

Military/Veterans Support Provisions



Readmission to School

A school may not deny readmission to returning service members if those service members previously interrupted their enrollment due to their active duty status. A school also may not unduly delay service members' readmission. Service members who were forced to cease attendance for more than 30 days due to active duty military status must be readmitted at the same academic status they held on the last date of enrollment. The returning service members may be required to submit to the school certain documentation related to their duty status, and must submit to the school a notification of intent to re-enroll not later than three years after the end of their period of service, or more than two years after recovery from an illness or injury incurred during that period of service.

Interest Rate on FFELP & FDLP Loans for Active Duty Service Members

A lender or loan holder may not charge more than 6 percent interest on any loan that was made prior to an eligible service member's entry into military service, if that loan is owed by the service member alone or jointly owed by the service member and the service member's spouse. The reduced interest rate is applicable from the date the service member is "called to military service."

Service members who may qualify for this provision must request the reduced interest rate in writing and supply copies of their military orders to their loan holders. For service members with loans held by Federal Family Education Loan Program lenders and holders, those documents must go to each loan holder or the loan holder's servicer; for loans made under the Federal Direct Loan Program, the documents must go to the servicer of each of the servicer members' loans.

Service members performing qualifying military service prior to Aug. 14, 2008, are not entitled to a refund of interest that might have accrued in excess of 6 percent.

If the service member or the service member and his or her spouse obtained the loan while in the military, the lender is permitted to charge interest at the interest rate stated on the note. Note that if a parent PLUS or a Grad PLUS loan is made with an endorser, the endorser's military service status may result in a reduction of the loan's interest rate. Borrowers and endorsers should contact their loan holders for more information.

Tuition Rates

(Effective for the first period of enrollment that begins on or after July 1, 2009)

Public institutions are not permitted to charge tuition to certain members of the military at a rate higher than the in-state tuition rate charged to state residents. These categories of military personnel are defined as:

- ◆ Service members, their spouses and dependent children, if they previously qualified for in-state tuition rates but have been reassigned to another permanent duty station.
- ◆ Service members on active duty service for more than 30 days and their spouses and dependent children who reside in or are assigned to a permanent duty station in the state.

Military-Related Deferment Options

Several deferred payment options focus on providing military personnel the flexibility necessary to effectively manage their education loans while serving.

Military and Armed Forces Deferment

A military service deferment is available while the service member is serving on active duty during a war or other military operation, or a national emergency; or while the service member is performing qualifying National Guard duty during a war or other military operation, or a national emergency. The service member or the service member's representative must request the deferment and provide documentation of active duty status.

Military Active Duty Student Deferment

This deferment is available for a period of up to 13 months to a borrower who is a member of the National Guard or Armed Forces Reserve (including a member who is in a retired status) and is called or ordered to active duty service while enrolled in an eligible school at the time of, or within six months prior to, his or her activation.

A military service deferment is available to a borrower who has an outstanding balance on any loan for all periods of active duty service that include Oct. 1, 2007, or begin on or after that date.

Post-Military Student Deferment

The military service deferment period is extended for an additional 180 days after the date the borrower is demobilized from active duty service. A military service deferment may be granted to a borrower whose deferment eligibility expired due to the prior three-year limitation, if that borrower still was serving on eligible active duty on or after Oct. 1, 2007.

Disability Loan Discharge

Service members or veterans the secretary of veterans affairs deems "unemployable" due to a service-related condition are eligible to have their Title IV loans discharged. The borrower must complete and sign a Total and Permanent Disability Discharge Application and submit it with evidence of the U.S. Department of Veterans Affairs determination to the holder or servicer for each of the Title IV loans owed by the service member or veteran.

Regulatory Waivers Through Sept. 30, 2012

For members of the U.S. Armed Forces and members of the National Guard:

- ◆ A Stafford loan borrower who has a loan in an in-school status that would subsequently enter a grace period, or has a loan in a grace period, and who is serving on active duty, performing qualifying National Guard duty, or residing or employed in a disaster area, is entitled to one or more extensions of the in-school or grace period. The maximum three-year extension for any single extended period includes the time necessary for a borrower to resume enrollment at the next available and regularly scheduled period of enrollment, if the borrower plans to return to school. The U.S. Department of Education pays the interest that accrues on subsidized Stafford loans during any extended period.
- ◆ Borrowers may qualify for loan forgiveness if they are employed full time in specified occupations (for example, through the Teacher Loan Forgiveness Program). Generally, to qualify for loan forgiveness, borrowers must perform uninterrupted, otherwise qualifying service for a specified length of time or for consecutive periods of time. The requirement that periods of service be uninterrupted and/or consecutive is waived, if the reason for the interruption is related to the borrower's status as an affected individual. The period during which the borrower is an affected individual, including a three-month transition period that immediately follows, will not be considered an interruption in the required service for the borrower to receive loan forgiveness.

The Military Deferment Request and Discharge Application: Total and Permanent Disability are available on the USA Funds website, www.usafunds.org.

For more information about military/veterans support provisions or other Title IV aid issues, contact USA Funds Ask PolicySM at askpolicy@usafunds.org.