

# Educational Loan Notes

Michigan Guaranty Agency

Michigan Higher Education Assistance Authority

August 2001

## THE APPLICATION DEADLINE FOR CHILD CARE PROVIDER LOAN FORGIVENESS IS SEPTEMBER 17, 2001

Borrowers who qualify for the Child Care Provider Loan Forgiveness Demonstration Program should complete and submit an application as quickly as possible. The U.S. Department of Education (ED) must receive applications no later than September 17, 2001, and the limited funds for this program will be granted on a first-come, first-served basis.

To be eligible, a borrower must qualify as a new borrower on or after October 7, 1998, under the Federal Family Education Loan (FFEL) or Federal Direct Loan (FDL) Programs. The loan(s) must have been received before the borrower began his or her qualifying service and for the purpose of completing the borrower's degree in early childhood education or child care. In addition, a borrower must have completed the second consecutive year of qualifying employment at an eligible child care facility.

Under this program, a borrower can qualify for up to 100 percent of his or her outstanding balance. The program forgives:

- 20 percent following the first two consecutive years of service;
- 20 percent following three consecutive years of service; and
- 30 percent following each of the fourth and fifth years of consecutive service.
- A borrower may request forbearance while completing each of the five years of qualifying employment.

To receive an application or forbearance form, a borrower may call the Child Care Provider Loan Forgiveness support desk toll free at 1-888-562-7002, or download the forms from ED's Web site at [www.ed.gov/studentaid](http://www.ed.gov/studentaid). Although the application applies to both FFEL and FDL borrowers, there are separate versions of the forbearance form for each program. Attached to this issue of *Educational Loan Notes* are samples of both the application form and FFEL forbearance form with instructions. Completed forms should be mailed directly to:

Child Care Provider Loan Forgiveness Program  
P.O. Box 4639  
Utica, NY 13504-4639

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Feel like a little relaxing background music? Click below!



**Educational Loan Notes** is a monthly news publication of the Michigan Department of Treasury – Michigan Guaranty Agency for members of the financial aid community in Michigan. Questions or comments may be sent to Jim Peterson, editor, Michigan Guaranty Agency, School Services Unit, P.O. Box 30047, Lansing, Michigan 48909-7547, or call 1-800-642-5626 extension, 36944 or via email [petersonj@state.mi.us](mailto:petersonj@state.mi.us).

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*The mission of the Michigan Guaranty Agency is to provide Michigan residents with optimum access to postsecondary educational opportunities through low-interest, long-term educational loans.*



## NSLDS ANNOUNCES CHANGE TO MONITORING PROCESS

In the last issue of *Educational Loan Notes*, we reported that schools were no longer required to obtain a paper Financial Aid Transcript (FAT) for any transfer students, but to obtain financial aid history information from the National Student Loan Data System (NSLDS). On July 16, 2001, NSLDS announced a change in the "monitoring period" described on page six of the attachment to Dear Partner Letter [GEN-01-09](#). Under the heading "Step 2: Monitor," the letter states:

"When a school informs NSLDS of a mid-year transfer student, the student is added to the school's "monitoring list" in NSLDS. NSLDS begins to monitor the student on the Monitor Begin Date and continues to monitor the student for 180 days after the student's Enrollment Begin Date. At the end of the monitoring period, NSLDS will automatically remove the student from the monitoring list."

During the monitoring period, NSLDS alerts a school of relevant changes in a transfer student's financial aid history so the school can make any necessary adjustments to the student's Title IV awards.

Based on further review and comments from the community regarding the length of the monitoring period, NSLDS is reducing the monitoring period from 180 days to 90 days after the student's Enrollment Begin Date. NSLDS now believes that changes in a transfer student's financial aid

history, which trigger an alert, will most likely occur within the first 90 days of the student's enrollment at the new school. However, NSLDS will continue to review data compiled to determine whether any future changes should be made.

If you have any questions, please contact NSLDS Customer Service at 1-800-999-8219 or via email at [NSLDSCOE@Raytheon.com](mailto:NSLDSCOE@Raytheon.com).

## NO TAX REBATE IF BORROWER IN DEFAULT ON STUDENT LOAN

Although the first batches of tax rebate checks from the 2001 federal tax cut legislation have hit the streets, those who have defaulted on their student loans will be receiving a letter from the U.S. Treasury Department rather than a check. According to the federal government's Tax Offset Program, the Treasury Department has the authority to apply any federal tax refunds or rebates to the outstanding balance for anyone who is in default on a student loan. Refunds from the current tax cut legislation are anticipated to be \$300 for single filers and \$600 for married couples who file jointly.

## NATIONAL DEFAULT PREVENTION DAY- CHICAGO STYLE

The truth is, there is no relationship between having ED help your school develop a default management plan and triggering a

## NOTICE OF SHORT-TERM EXTENSION FOR PLUS LOAN APPLICATIONS

The Office of Management and Budget (OMB) recently announced a short-term extension to the expiration of OMB Form No. 1845-0009, **Federal PLUS Loan Program Application Documents**. The original expiration date was 07/2001, which is extended to 10/2001.

program review. This is one of the many myths dispelled by ED during the August 2 workshop in Chicago.

ED also presented tools designed to help you analyze your school's Cohort Default Rate, correct inaccurate data, and elements of a default management plan. Best practices were presented by a cross-section of school types, including Michigan State University. Successful initiatives start before college and continue through the life of the loan. Debt management and default aversion requires a partnership involving aid staff, administration, management, and outside resources such as MGA. Elements of a default management plan and a sample plan were offered during the session in addition to electronic resources and reports.

Other presentations that were part of the day-long agenda included, "Default Prevention through Innovation and Partnership," "Default Management Software," and discussions about the latest methods and repayment options utilized by ED's Office of Student Financial Aid in helping borrowers resolve their outstanding student loan debt.

*(Continued on the next page.)*

USA Funds Default Prevention Council that was formed in 1999 presented their objectives and initiatives that include a Debt Management Review Team, Best Practices Manual, workshops, and soon to be unveiled "Life Skills Course" and "Perspectives" newsletter.

If you would like any copies of the materials that were provided by ED during National Default Prevention Day, please contact Bettie Mahnke, MGA School Services secretary, at ext. 36074, or via e-mail: [mahnkeb@state.mi.us](mailto:mahnkeb@state.mi.us).

## REGULATORY REVISIONS

A variety of federal regulatory and policy changes took effect July 1, 2001. The National Council of Higher Education Loan Programs, Inc. (NCHHELP) posted the *Integrated Regulations* in Portable Document Format (PDF), which can be viewed using [Acrobat Reader](#) software, available free from Adobe.

The [U.S. Department of Education](#) published the technical corrections and clarifying changes in the June 29, 2001, *Federal Register*. The technical changes involve the portion governing the Federal Family Education Loan Program (FFELP) — section 34 CFR 682 — and the similar section (34 CFR 685) governing the Federal Direct Loan Program (FDL). Changes of special interest are:

- **§682.207(b)(1)(ii)(B)** — A borrower's electronic-funds transfer (EFT) approval no longer must be in writing, and the school no longer must keep the written approval for each loan for which funds are

released from the school's account.

- **§682.210(s)(6)** — Economic hardship deferments now may be granted in periods of no more than one year at a time, instead of up to the entire period for which a borrower is eligible.
- **§682.215(e)** — Borrowers no longer must request forbearance during qualified teaching service and discharge processes. The holder must grant forbearance if it becomes aware that the borrower qualifies.
- **§682.401(d)(4)(iii)** — Stafford loan borrowers now must complete a new Master Promissory Note (MPN) each academic year, instead of each enrollment period, if they are attending schools not approved for a multi-year MPN. The provision also will apply to PLUS loan borrowers.
- **§682.402(l)(5)(vii)(A)** — When a borrower appeals a guarantor's denial of an unpaid refund discharge, the guarantor must notify the borrower of its decision regarding the appeal within 30 days of reaching the decision. The guarantor has 30 days from the date it receives the borrower's "additional documentation" to make its determination regarding the borrower's eligibility.
- **§682.405(b)(2)** — Within 90 days of the date that a loan is rehabilitated, lenders must notify all national credit bureaus that the loan no longer is in default; now, additionally, guarantors must ask the credit bureaus to remove the default from the borrower's credit history.
- **§682.410(a)(2)(iii)** — Guarantors no longer may use "reserve" funds for payment of

lender referral fees under HEA 428(e).

## ORDER MGA SUPPLIES ONLINE

In an effort to improve delivery of MGA supplies, starting September 1, 2001, schools and lenders need to order MGA supplies via the Internet. To order MGA In-house supplies please visit our Web site ([www.Mi-StudentAid.org](http://www.Mi-StudentAid.org)). A supplies order form is located under "For Financial Aid Administrators" then "Order MGA Supplies." Choose "MGA In-house Supplies" to open the order form, complete the contact information area, fill in the quantity column for the supplies you need, click on "Submit" and you're done.

To order supplies distributed by our servicer Sallie Mae/USA Group use the link "Request for MGA Supplies" also located under "Order MGA Supplies." This will open a similar online order form. These MGA supplies include: Federal Stafford, PLUS, and Consolidation Loan brochures, Loan Servicing forms, Claim/Cure forms, and Deferment forms. **Please note that the process to order Master Promissory Notes and PLUS Loan Applications will not change. You can continue to mail or fax orders for loan applications to MGA.** If you do not have access to the Internet or are having problems, please contact the Mailroom at ext. 34146 and they will expedite the order for your supplies.

## PAID-IN-FULL LOANS ON THE MGA DATABASE

Beginning with the August 2001 month-end cycle, MGA will run a monthly report to identify loans on our database that have been in repayment status for 12 years or longer and for which a lender has not reported as active to the NSLDS. These loans will be automatically updated to paid-in-full status. Previously, this system sweep was run for loans that had been in repayment status for at least 15 years.

Loans with the following statuses are excluded from the process:

- All disbursed loans that have not yet been converted to repayment;
- Cancelled loans;
- Loans paid-in-full;
- Loans paid-in-full by consolidation;
- Loans transferred to ED or another guarantor;
- Loans purchased from lenders; and
- Any delinquent loans on which MGA personnel are actively performing default prevention activities as a result of receiving a Lender Request for Assistance (LRA), or on which Notice of Default (NOD) has been received.

ED is concerned with the number of loans in repayment status on guarantor's database that exceed the maximum repayment length. A very high percentage of these loans were in fact paid-in-full, but the lender never notified the guarantor. The result is that while the lender no longer reports these loans as active to the NSLDS, the guarantor still does, which produces an edit in the NSLD.

Most lenders have worked diligently to resolve NSLDS edits. With this modification, the number of loans appearing on your Unreported Loans Detail Report should be reduced. Lenders are reminded to continue to report to MGA when loans are paid-in-full by a borrower or through consolidation. This will allow for more accurate information on our database and fewer reporting edits through NSLDS.

If you have any questions, please contact Betty Calloway of the Lender Services Unit at ext. 39639, or via email: [callowayb@state.mi.us](mailto:callowayb@state.mi.us).

## SCHOOLS MARK YOUR CALENDARS

Mark your calendar for the Fall School Workshops to be held in three locations in November. Workshops will be held on the 27th at the DoubleTree Hotel in Novi, the 28th at Bucks Run in Mt. Pleasant, and on the 29th at Notos Restaurant and Conference Center in Grand Rapids. Informational letters and registration materials will be mailed in October. Look for more details in the next issue of *Educational Loan Notes*.

## LENDERS MARK YOUR CALENDARS

Mark your calendar for Tuesday, October 16, 2001, for the Fall Lender Workshop to be held in Flint. Informational letters and registration materials will be mailed in September. Look for more details in the next issue of *Educational Loan Notes*.

## NEW TELEPHONE LISTS

Attached to this issue of *Educational Loan Notes* are updated telephone lists for MGA staff.

## SCHOOL LIST UPDATES

The following changes should be recorded by lenders on MGA's "Active Michigan School List" dated June 21, 2001. If you have any questions regarding these changes, please contact our School Services Unit, ext. 36074.

### Institution Name Change

**Center for Creative Studies-College of Art and Design (006771-00), Detroit**

Change name to College for Creative Studies.

**Concordia College (002247-00), Ann Arbor**

Change name to Concordia University.

## LENDER LIST UPDATES

School personnel should record the following actions on the "Participating Lender List" dated June 20, 2001. Please make the appropriate changes in all sections of the list as needed. If you have any questions regarding these updates, please contact the Lender Services Unit, ext. 36076.

### Newly Participating Lender

The institutions listed below have the same address: c/o Sallie Mae-FL, P.O. Box 59012, Panama City, FL 32444. Telephone: 888-272-5543.

*(Continued on the next page.)*

Firststar Bank, N.A. as Trustee for Amerifund Education Corporation, 833732

Firststar Bank, N.A. as Trustee for Brazos Educational Assistance, Inc., 833228

Firststar Bank, N.A. as Trustee for Sabine Higher Education Authority, Inc., 833838

**Institution Name Change and Address Change**

The institutions listed below have the same address: c/o Sallie Mae-FL, P.O. Box 59012, Panama City, FL 32444. Telephone: 888-272-5543.

**Independent Bank, 805951**, is now Independent Bank-South Michigan.

**Independent Bank, 822384**, is now Independent Bank-West Michigan.

**Independent Bank, 827330**, is now Independent Bank-East Michigan.

**THE “ED” PIPELINE**

Following is a list of some of the most recent ED correspondence for lenders and schools.

Dear Partner  
July 2001  
ANN-01-04

This letter announces the 2001 Software Developers Conference, August 9–10, 2001 in Arlington, Virginia. This letter describes the conference and tells you how to register.

Dear Partner  
July 2001  
CB-01-09

Fiscal Operations Report for 2000-2001 and Application to Participate for 2002-2003.



**Calendar of Upcoming Events**

September 2001

- 3 MGA Office Closed
- 12-14 Michigan Association of Community Bankers  
Grand Traverse Resort  
Acme, MI
- 14-15 Michigan Association of Credit Unions  
Amway Grand Hotel  
Grand Rapids, MI
- 19-21 MBA Retail Lending Conference  
Ashman Court Hotel  
Midland, MI
- 25 Guaranty Agency Advisory Committee  
Michigan Athletic Club  
East Lansing, MI

October 2001

- 16 MGA Lender Workshop  
TBD  
Flint, MI

November 2001

- 12 MGA Office Closed
- 22-23 MGA Office Closed
- 27 Fall School Workshop  
DoubleTree Hotel  
Novi, MI
- 28 Fall School Workshop  
Bucks Run  
Mt. Pleasant, MI
- 29 Fall School Workshop  
Notos Restaurant and Conference Center  
Grand Rapids, MI

If you need further information or wish to submit items for the calendar, please contact Jim Peterson, Editor, at ext. 36944, or via e-mail at [petersonj@state.mi.us](mailto:petersonj@state.mi.us).



# 2001 CHILD CARE PROVIDER LOAN FORGIVENESS APPLICATION

## William D. Ford Federal Direct Loan Program / Federal Family Education Loan Program

YOU MAY APPLY FOR LOAN FORGIVENESS ONLY IF YOU HAD NO OUTSTANDING BALANCE ON A WILLIAM D. FORD FEDERAL DIRECT LOAN (DIRECT LOAN) PROGRAM LOAN OR A FEDERAL FAMILY EDUCATION LOAN (FFEL) PROGRAM LOAN ON OCTOBER 7, 1998, OR HAD NO OUTSTANDING BALANCE ON A DIRECT LOAN OR FFEL PROGRAM LOAN ON THE DATE YOU OBTAINED A LOAN AFTER OCTOBER 7, 1998.

OMB No. 1845-0057  
Form Approved  
Exp. Date: 01/31/2002

### CCPLFA

**WARNING:** Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying documents shall be subject to penalties which 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. If you make a correction, check this box:

SSN |\_\_|\_|\_|-|\_\_|\_|-|\_\_|\_|\_|\_|

Name \_\_\_\_\_

Date of Birth |\_\_|\_|-|\_\_|\_|-|\_\_|\_|\_|\_|

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Telephone - Home ( ) \_\_\_\_\_

Telephone - Other ( ) \_\_\_\_\_

E-mail (optional) \_\_\_\_\_

## SECTION 2: BORROWER'S LOAN FORGIVENESS REQUEST AND CERTIFICATIONS *This section must be completed by the borrower.*

Before completing this section, read the entire form, including the instructions, definitions, eligibility requirements, and terms and conditions in Sections 4, 5, 6 and 7 of this form.

- I am requesting forgiveness of my eligible Direct Loan and/or FFEL program loans, up to the maximum amount for which I am eligible, based on my employment as a full-time child care provider in a child care facility providing services to a low-income community. (See the definitions in Section 5.)
- Check the appropriate box:  
I have:  an associate's degree in early childhood education or child care  a bachelor's degree in early childhood education or child care
- I certify that: **(1)** I had no outstanding balance on a Direct Loan or FFEL program loan on October 7, 1998, or had no outstanding balance on a Direct Loan or FFEL program loan on the date I obtained a loan after October 7, 1998; **(2)** I received the loan(s) for which I am seeking forgiveness before I began my qualifying service as a child care provider and for the purpose of completing my degree in early childhood education or child care; **(3)** I have not received a benefit through the Americorps Program under Subtitle D of Title I of the National and Community Service Act of 1990 for the same child care service for which I am seeking forgiveness of my eligible Direct Loan or FFEL program loans; **(4)** I have read, understand, and meet all of the definitions and eligibility requirements in Sections 5 and 6 of this form; and **(5)** the information that I have provided on this form is true and correct.

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

Date \_\_\_\_\_

## SECTION 3: DIRECTOR'S/OWNER'S CERTIFICATION *The Director/Owner must complete this section.*

Before completing this section, please read the General Information and Instructions in Section 4 and Definitions in Section 5.

I certify that: **(1)** the borrower named above was employed full-time as a child care provider for (circle one) 2 3 4 5 consecutive years from |\_\_|\_|-|\_\_|\_|-|\_\_|\_|\_|\_| to |\_\_|\_|-|\_\_|\_|-|\_\_|\_|\_|\_| at the child care facility identified below that serves a low-income community, and **(2)** the child care facility, named below, meets applicable State or local government licensing, certification, approval, or registration requirements.

Child Care Facility's Name \_\_\_\_\_

Director's/Owner's Name/Title (Printed) \_\_\_\_\_

Child Care Facility's Address (Street, City, State, Zip) \_\_\_\_\_

( )  
Telephone \_\_\_\_\_

Director's/Owner's Signature \_\_\_\_\_

Date \_\_\_\_\_

## FORBEARANCE REQUEST

To maximize your future benefit under this program, you may request forbearance of repayment while you are performing the eligible full-time child care service in a child care facility that serves a low-income community. However, receiving a forbearance does not guarantee that you will receive loan forgiveness benefits. To request a forbearance on your loan(s) while you are providing full-time child care services for the next year, contact your loan holder who can determine your eligibility.

#### SECTION 4: GENERAL INFORMATION AND INSTRUCTIONS

- The Child Care Provider Loan Forgiveness Program is a demonstration program that is intended to bring more highly trained individuals into the early child care profession and to keep more highly trained child care providers in the early child care field for longer periods. Under this program, individuals who work full-time in certain child care facilities that serve low-income families and meet other qualifications may be eligible to have up to 100 percent of their Direct Loan and/or FFEL program loans forgiven. See Sections 5, 6, and 7 for more detailed information.
- To be considered for loan forgiveness under this demonstration program, the U.S. Department of Education must receive your completed Child Care Provider Loan Forgiveness Application no later than September 17, 2001.
- Before completing Section 2, carefully read the entire form, including the information on pages 2-3. Type or print using dark ink. Show dates as MM-DD-YYYY (for example, show "January 1, 2001" as "01-01-2001").
- The director of the child care facility at which you work must complete Section 3 of this form. If the child care facility is your home or you are self-employed, you must complete Sections 1 and 3 and attach documentation that shows that you met your State or local government licensing, certification, approval, or registration requirements if required by state or local law ..
- Keep a copy this form and any documentation that you send with this form for your records.
- Return the completed form to the address shown in Section 9 of this form.

#### SECTION 5: DEFINITIONS

- **Capitalization** is the addition of unpaid interest to the principal balance of a loan. This will increase the principal and total cost of the loan.
- A **child care facility** means a facility, including a home, that provides child care services, and meets applicable State or local government licensing, certification, approval, or registration requirements.
- A **child care provider** is a person who provides child care services in an eligible child care facility and has an associate's or bachelor's degree in the field of early childhood education or child care awarded by an institution of higher education.
- **Child care services** means activities and services provided for the education and care of children from birth through age 5 by an individual who has a degree in early childhood education.
- **Consecutive years of employment** means maintaining full-time employment for successive, uninterrupted 12-month periods as a child care provider in an eligible child care facility.
- The **director or owner** is the official in your child care facility with responsibility for supervising your employment as a child care provider and who has access to records relating to your experience and qualifications for providing child care services.
- **Early childhood education** means education in the areas of early child education or child care, or any other educational area related to child care that the Secretary of Education determines appropriate.
- A **forbearance** is a temporary cessation of payments, an extension of time for making payments, or temporary acceptance of smaller payments than previously scheduled. The borrower is responsible for any interest that accrues on a loan during forbearance. If the borrower does not pay the interest that accrues on the loan, the interest is capitalized.
- **Full-time** means working as a child care provider in an eligible child care facility at least 30 hours per week.
- The **holder of a Direct Loan Program** loan is the U.S. Department of Education. The **holder of a FFEL Program** loan may be a lender, guaranty agency, or the U.S. Department of Education.
- An **institution of higher education** means a nationally accredited public or nonprofit private institution that is legally authorized by a State to provide postsecondary educational programs that lead to an associate's or bachelor's degree.
- **Eligible loans** are Federal Direct Stafford/Ford Loans (Direct Subsidized Loans), Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans), and Federal Stafford Loans (subsidized and unsubsidized) that were made on or after October 7, 1998 and made for the purpose of completing your degree in early childhood education or child care.
- A **low-income community** means a community in which at least 70 percent of the individuals are from families that earn less than 85 percent of the State median household income. For the purposes of this loan forgiveness program, community means the children who receive child care at the child care facility.

#### SECTION 6: ELIGIBILITY REQUIREMENTS

- You must be a new borrower. For the purpose of this loan forgiveness program, you are a new borrower if you had no outstanding balance on a Direct Loan and/or an FFEL program loan on October 7, 1998, or on the date that you obtain a Direct Loan or an FFEL program loan after October 7, 1998.
- You must have received an associate's degree or bachelor's degree in the field of early childhood education that was awarded from an institution of higher education.
- If you graduated from an institution of higher education in an area of study other than early childhood education or child care and later returned to postsecondary education in order to obtain a degree in early childhood education or child care, you can only receive forgiveness on eligible loans obtained for a maximum of two of the academic years required to obtain the early childhood education or child care degree.
- You have not received benefits for the same child care services under both Subtitle D of Title I of the National and Community Service Act of 1990 (AmeriCorps) and this Child Care Provider Loan Forgiveness Program.
- You may not apply for Child Care Provider Loan Forgiveness until you have worked two consecutive years (24 months) as a child care provider in a facility that serves a low-income community. You must reapply each year to be considered for additional loan forgiveness benefits. An application for one year does not qualify you for loan forgiveness in a later year.

## SECTION 7: TERMS AND CONDITIONS

- Child Care Provider Loan Forgiveness is on a first-come, first-served basis and is subject to the availability of funds. Priority is given to those who have received the forgiveness in prior years. However, the Secretary will commit funds from the current fiscal year for this year's loan forgiveness recipients, so that they can continue to receive loan forgiveness for the subsequent years in which they qualify in order to perform the mandated evaluation in 428K of the Higher Education Act of 1965, as amended, and to ensure priority for subsequent-year funding.
- The total amount of all your eligible loans (principal and interest, including interest that accrued during an approved forbearance period) may be forgiven as follows:
  - ◆ 20 percent after completing two consecutive years (24 months) of qualifying employment;
  - ◆ 20 percent after completing the third consecutive year (36 months) of qualifying employment;
  - ◆ 30 percent after completing the fourth consecutive year (48 months) of qualifying employment; and
  - ◆ 30 percent after completing the fifth consecutive year (60 months) of qualifying employment.
- Your loan holder will not refund any payments that you made or that were made on your behalf before you were determined to be eligible for loan forgiveness under this program.
- If you receive loan forgiveness based on any false, fictitious, or fraudulent statements that you knowingly make on this form or on any accompanying documentation, you may be subject to civil and criminal penalties under applicable federal law.

## SECTION 8: IMPORTANT NOTICES

### Privacy Act Disclosure 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 §428(b)(2)(A) et seq. and §451 et seq. of the Higher Education Act of 1965, as amended, (20 U.S.C. 1078(b)(2)(A) et seq. and 20 U.S.C. 1087a et seq.) and the authority for collecting and using your Social Security Number (SSN) is §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)). 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 on your loan(s) if your loan(s) become delinquent or in default. 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 to third parties as authorized under routine uses in the appropriate systems of records. The routine uses of this information include its disclosure to federal, state, or local agencies, to other federal agencies under computer matching programs, to private parties such as relatives, present and former employers, business and personal associates, to credit bureau organizations, to educational institutions, and to contractors 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 counsel you in repayment efforts, 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.

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 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. The valid OMB control number for this information collection is 1845-0057. The time required to complete this information collection is estimated to average 0.33 hours (20 minutes) per response, including the time to review instructions, search existing data resources, gather and maintain the data needed, and complete and review the information collection. ***If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to***

U.S. Department of Education, Washington, DC 20202-4651

***If you have any comments or concerns regarding the status of your individual submission of this form, write directly to the address shown below.***

## SECTION 9: WHERE TO SEND THE COMPLETED LOAN FORGIVENESS APPLICATION

**Return the completed loan forgiveness application and any attachments to:**

Child Care Provider Loan Forgiveness Program  
P.O. Box 4639  
Utica, NY 13504-4639

**If you need assistance with this form, call:**

1-888-562-7002

# CHILD CARE PROVIDER LOAN FORGIVENESS FORBEARANCE FORM

OMB No. 1845-0057  
Form Approved  
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CCPF

## Federal Family Education Loan Program

YOU MAY APPLY FOR LOAN FORGIVENESS ONLY IF YOU HAD NO OUTSTANDING BALANCE ON A WILLIAM D. FORD FEDERAL DIRECT LOAN (DIRECT LOAN) PROGRAM LOAN OR A FEDERAL FAMILY EDUCATION LOAN (FFEL) PROGRAM LOAN ON OCTOBER 7, 1998, OR HAD NO OUTSTANDING BALANCE ON A DIRECT LOAN OR FFEL PROGRAM LOAN ON THE DATE YOU OBTAINED A LOAN AFTER OCTOBER 7, 1998.

**WARNING:** Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying documents shall be subject to penalties which 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. If you make a correction, check this box:

SSN | \_ | \_ | \_ | - | \_ | \_ | - | \_ | \_ | \_ | \_ |

Name \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Telephone - Home (     ) \_\_\_\_\_

Telephone - Other (     ) \_\_\_\_\_

E-mail (optional) \_\_\_\_\_

### SECTION 2: GENERAL INFORMATION AND INSTRUCTIONS FOR FORBEARANCE REQUEST

- The Child Care Provider Loan Forgiveness Program is a demonstration program that is intended to bring more highly trained individuals into the early child care profession and to keep more highly trained child care providers in the early child care field for longer periods. Under this program, individuals who work full-time in certain child care facilities that serve low-income families and meet other qualifications may be eligible to have up to 100 percent of their Direct Loan and/or FFEL program loans forgiven. See Section 4 for more detailed information.
- Before completing this Child Care Provider Loan Forgiveness Forbearance Form, read the entire form including the definitions, program eligibility requirements, and terms and conditions in Section 4.
- Type or print using dark ink. Provide all requested information. Show dates as MM-DD-YYYY (for example, "January 1, 2001" = "01-01-2001").
- **Return the completed form to the address shown in Section 6.** If you are applying for forbearance of loans that are held by different loan holders, you must submit a separate Child Care Provider Forbearance form to each loan holder.

### SECTION 3: CHILD CARE PROVIDER LOAN FORGIVENESS FORBEARANCE REQUEST AND CERTIFICATION

By my signature, I certify that:

- I have read and understand the terms and eligibility criteria for the Child Care Provider Loan Forgiveness program as identified in Section 4 of this form.
- I am requesting forbearance of payments on my eligible loan(s) while I am performing my qualifying child care service. If I am past due on payments not covered by this forbearance, my loan holder may grant me a separate forbearance to resolve the delinquency on these payments at the time my request is processed. Upon termination of the forbearance, I agree to repay the loan(s) according to the terms of my promissory note(s) and repayment schedule(s).
- I understand that during the forbearance period, my principal and interest payments may be postponed, but interest will continue to accrue whether or not the federal government normally pays the interest on my loan(s) during deferments and in-school periods.
- I understand that any unpaid interest that accrues during the forbearance period may be capitalized, as permitted by law.
- I understand that this forbearance will be granted in twelve-month increments and that I must reapply for it each year during the five consecutive years of required employment.
- I will notify my loan holder immediately if my qualifying employment at an eligible facility ends.
- I understand that receiving forbearance does not guarantee that I will receive loan forgiveness benefits.

If the child care facility is your home, you must attach documentation that shows your State or local government licensing, certification, approval or registration requirements, if required by state or local law.

I intend to work full-time, at least 30 hours per week, as a child care provider providing child care services in a facility that serves a low income community for the next twelve months from | \_ | \_ | - | \_ | \_ | - | \_ | \_ | \_ | to | \_ | \_ | - | \_ | \_ | - | \_ | \_ | \_ |. The child care facility at which I intend to perform my qualifying employment is the following:

\_\_\_\_\_  
Child Care Facility's Name

(     )  
\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Child Care Facility's Address (Street, City, State, Zip)

I certify that the information I provided in this section is true and accurate to the best of my knowledge and belief.

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

\_\_\_\_\_  
Date

## SECTION 4: DEFINITIONS, ELIGIBILITY REQUIREMENTS, AND TERMS AND CONDITIONS FOR THE FORGIVENESS PROGRAM

### DEFINITIONS

- **Capitalization** is the addition of unpaid interest to the principal balance of a loan. This will increase the principal and total cost of the loan.
- A **child care facility** means a facility, including a home, that provides child care services, and meets applicable State or local government licensing, certification, approval, or registration requirements.
- A **child care provider** is a person who provides child care services in an eligible child care facility and has an associate's or bachelor's degree in the field of early childhood education or child care awarded by an institution of higher education.
- **Child care services** means activities and services provided for the education and care of children from birth through age 5 by an individual who has a degree in early childhood education.
- **Consecutive years of employment** means maintaining full-time employment for successive, uninterrupted 12-month periods as a child care provider in an eligible child care facility.
- The **director or owner** is the official in your child care facility with responsibility for supervising your employment as a child care provider and who has access to records relating to your experience and qualifications for providing child care services.
- **Early childhood education** means education in the areas of early child education or child care, or any other educational area related to child care that the Secretary of Education determines appropriate.
- **Full-time** means working as a child care provider in an eligible child care facility at least 30 hours per week.
- The **holder of a Direct Loan Program** loan is the U.S. Department of Education (Department). The **holder of a FFEL Program** loan may be a lender, guaranty agency, or the Department.
- An **institution of higher education** means a nationally accredited public or nonprofit private institution that is legally authorized by a State to provide postsecondary educational programs that lead to an associate's or bachelor's degree.
- **Eligible loans** are Federal Stafford Loans (subsidized and unsubsidized) that were made on or after October 7, 1998 and made for the purpose of completing the borrower's degree in early childhood education or child care.
- A **low-income community** means a community in which at least 70 percent of the individuals are from families that earn less than 85 percent of the State median household income. For the purposes of this loan forgiveness program, community means the children who receive child care at the child care facility.

### ELIGIBILITY REQUIREMENTS

- You must be a new borrower. For the purpose of this loan forgiveness program, you are a new borrower if you had no outstanding balance on a Direct Loan and/or an FFEL program loan on October 7, 1998, or on the date that you obtain a Direct Loan or an FFEL program loan after October 7, 1998.
- You must have received an associate's degree or bachelor's degree in the field of early childhood education that was awarded from an institution of higher education.
  - If you graduated from an institution of higher education in an area of study other than early childhood education or child care and later returned to postsecondary education in order to obtain a degree in early childhood education or child care, you can only receive forgiveness on eligible loans obtained for a maximum of two of the academic years required to obtain the early childhood education or child care degree.
- You may not apply for Child Care Provider Loan Forgiveness until you have worked two consecutive years (24 months) as a child care provider in a facility that serves a low-income community. You must reapply each year to be considered for additional loan forgiveness benefits. An application for one year does not qualify you for loan forgiveness in a later year.
- You have not received benefits for the same child care services under both Subtitle D of Title I of the National and Community Service Act of 1990 (AmeriCorps) and this Child Care Provider Loan Forgiveness Program.
- Your loan holder must provide you with a forbearance on repayment of your eligible loan(s) while you are in qualifying employment unless you are in a deferment status on the loan(s).

### TERMS AND CONDITIONS

- Child Care Provider Loan Forgiveness is on a first-come, first-served basis and is subject to the availability of funds. Priority is given to those who have received the forgiveness in prior years.
- The total amount of all your eligible loans (principal and interest, including interest that accrued during an approved forbearance period) may be forgiven as follows:
  - ◆ 20 percent after completing two consecutive years (24 months) of qualifying employment;
  - ◆ 20 percent after completing the third consecutive year (36 months) of qualifying employment;
  - ◆ 30 percent after completing the fourth consecutive year (48 months) of qualifying employment; and
  - ◆ 30 percent after completing the fifth consecutive year (60 months) of qualifying employment.
- You may be eligible to receive a forbearance while you are performing the eligible full-time child care service in a child care facility that serves a low-income community. This will allow you to cease making payments while you are performing this service.
- Your loan holder will not refund any payments that you made or that were made on your behalf before you were determined to be eligible for loan forgiveness under this program.
- If you receive forbearance based on any false, fictitious, or fraudulent statements that you knowingly make on this form or on any accompanying documentation, you may be subject to civil and criminal penalties under applicable federal law.

**SECTION 5: IMPORTANT NOTICES**

**Privacy Act Disclosure 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 §428(b)(2)(A) et seq. and §451 et seq. of the Higher Education Act of 1965, as amended, (20 U.S.C. 1078(b)(2)(A) et seq. and 20 U.S.C. 1087a et seq.) and the authority for collecting and using your Social Security Number (SSN) is §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)). 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 Direct Loan programs, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect on your loan(s) if your loan(s) become delinquent or in default. 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 to third parties as authorized under routine uses in the appropriate systems of records. The routine uses of this information include its disclosure to federal, state, or local agencies, to other federal agencies under computer matching programs, to private parties such as relatives, present and former employers, business and personal associates, to credit bureau organizations, to educational institutions, and to contractors 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 counsel you in repayment efforts, 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.

**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 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. The valid OMB control number for this information collection is 1845-0057. The time required to complete this information collection is estimated to average 0.33 hours (20 minutes) per response, including the time to review instructions, search existing data resources, gather and maintain the data needed, and complete and review the information collection. ***If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to***

U.S. Department of Education, Washington, DC 20202-4651

***If you have any comments or concerns regarding the status of your individual submission of this form, write directly to the address shown in Section 6.***

**SECTION 6: WHERE TO SEND THE COMPLETED CHILD CARE PROVIDER LOAN FORGIVENESS FORBEARANCE FORM**

Return the completed forbearance request and any attachments to:  
(If no address is shown, return to your loan holder)

**If you need HELP with this form, call:**  
(If no phone number is shown, call your loan holder)