

2.0 – Appendix A – Rehabilitation Agreement Letter

You have expressed to us that you wish to rehabilitate your defaulted Federal Family Education Loan (FFEL) program student loan(s), Federal Perkins, National Direct, National Defense and/or Direct Loan(s) held by the U.S. Department of Education (ED).

We have calculated your monthly repayment amount to be \$ _____ based on information about your income that you have provided to us.

If you agree to make monthly payments of this amount, sign the agreement and return it to us at the following address:

[PCA address]

If you fail to return the signed rehabilitation agreement, it is null and void.

If you object to the monthly payment that we have calculated, we will recalculate your monthly payment based on more detailed information related to your financial circumstances. If you wish for us to recalculate your monthly payment, notify us of your objection by telephone or in writing within 15 days of the date of this letter. You must submit a financial statement form and any required supporting documentation within 30 days of the date of this letter. You can obtain the form at the following website: www.myeddebt.ed.gov/borrower, or by calling us at 800-621-3115. Based on the information that you submit, we will calculate a reasonable and affordable monthly payment.

This letter confirms my acceptance into the loan rehabilitation program and my agreement to repay my defaulted Federal Family Education Loan (FFEL) program, Federal Perkins, National Direct, National Defense and/or Direct Loan program student loan(s) held by the U.S. Department of Education (ED). I understand that compliance with this agreement is a prerequisite to rehabilitation of my loan(s).

I understand that I must make at least nine (9) monthly payments of \$ _____, beginning _____, with each payment due on the _____ of each month thereafter.

I also understand and agree to repay under the following terms and conditions:

1. I must make each payment no more than twenty (20) days before or twenty (20) days after the due date for that payment.
2. If I am rehabilitating FFEL or Direct Loans, I must complete the initial payment and at least eight (8) of the other required monthly payments within a ten (10) month period that begins with the month in which the initial payment is scheduled here.
3. If I am rehabilitating Federal Perkins, National Direct or National Defense loans, I must make nine (9) consecutive monthly payments.
4. If I fail to make these payments as explained here, I must sign a new repayment agreement and complete a new series of at least nine (9) agreed-upon payments in order to qualify for rehabilitation of my loan(s).

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5. I cannot change the monthly payment amount without ED's agreement or the agreement of the collection agency servicing my account.
6. I agree to provide a new financial statement and supporting documentation in order to support a request to change my required monthly payment amount. I also agree to provide three personal references upon request.
7. I must continue to make monthly payments to ED after I have completed the minimum of at least nine (9) payments as described above until I am notified in writing by ED's loan servicer that the rehabilitation has been completed and that I am to begin making payments directly to ED's loan servicer.
8. Any interest that I owe at the time my loan(s) are rehabilitated will be capitalized. This means that unpaid interest will be added to the principal balance, and this combined amount will become the new principal balance that I owe on the loan(s). Interest will accrue on this new, higher principal balance.
9. ED agrees to waive collection of any cost ED incurs as a result of the rehabilitation of my loan(s). However, if I default on my loan(s) in the future, ED may collect as part of the debt then owed the collection cost originally waived under this agreement. This will substantially increase the amount that will then be owed at the time of re-default to satisfy the debt to ED.
10. After the date on which my loan(s) are transferred to ED's loan servicer:
 - ED will credit to the rehabilitated loan(s) any payment ED receives that I designate as payment on the rehabilitated loan(s).
 - ED will refund to me at the address on my billing statement any involuntary payment ED receives (for example, a Treasury offset).
 - ED will request that credit reporting agencies remove the record of default on the rehabilitated loan(s).
11. After the rehabilitation of my loan(s) is completed, ED's loan servicer that handles my loan(s) will establish a new due date, will calculate a new monthly payment amount based upon the balance owed at the time of the rehabilitation, and will notify me of these determinations. The amount of the required monthly installment payment may substantially increase.
12. I understand that I can only rehabilitate my loan(s) one time. If I re-default on these loans after I have rehabilitated them, I will not be able to rehabilitate them again.
13. If my wages are subject to an administrative wage garnishment order for the loan(s) I intend to rehabilitate, I understand that garnishment will be suspended once I have made five (5) of the nine (9) payments required for rehabilitation, unless I direct ED or the collection agency servicing my account otherwise. Once garnishment is suspended, I must continue making the payments according to this agreement until my loan is rehabilitated. If I fail to do so, garnishment may resume without further notification to me.

I have read the above and agree to the terms and conditions of the loan rehabilitation program and this repayment agreement.

Signed: _____ Date: _____