



# FINANCIAL DISCLOSURE FOR REASONABLE AND AFFORDABLE REHABILITATION PAYMENTS

William D. Ford Federal Direct Loan (Direct Loan) Program / Federal Family Education Loan (FFEL) Program

OMB No. XXXX-XXXX  
Draft Form 30 day  
comment period  
Exp. Date XX/XX/XX

**WARNING:** Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

## SECTION 1: BORROWER IDENTIFICATION

Please enter or correct the following information.

Check this box if any of your information has changed.

SSN  -  -

Name

Address

City, State, Zip Code

Telephone – Primary ( )

Telephone – Alternate ( )

E-mail Address (Optional)

## SECTION 2: INSTRUCTIONS FOR COMPLETING THE FORM

You have received this form because you have requested the opportunity to rehabilitate your defaulted Direct Loan and/or FFEL Program Loan. Your loan holder will use the information you provide on this form and any required supporting documentation you provide to determine the amount of the reasonable and affordable payments you must make to rehabilitate your loan(s).

You must complete this form if you intend to rehabilitate your defaulted student loan(s). **If you previously rehabilitated a defaulted loan on or after August 14, 2008, you may not rehabilitate that same loan again if the loan is once again in default.** If you have other defaulted loans that have not previously been rehabilitated, those loans may be rehabilitated and you should complete this form. If you want to rehabilitate defaulted loans that are held by different loan holders, you must contact each loan holder and submit a separate financial disclosure form to each loan holder.

Type or print using dark ink. Enter dates as month-day-year (mm-dd-yyyy), using only numbers. Example: January 31, 2012 = 01-31-2012. Include your name and account number on any documentation that you are required to submit with this form. If you need help completing this form, contact your loan holder.

## SECTION 3: BORROWER'S TAXABLE INCOME INFORMATION

Provide the following information about the taxable income you are currently receiving. Taxable income includes, but is not limited to, earnings from employment, unemployment income, dividend income, interest income, other investment income, tips, and spousal support. If you do not have any taxable income, do not fill out this section. Please note that untaxed assistance payments should not be included in this section, but should instead be included in Section 4.

- (1) For "Amount of Taxable Income", include the total amount of your taxable income, from all sources, minus any pre-tax deductions, that is reflected on the documentation that you are providing. If you have more than one source of income, enter each individual amount in "First Source," "Second Source," and "Third Source," respectively. If you need additional space, attach a separate piece of paper.
  - For example, if you are employed and your gross pay is \$1,000 per pay check, and you have pre-tax deductions such as a payment for health insurance or an employee contribution to a retirement plan, that total \$50 per pay check, then report an income of \$950 and provide a pay stub that reflects this amount.
- (2) Indicate how often you receive the income that is supported by the documentation you provide.

Amount of Taxable Income (First Source):   Weekly (52 times per year)  
 Every two weeks (26 times per year)  
 Other:

Amount of Taxable Income (Second Source):   Weekly (52 times per year)  
 Every two weeks (26 times per year)  
 Other:

Amount of Taxable Income (Third Source):   Weekly (52 times per year)  
 Every two weeks (26 times per year)  
 Other:

**You must attach supporting documentation for each source of your income.** Documentation of your income may include items such as a pay stub or a letter from your employer stating your income from that employer, or other benefits statements. If you send tax returns as documentation of income, the returns must be the most recent filed/available. If you do not have documentation of your taxable income, attach a signed statement explaining your taxable income source(s) and giving the address of each source. **Documentation must be dated within 90 days of the date you signed this form.**

**SECTION 4: BORROWER'S UNTAXED ASSISTANCE PAYMENTS INFORMATION**

Provide the following information about the untaxed assistance payments you are currently receiving. Untaxed assistance payments include, but are not limited to, welfare benefits, Social Security benefits, Supplemental Security Income, workers' compensation, and child support. If you do not have any untaxed assistance payments, do not fill out this section.

(1) For "Amount of Assistance Payments", include the total amount(s) of any untaxed assistance payments you receive from all sources. If you have more than one source of untaxed assistance payments, enter each individual amount in "First Source," "Second Source," and "Third Source," respectively. If you need additional space, attach a separate piece of paper.

- For example, if you receive \$200 per month in Social Security benefits and \$150 per month in workers' compensation, then report assistance payments of \$200 per month in "First Source" and \$150 per month in "Second Source".

(2) Indicate how often you receive the assistance payment that is supported by the documentation you provide.

Amount of Assistance Payment (First Source): \_\_\_\_\_

Weekly  
 Monthly  
 Other: \_\_\_\_\_

Amount of Assistance Payment (Second Source): \_\_\_\_\_

Weekly  
 Monthly  
 Other: \_\_\_\_\_

Amount of Assistance Payment (Third Source): \_\_\_\_\_

Weekly  
 Monthly  
 Other: \_\_\_\_\_

**You must attach supporting documentation for each source of your assistance payments.** Documentation of your assistance payments may include copies of benefits checks or a letter from a court, a governmental body, or the individual paying alimony or child support specifying the amount. If you do not have documentation of your assistance payments, attach a signed statement explaining your assistance payment source(s) and giving the address of each source. **Documentation must be dated within 90 days of the date you signed this form.**

**SECTION 5: SPOUSAL IDENTIFICATION**

Only fill out this section if:

- (1) you are married and your spouse has taxable income, untaxed assistance payments, or both  
OR  
(2) at least one of the defaulted loans you want to rehabilitate is a joint consolidation loan.

Provide the following information about your spouse if applicable:

Last Name	First Name	Middle Initial	Social Security Number	Date of Birth (mm-dd-yyyy)
			-       -	-     -

**SECTION 6: SPOUSE'S TAXABLE INCOME INFORMATION - To be completed if you completed SECTION 5.**

Provide the following information about your spouse's taxable income he or she is currently receiving, using the instructions provided in Section 3 of this form. **You must attach supporting documentation for each source of your spouse's income consistent with the instructions in Section 3.**

Amount of Taxable Income (First Source): \_\_\_\_\_

Weekly (52 times per year)  
 Every two weeks (26 times per year)  
 Other: \_\_\_\_\_

Amount of Taxable Income (Second Source): \_\_\_\_\_

Weekly (52 times per year)  
 Every two weeks (26 times per year)  
 Other: \_\_\_\_\_

Amount of Taxable Income (Third Source): \_\_\_\_\_

Weekly (52 times per year)  
 Every two weeks (26 times per year)  
 Other: \_\_\_\_\_

**SECTION 7: SPOUSE'S UNTAXED ASSISTANCE PAYMENTS INFORMATION – To be completed if you completed SECTION 5.**

Provide the following information about your spouse's untaxed assistance payments he or she is currently receiving, using the instructions provided in Section 4 of this form. You must attach supporting documentation for each source of your spouse's untaxed assistance payments consistent with the instructions in Section 4.

Amount of Assistance Payment (First Source): \_\_\_\_\_  
 Weekly  
 Monthly  
 Other: \_\_\_\_\_

Amount of Assistance Payment (Second Source): \_\_\_\_\_  
 Weekly  
 Monthly  
 Other: \_\_\_\_\_

Amount of Assistance Payment (Third Source): \_\_\_\_\_  
 Weekly  
 Monthly  
 Other: \_\_\_\_\_

**SECTION 8: FAMILY SIZE AND ADJUSTED GROSS INCOME**

Provide the following information about the number of people in your family. Your family size includes you, and if applicable, your spouse, and any children (including unborn children) who receive more than half of their support from you. Your family size also includes anyone who lives with you and receives more than half of their support from you (and who will continue to receive this support for at least the remainder of the calendar year). Support includes, but is not limited to, money, gifts, loans, housing, food, clothes, car, medical and dental care, and payment of college costs.

- For example, if you are unmarried and live alone, your family size is one. If you and your spouse have two children and provide financial support for a live-in relative, your family size is five.

Family Size \_\_\_\_\_

Provide a copy of your most recently filed U.S. income tax return or IRS tax transcript that reflects your adjusted gross income and list that amount below. If you were not required to file a tax return, leave this item blank.

Adjusted Gross Income \_\_\_\_\_

**SECTION 9: REASONABLE AND NECESSARY MONTHLY EXPENSES**

Provide the following information about the reasonable and necessary expenses you and, if applicable, your spouse or any dependents, incur each month. If a cost is incurred more or less often than monthly, write the average amount spent each month. Do not include a single expense in more than one applicable category. For example, do not include the expenses paid for health insurance under both "Health Care" and "Insurance". If you have no expenses under a category, enter "Zero" or "0" for that category. The holder of your loan may request supporting documentation for any of these categories and may use its discretion in determining the amount of an expense that is reasonable using a fact-based standard such as the IRS national standards.

- (1) For "Food", include the amount spent on food, even if purchased using the Supplemental Nutrition Assistance Program (SNAP) (food stamps).

Amount spent on Food \_\_\_\_\_

- (2) For "Housing", include the amount spent on housing and shelter, such as rent, required security deposits, and mortgage payments (inclusive of principal, interest, taxes, and homeowner's insurance if not included in (6) below).

Amount spent on Housing \_\_\_\_\_

- (3) For "Utilities", include the amount spent on housing-related utility bills, such as gas, electric, water, sewer, trash, and recycling.

Amount spent on Utilities \_\_\_\_\_

- (4) For "Communication", include the amount spent on basic communication expenses, such as basic telephone and internet expenses.

Amount spent on Communication \_\_\_\_\_

- (5) For "Medical and Dental", include the amount spent on necessary medical and dental costs, such as medically necessary prescription and nonprescription medication, and medically necessary nutritional supplements. Do not include any costs relating to medical or dental insurance premium payments.

Amount spent on Medical and Dental \_\_\_\_\_

**SECTION 9: REASONABLE AND NECESSARY EXPENSES (CONTINUED)**

- (6) For "Insurance", include the amount spent on insurance, such as home (unless you included it in (2) above), renter's, auto, medical, dental, or life insurance. Include any amounts paid toward insurance premiums, but do not include any amount that is deducted from your paycheck and reflected in Sections 3 or 6.

Amount spent on Insurance \_\_\_\_\_

- (7) For "Transportation", include the amount spent on basic transportation expenses, such as gas, car loans, basic vehicle maintenance, and public transportation.

Amount spent on Transportation \_\_\_\_\_

- (8) For "Dependent Care", include the amount spent on care for children or other dependents in the household.

Amount spent on Dependent Care \_\_\_\_\_

- (9) For "Legally Required Child and Spousal Support", include the amount spent on legally required child care and spousal support.

Amount spent on Legally Required  
Child and Spousal Support \_\_\_\_\_

- (10) For "Student Loans", include the amount spent on any Federal or private student loan. Include any type of payment, voluntary or otherwise. Do not include amounts associated with the loan you are trying to rehabilitate, unless you are subject to mandatory withholding such as wage garnishment or Treasury offset (i.e. your social security is being garnished).

Amount spent on Student Loans \_\_\_\_\_

- (11) For "Other Expenses", include the amount spent on any other necessary expense not covered in the prior 10 categories. In the space below (or on a separate page, if necessary), describe the expense and explain in detail why the expense is necessary. Other Expenses must be approved by the Department of Education.

Amount spent on Other Expenses \_\_\_\_\_

Reasons: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SECTION 10: UNDERSTANDINGS, CERTIFICATIONS, AND AUTHORIZATION**

**■ I understand that:**

- (1) I am submitting this information because I requested, either orally or in writing, that my defaulted Direct Loan or FFEL Loan(s) be rehabilitated.  
(2) To rehabilitate my defaulted loan, I must make at least 9 on time (within 20 days of the due date), voluntary, reasonable and affordable monthly payments in a period of 10 consecutive months. If I am a FFEL borrower, my FFEL loan is not rehabilitated until it is sold to an eligible lender after I make the qualifying payments.  
(3) When I submit this completed form to my loan holder(s), my loan holder(s) will use the information on the form and any required attached documentation to determine the reasonable and affordable payment amount. Within 15 business days of that determination, my loan holder(s) will provide me with a written rehabilitation agreement which must include the reasonable and affordable payment amount that I pay to rehabilitate my loans, unless I object to that amount as described in (5) below.  
(4) The monthly reasonable and affordable payment amount must be based solely on the information and supporting documentation I am required to provide in this form—it may not be based on my total outstanding loan balance or on information unrelated to my total financial circumstances.  
(5) **I may object orally or in writing to the monthly reasonable and affordable payment amount determined by the loan holder(s).**  
(6) If I object to the reasonable and affordable payment amount determined by the loan holder(s), my loan holder(s) will recalculate my payment amount using the income-based repayment formula, which may result in a different reasonable and affordable monthly payment. At this point I may choose which of these two amounts I prefer.  
(7) If I successfully rehabilitate my defaulted Direct Loan, the U.S. Department of Education (Department) will instruct any consumer reporting agency to which the default was reported to remove the default from my credit history. If I successfully rehabilitate my defaulted FFEL loan(s), the Department, guaranty agency, or prior holder of the loan(s) will request that any consumer reporting agency to which the default was reported remove the record of default from my credit history, but not the delinquent payments leading up to the default.  
(8) If I successfully rehabilitate my loan(s), collection costs may be added to the unpaid principal of the loan, but those collection costs may not exceed 18.5 percent of the unpaid principal and accrued interest on the loan.  
(9) If I hold a defaulted joint consolidation loan, both borrowers must request loan rehabilitation and our signatures below serve as that request.  
(10) **If I rehabilitate a loan and then default on that loan again, I will not be allowed to rehabilitate that loan a second time.**

**■ I certify that:** (1) The information I have provided on this form is true and correct. (2) I will provide additional documentation to my loan holder, as required, to support the information I have provided in this form. (3) I have read, understand, and meet the eligibility requirements for applying to rehabilitate my loan(s), as explained in Section 1.

**■ I authorize** the entity to which I submit this request (i.e., the guaranty agency, the Department, and their respective agents and contractors) to contact me regarding my request or my loan(s), including repayment of my loan(s), at the number that I provide on this form or any future number that I provide for my cellular telephone or other wireless device using automated telephone dialing equipment or artificial or prerecorded voice or text messages.

Borrower's Signature \_\_\_\_\_ Date \_\_\_\_\_

Spouse's Signature  
(if you filled out Section 5) \_\_\_\_\_ Date \_\_\_\_\_

## SECTION 11: DEFINITIONS

- The **Federal Family Education Loan (FFEL) Program** includes Federal Stafford Loans (both subsidized and unsubsidized), Federal PLUS Loans, Federal Consolidation Loans, and Federal Supplemental Loans for Students (SLS).
- The **holder** of a defaulted Direct Loan Program loan(s) is the Department. The holder of a defaulted FFEL Program loan(s) may be a guaranty agency or the Department.
- **Reasonable and affordable** means a payment that is based solely on information provided in this form and supporting documentation, and cannot be a percentage of your total loan balance or based on information unrelated to your total financial circumstances.
- **Rehabilitation** of your loan occurs only when you have made the required 9 payments under your rehabilitation agreement and for FFEL loans, when the loan has been sold to an eligible lender. When you rehabilitate your loans, you will regain all the benefits of the Direct Loan Program or FFEL Program, including eligibility for deferment or forbearance and the ability to choose a repayment plan with a monthly payment amount based on your income. You will also regain eligibility to receive additional Federal student aid, including additional Federal student loans.
- The **William D. Ford Federal Direct Loan (Direct Loan) Program** includes Federal Direct Stafford/Ford (Direct Subsidized) Loans, Federal Direct Unsubsidized Stafford/Ford (Direct Unsubsidized) Loans, Federal Direct PLUS (Direct PLUS) Loans, and Federal Direct Consolidation (Direct Consolidation) Loans.

## SECTION 12: WHERE TO SEND THIS COMPLETED FINANCIAL DISCLOSURE FORM

Return the completed form and any required documentation to:  
(If no address is shown, return to your loan holder.)

If you need help completing this form, call:  
(If no telephone number is shown, call your loan holder.)

## SECTION 13: IMPORTANT NOTICES

**Privacy Act Notice.** *The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:*

The authorities for collecting the requested information from and about you are §421 *et seq.* and §451 *et seq.* of the Higher Education Act of 1965, as amended (20 U.S.C. 1071 *et seq.* and 20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your Social Security Number (SSN) are §§428B(f) and 484(a)(4) of the HEA (20 U.S.C. 1078-2(f) and 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the Federal Family Education Loan (FFEL) Program or the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the FFEL and/or Direct Loan Programs, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) becomes delinquent or defaults. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment statuses, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

**Paperwork Reduction Notice.** According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 1.5 hours (90 minutes) per response, including the time for reviewing instructions, searching existing data resources, gathering and maintaining the data needed, and completing and reviewing the information collection. Individuals are obligated to respond to this collection to obtain a benefit in accordance with 34 CFR 682.405 or 685.211. Send comments regarding the burden estimate(s) or any other aspect of this collection of information, including suggestions for reducing this burden to the U.S. Department of Education, 400 Maryland Avenue, SW, Washington, DC 20210-4537 or e-mail [ICDocketMgr@ed.gov](mailto:ICDocketMgr@ed.gov) and reference OMB Control Number XXXX-XXXX. **Note: Please do not return the completed form to this address.**

If you have questions regarding the status of your individual submission of this form, contact your loan holder (see Section 12).

## SECTION 14: LOAN HOLDER USE ONLY