ensure Borrowers are Aware of Repayment and Forgiveness Options* (Aug. 25, 2015), *available at* http://www.gao.gov/products/GAO-15-663.

[28] Readers should note that when servicers apply a specific type of administrative forbearance to a borrower's account and complete an IDR application within 60 days, unpaid interest charges may not capitalize and will be treated similarly to any unpaid interest charges accrued while making IDR payments.

[29] For higher-balance borrowers or borrowers with higher-rate debt, the cost associated with processing delays increases. This is particularly true for higher-balance borrowers enrolled in Revised Pay As You Earn (REPAYE) who are entitled to a 50 percent subsidy of unpaid interest on all federal student loans. A graduate student who borrows up to the loan limit of $138,500 in Direct Unsubsidized Loans and enrolls in REPAYE with a $0 payment can expect a monthly interest subsidy of $302.23. Processing delays will cost this borrower more than $10 per day in unnecessary interest charges.

forbearance. In effect, for every month this borrower must wait for her enrollment to be approved, she is charged more than $70 in interest.[30]

In addition, if her servicer takes more than 60 days to process her application, all outstanding, unpaid interest charges may be capitalized, resulting in greater interest charges over the life of her loan. If, for example, it takes four months for her servicer to complete her enrollment, she will have missed out on nearly $300 interest subsidies, as noted above. She will also pay an additional $10 a year in extra interest because the interest charges incurred during this period are added to the outstanding balance of her student loan.[31]

**When borrowers who enroll in IDR seek to retain a payment based on their income, processing delays can also increase the short-term and long-term cost of repayment.** Now consider a similar borrower with the same starting balance at the same interest rate, but with Direct Unsubsidized Loans, as he approaches the expiration of his initial income and family size certification. He has been making $0 IDR payments under Pay As You Earn and each month, unpaid interest has remained outstanding, but has not been added to his principal balance.[32] Over the first 12 months of his enrollment in IDR, he has accrued more than $865 in unpaid interest. If this borrower submits his application 45 days before his current certification expires, but experiences the same four month servicer processing delay, he would find that his loan balance increased by more than $1,000, and as a result, he will also pay more than $30 in unnecessary interest charges every year for the lifetime of his loan. In effect,

---

[30] Student loans are simple daily interest loans. In this illustration, we calculated the monthly interest costs as 1/12th of the total annual interest charges on this loan. Borrowers' actual daily interest charges are equivalent to 1/365th of the annual interest that would accrue based on the outstanding daily principal balance. In this illustration, the daily interest charged on a $23,000 balance is $2.37.

[31] $280 at 3.76 percent interest results in $10 in accrued interest per year.

[32] Interest accrued during period of IDR repayment is not capitalized as long as the borrower timely recertifies at the end of the current repayment period, and the recertification application is timely processed.

processing delays by his student loan servicer cause him to forfeit the long-term protection against compounding unpaid interest, a key feature of IDR plans.

It is also important to note that in both cases described above, the borrowers would miss out on progress toward loan forgiveness during any month in which the borrowers needed to use forbearance to postpone an unaffordable monthly payment. In effect, because each borrower must still make 240 months of qualifying payments in total, not including any months spent in forbearance, each borrower forgoes qualifying months toward loan forgiveness in the near term, but remains obligated to make additional monthly payments in the future.[33] This may prove particularly costly if either borrower experiences wage growth, causing future qualifying payments to be calculated based on a higher income. As these examples demonstrate, there are multiple touchpoints during the IDR application process where processing delays can lead to substantial increases in costs for consumers.[34]

Borrowers on an IDR plan can expect to recertify income and family size as many as 24 times during the life of their loan.[35] If a single application processing delay can increase a borrower's loan balance by over $1000, delays during each annual recertification process could cause a borrower's loan balance to increase by tens of thousands of dollars.[36]

---

[33] Borrowers enrolled in PAYE are entitled to loan forgiveness after making 240, or 20 years, of qualified payments. *See* 34 C.F.R. § 685.209(a)(6).

[34] *See also* Education Secretary John King, Remarks on Student Loan Servicing (July 20, 2016) (stating, "When loan servicers make mistakes or don't provide the right information at the right time, borrowers pay the price. And I'm concerned that less-than-stellar student loan servicing is tripping up borrowers as they seek to climb the economic ladder.").

[35] *See* 34 C.F.R. § 682.215(f); 34 C.F.R. §§ 685.209(a)(6), (c)(5).

[36] The Department of Education has proposed multiyear recertification as a potential option to mitigate the harm caused by processing delays. Under this process, borrowers would be able to recertify eligibility for an IDR plan over multiple years in order "to simplify the repayment process for many borrowers in these plans." U.S. Department of Education, *U.S. Department of Education Releases Report on Strengthening the Student Loan System to Better*

## 4.2 Recommendations

We continue to see signs that the promise of high quality servicing may be elusive for too many student loan borrowers. The preceding discussion offers additional support for the Bureau's recommendation that policymakers pursue industrywide standards for student loan servicers.[37] Policymakers and market participants seeking to improve consumers' experience may wish to consider steps to provide more structure around the processing of IDR applications by providing borrowers who submit incomplete IDR enrollment and recertification applications with clear, actionable instructions, including precise information related to how to address application deficiencies. Finally, policymakers should consider additional steps to expand public access to data on student loan performance and the utilization of alternative repayment plans, including IDR plans.

### Industry standards for IDR enrollment and recertification

Market participants may wish to consider immediate action in order to address the specific problems identified in this report. Last month, the Department of Education issued policy direction to Federal Student Aid related to certain student loan servicing practices.[38] This policy direction will "guide development of contract provisions related to the servicing of federal

---

*Protect All Borrowers* (Oct. 1, 2015), *available at* http://www.ed.gov/news/press-releases/us-department-education-releases-report-strengthening-student-loan-system-better-protect-all-borrowers.

[37] *See, e.g.*, U.S. Department of the Treasury, U.S. Department of Education, Consumer Financial Protection Bureau, *Joint Statement of Principles on Student Loan Servicing*(Sept. 2015), *available at* http://files.consumerfinance.gov/f/201509_cfpb_treasury_education-joint-statement-of-principles-on-student-loan-servicing.pdf; Consumer Financial Protection Bureau, *CFPB Concerned About Widespread Servicing Failures Reported by Student Loan Borrowers* (Sept. 29, 2015), *available at* http://www.consumerfinance.gov/about-us/newsroom/cfpb-concerned-about-widespread-servicing-failures-reported-by-student-loan-borrowers/.

[38] *See supra* note 12.

student loans," as Federal Student Aid seeks to award a new servicing contract this year.[39] The Department of Education also noted that this framework is broadly applicable to the servicing of all federal student loans.[40] Specific elements of the Department of Education's policy direction offer an approach that market participants may wish to consider to better serve their most vulnerable customers and to strengthen IDR processing.

In particular, this policy direction provides that a borrower should only be denied enrollment in IDR plans under specific, limited circumstances:

1. When the borrower's loan is ineligible for the IDR plan for which the borrower applied ([and] if the borrower asks the Department of Education to choose the plan on behalf of the borrower based on plan characteristics (*i.e.*, lowest available monthly payment), a denial could only occur when the borrower is ineligible for any IDR plan);

2. The borrower does not provide the necessary information for a servicer to make a determination about eligibility, the borrower's income and family size do not indicate partial financial hardship, and such determination prohibits enrollment in the plan requested by the borrower; or

3. The borrower fails to respond within 60 days to notices received about a deficiency in an application.

---

[39] *Id.* (stating "[the Department of] Education expects the following policy direction to guide the development of contract provisions related to the servicing of federal student loans and will continue to work with federal and state law enforcement agencies and regulators to apply this policy direction expeditiously to the servicing of all student loans, to the maximum extent practicable.").

[40] Id.

All other deficiencies that would otherwise cause an application to be denied should instead render the application incomplete, and the policy directive indicates the servicer should actively engage with the borrower to complete the application.[41]

The problems highlighted in this report and the Department of Education's continuing commitment to expand IDR enrollment to millions of new borrowers suggest that there is an immediate need for a strengthened set of standards related to this stage of the IDR enrollment and recertification process and an opportunity for market participants to better serve their customers by looking to this policy directive when considering process improvements. Consumers would benefit from a responsive, transparent process for handling applications, particularly for borrowers who submit incomplete applications or are not able to complete an application through www.studentloans.gov.[42]

## Strengthened borrower communications related to incomplete applications

Building on the preceding recommendation, servicers seeking to strengthen communications related to certain types of incomplete applications may wish to provide borrowers with clear and actionable instructions to complete IDR applications. To assist two specific populations of borrowers applying for IDR—those who provide alternative documentation of income (ADOI), and those who provide a written attestation stating that they have no income—the Bureau developed a prototype *Income-Driven Repayment Application Fix It Form* (Appendix). The IDR Fix It Form offers one approach for servicers seeking to take immediate action to improve the level of service they provide to their customers applying for IDR.

---

[41] This approach may be particularly beneficial for borrowers enrolling in REPAYE, since enrollment eligibility does not require a test for partial financial hardship. In effect, all eligible Direct Loan borrowers who submit a complete application are entitled to enroll in REPAYE, under federal regulations.

[42] *See supra* note 12.

As we have discussed in this report, some borrowers report that their applications for enrollment in or recertification of income and family size under an IDR plan are rejected due to incomplete or deficient applications, but may not be provided the opportunity to complete the application prior to denial. For these borrowers, rejection may result from minor typographical errors or missing information that a servicer could obtain through proactive communication with the borrower. In these cases, additional corrections or supplemental information may be provided by the borrower orally, over the phone. In effect, borrowers' ability to rectify an incomplete application prior to denial may depend on the practices at their specific servicer.

Borrowers complain of extended periods of uncertainty without any communications from their servicer regarding the status of their application. Upon receiving any application for enrollment or recertification, borrowers would benefit from a timely determination by their servicer about whether the application is incomplete or deficient, and prompt notification to the borrower of either successful enrollment or recertification, or of specific issues requiring further action that render an application incomplete. For incomplete applications, borrowers would benefit from a clear list of exactly what information and documents would make the application complete, as well as a date by which the information must be received to ensure timely enrollment or recertification.

Borrowers would also benefit from additional targeted communications describing any change in payment level if they fail to complete the application, as well as the date on which such payment will be due.

The Bureau has also made available a sample IDR Fix It Form that consumers can provide to their servicer when attempting to navigate the enrollment and recertification process.[43] The IDR

---

[43] *See* Consumer Financial Protection Bureau, *Trying to enroll in an income-driven repayment plan? Avoid #ApplicationAbyss with our tips and resources* (Aug. 18, 2016), *available at* http://www.consumerfinance.gov/about-us/blog/trying-enroll-income-driven-repayment-plan-avoid-applicationabyss-our-tips-and-resources/.

Fix It Form may enable borrowers to more clearly understand the documentation and information necessary to successfully complete an application for enrollment or recertification.

## Public enrollment and recertification data

We have discussed in this report and in past publications that public data on student loan performance is limited when compared to available data on origination and performance of other consumer financial products, particularly mortgages.[44] This is particularly concerning given that policies and performance across servicers regarding IDR plan enrollment and recertification vary.[45] Borrowers, market participants, and regulators would all benefit from the periodic publication of identifiable, servicer-level data related to:

- Servicer-level performance data, including metrics on IDR plan enrollment, recertification, utilization of forbearance, and the share of borrowers making partial financial hardship payments;

- Servicer-level data on certain practices related to IDR plans, including overall rates of recertification, on-time recertification, and late recertification; average time borrowers filed for recertification (average number of days prior to the end of a borrower's 12-month IDR payment cycle); number of days of forbearance prior to recertification; recertification of income; and utilization of alternative documentation of income;

- Servicer-level performance data on the number of days it takes to enroll borrowers in IDR plans, and the number of days borrowers are in administrative forbearance and the

[44] *See, e.g.*, Consumer Financial Protection Bureau, *2015 Annual Report of the CFPB Student Loan Ombudsman* (October 2015), *available at* http://files.consumerfinance.gov/f/201510_cfpb_annual-report-of-the-cfpb-student-loan-ombudsman.pdf.

[45] Id.

number of days borrowers spend in voluntary forbearance while awaiting IDR plan enrollment;

- Servicer-level approval rates (borrowers who receive at least one bill for an income-driven payment under any plan) and denial rates (applications that are not approved due to the criteria discussed in the preceding recommendation) for borrowers seeking enrollment in IDR plans; and

- Servicer-level performance data on borrower delinquencies and defaults following IDR plan enrollment and recertification denial, as defined above.

Policymakers may also wish to consider whether there is an opportunity to aggregate and publish servicer-specific data on a periodic basis in order to facilitate comparison in performance among student loan servicers. Last month, the Department of Education directed Federal Student Aid to implement a series of servicer-level public "dashboards."[46] The "Repayment Plan Dashboard" and "Consumer Protection Dashboard" included in this policy direction can serve as a potential framework for policymakers considering immediate action. In recent months, policymakers and market participants have placed renewed emphasis on expanding IDR utilization amid continued reports of challenges for borrowers seeking to enroll or recertify. Immediate publication of robust performance metrics can better position policymakers and market participants to target resources to assist consumers and can inform future initiatives to establish industrywide standards for the servicing of student loans.

---

[46] *See supra* note 12.

# 5. Contact information

*To reach the CFPB's Student Loan Ombudsman:*

| | |
|---|---|
| **By email** | students@cfpb.gov |
| **By mail** | Consumer Financial Protection Bureau<br>1700 G Street NW<br>Washington, DC 20552 |

*To submit a complaint:*

| | |
|---|---|
| **Online** | consumerfinance.gov/complaint |
| **By phone** | 180+ languages, M-F 8am-8pm EST<br>Toll-Free: (855) 411-CFPB (2372)<br>TTY/TDD: (855) 729-CFPB (2372) |
| **By mail** | Consumer Financial Protection Bureau<br>PO Box 4503<br>Iowa City, Iowa 52244 |
| **By fax** | (855) 237-2392 |

*Press and media requests*

**By email** press@consumerfinance.gov

*Congressional inquiries*

**By phone** (202) 435-7960

*Additional resources to assist student loan borrowers*

**Repay Student Debt web tool**
http://www.consumerfinance.gov/paying-for-college/repay-student-debt

**Paying for College suite of tools**
www.consumerfinance.gov/paying-for-college/

**Ask CFPB**
http://www.consumerfinance.gov/askcfpb/

APPENDIX

# Income-Driven Repayment Application Fix It Form

The *Income-Driven Repayment Application Fix It Form* (IDR Fix It Form) is designed to facilitate accurate and actionable communications between a servicer and borrower regarding the status of a borrower's application for enrollment in or recertification of income and family size under an IDR plan. This IDR Fix It Form may be particularly helpful for borrowers seeking to enroll in an IDR plan who must submit Alternative Documentation of Income (ADOI) or provide a written attestation that they have no income.

INCOME-DRIVEN REPAYMENT APPLICATION FIX IT FORM

## **Borrower information** (to be provided by student loan borrower)

**Please provide your full name and account information**

FIRST NAME

LAST NAME

SUFFIX

STUDENT LOAN ACCOUNT NUMBER

**Borrower requests servicer fill out this form and return within 10 business days**

*If this timeline does not permit the timely processing of a completed application prior to the borrower's annual deadline (if applicable), servicer should contact the borrower at ______________*

## **Application status** (to be completed by servicer)

| | |
|---|---|
| ◯ Accepted | Your new monthly payment amount of _____ will be due on _______________ No further action is required from you at this time.<br><br>**This is not a bill.** Your bill or automatic debit will reflect your new monthly payment amount beginning ______________________ |
| ◯ Denied | ☐ Loans are ineligible for requested plan<br><br>☐ Your payment under your requested plan would be higher than your payment under a standard plan<br><br>*If either of the above options are checked, see attachment for other repayment plans and an estimate of your payments under these plans*<br><br>☐ Borrower did not respond within 60 days to request for more information |
| ◯ Incomplete | **You need to provide the information and documents listed on the following page.**<br><br>You can upload these documents at ____________________ or send by U.S. Mail: ____________________ |

INCOME-DRIVEN REPAYMENT APPLICATION FIX IT FORM

**Borrower application is incomplete**

Borrower should provide the following information to the servicer to complete the IDR application.

1 **Frequency of pay is not provided (weekly, bi-weekly monthly, etc.)** ○ YES ○ NO

*Borrower can call ________________ to provide this information by phone*

2 **Income documentation is out of date** ○ YES ○ NO

3 **Missing signature** ○ YES ○ NO

4 **Other missing information** ○ YES ○ NO

☐ *Borrower can call ________________ to provide this information by phone*

Servicer should provide an explanation for questions 1-4:

SERVICER RECEIVED THIS FORM ON: __ __ - __ __ - __ __ __ __

SERVICER RETURNED THIS COMPLETED FORM TO BORROWER ON: __ __ - __ __ - __ __ __ __