

DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
NEGOTIATED RULEMAKING
REIMAGINING AND IMPROVING STUDENT EDUCATION (RISE)
SESSION 1, DAY 4, AFTERNOON
October 2, 2025

On the 2nd day of October, 2025, the following meeting was held in-person, from 1:00 p.m. to 4:00 p.m.

P R O C E E D I N G S

MS. WEISMAN: If I could have your attention, please. The Department has asked for an additional 15 minutes, and so we will reconvene at 1:15. If I can have everyone's attention, please. The Department has asked for some additional time for drafting, and we anticipate resuming at 1:30. Good afternoon, and welcome back from lunch on this Thursday afternoon. Seeing no cards up at this time, I'm going to turn it back to Tamy with the Department.

MS. ABERNATHY: Thank you, guys, for your patience, while we were navigating through some new things that you guys shared with us today. So, two of the items that I believe Tamar and Ashley submitted, you submitted the things twice because you thought we didn't get them or we didn't go over them, but we've already gone over them, so we're not going to go back over them. Okay. Proposal to streamline enrollment in IBR for consolidation loans that repay Parent Loan. We did make - - so we need to pull this up, it's 685.209(b), make sure it's just that provision, please. 685, where we made the change, the slight tweak in romanette two. And I could talk through that change right now for you all. So when we went back and we looked at the proposal, we also realized that we kind of had the date range in the wrong

spot. So how we fixed this is we stated that excludes a loan that between the dates of and then we added additional clarity around on any date between and as soon as we see it up on the screen when they have a couple minutes -- we wanted to provide more clarity around the period of time to after repayment. So, we'll just sit here and look at each other and talk about it at the moment. So that's exactly why, you know, we took some of what you had put in and we tweaked it. So once we see it, we'd like for you to look at that. We didn't do everything, but we did take -- I think, addressed your concern on that.

MS. WEISMAN: Tamy, could you go again? Could you go over the citation? I know you said 209, but could you be a little more specific? I think there's a couple people still looking to catch up with you.

MS. ABERNATHY: Mm-hmm. 685.209(b)(6), B as in boy.

MS. WEISMAN: Thank you.

MS. ABERNATHY: Yes, ma'am. Let you guys get there, and then we'll talk it through again. You have it up by chance? (inaudible) expected consolidation. Oh, there it is. Yay! That's bright. I like the green. Alright. Did we get Timothy a copy? Did we get Timothy a

copy? So (6) -- so 209(b) -- 209(6) -- 209(b)(6) romanette two. The language here we remove the date between July 4, 2025 through June 30, 2028. We just moved it until the middle where you see on plan on any date between July 4, 2025 through June 30th. And so we clarify that Income Contingent Plan created under 20 US -- USC Code 1087 ED1D. We removed ICR, IBR or -- and we added or any Income Based Repayment. We removed the ICR, PAYE, and IBR repayment plans, and we left the word plan and we clarified with the date at the end of that paragraph. We put an Income Contingent or Income Based Repayment Plans. So based on the proposal, we tweaked that language.

MR. ANDRADE: So we wanted to talk about the second part of your proposal. There was a suggestion that we add language which stated that, that forbearance counted as making loans, like as being in repayment, making loans or -- yeah, making loans and repayment. And we do not believe that that counts in this, in this particular instance, that forbearances would count and they have to actually be making payments. And that's -- yeah. Yeah, the statute refers to loans being repaid.

MS. ABERNATHY: And that means making a payment. So, under the statutory language, it says being repaid. And that means actually making a payment.

So that's why we're not able to accept the second proposal, because we would not be in alignment with the statute.

MR. LALLO: That's a kind of important distinction, because the statute only really uses that language one time. So it's a very precise usage there that they want it being repaid before anything can happen with that.

MS. ABERNATHY: Are you ready to move on? Do we need a couple of minutes?

MS. HOFFMAN: If we could take a couple of minutes, that would be great, just to review the new language.

MR. ANDRADE: So just a, just a quick summary. So we, so we made modifications in (b). We did not make the modifications you requested in (c).

MS. ABERNATHY: While you're reviewing that, Tamar, I'm going to go through a couple other things. Bob, you submitted a proposal and -- oh, Bob's not even here. We'll just table that.

MS. WEISMAN: He had to step out for just a few minutes.

MS. ABERNATHY: Okay. And, Alex, thank you for providing this information to us. We think it's very helpful. And it -- this is exactly what we're trying

to do, so thank you. We had a duplicate. I talked about that. That's it. We've gone over -- does anyone else --? So again I'm saying that we've gone over all of the items that we've received that you guys have submitted to us. Is that your recollection as well? Okay. Okay. We are not going to go over 685.209. That will be a tomorrow day, a tomorrow item. We really need through the evening tonight to flesh out a few more things. So we will not be going over. We're not doing a pulse check on 685.209, the repayment plans. Okay. We wanted to circle back on 685.215. 682.215? I think I said 685. 682.215. Alright. Let you guys get there. This is going back to Alex's questions from before. Okay. Alex, the statute has not changed anything except the removal of partial financial hardship. And it's basically -- we've retained the comparison in this language to the aggregate monthly payment to like the ten-year standard. So whichever payment is lower is basically the aggregate monthly payment, we're comparing it to like the ten-year standard. So we will not be making any changes in these particular sections because all we've done is remove and put in the statutory language.

MR. HOLT: Okay. I was wondering if the Department can clarify just what you think those three paragraphs are doing or saying. We're talking about

the three that I was asking about? Okay.

MR. LALLO: Yeah. So these are added in. I mean, they're part of statutory language. They have to be carried forward in the regs. So things like interest capitalization remain in there. Really, what we did with taking partial financial hardship was kind of streamline the process there. It took out the multiple steps involved. And by bringing it through aggregate monthly payment, which was already captured within the financial hardship definition, we basically just made the process automatic and took out several steps. So this was in recognition of, you know, the fact that that had been taken out and to make sure that that was still captured. The aggregate monthly payment aspect that had previously been within partial financial hardship was carried over into the new definitions.

MR. HOLT: Okay. So just -- I think I'm getting it now. So to clarify, basically what you understand Congress did was they removed the partial financial hardship test to enter IBR. But basically everything else related to -- not -- maybe not everything, I don't want to use a word like that, but these provisions maintain the concept of, like, this capped amount. And so you just created a new phrase for it, basically. Is that right or no? Okay.

MR. ANDRADE: Yeah, I think it definitely streamlined the process. But this is for determining the amount. So it's not -- it no longer has a gating function as it once did. But there still is a comparison of, okay -- and you -- and when you think about it, it sort of makes sense, right? You want it to have that comparison between the standard repayment and the Income Based Repayment.

MR. HOLT: Yeah, I get it now. This, this finally makes sense. Thank you for clarifying, and sorry for all the back and forth.

MS. ABERNATHY: No worries. Thank you.

MS. WEISMAN: Tamar?

MS. HOFFMAN: Thank you. I just actually wanted to follow up on your response to Alex's question, Jeff. I was hoping that you could explain why the Department would like to keep the comparison with standard repayment, given that it's not applicable to RAP.

MR. ANDRADE: So it's not whether the Department likes it. It's our reading of the statute that the statute has this, this test, this comparison in this instance, that you look at the total of all of the borrowers' loans, excluding the -- well, not including the excluded loans, and you use that as the basis of

comparison to the standard repayment.

MS. WEISMAN: Alex Ricci?

MR. RICCI: This is also amending-- just to be clear, my understanding here is that we're amending the FFEL part of the statute, and FFEL loans do not have access to RAP.

MS. ABERNATHY: Correct.

MS. WEISMAN: Tamar?

MS. HOFFMAN: This is actually just a question for the facilitator. Will we be getting copies of all of this? Just a little bit difficult to follow only on the screen, given how robust the changes are.

MS. ABERNATHY: We are not copying 209 right now, because we're not going over the rest of 209 right now.

MS. HOFFMAN: Okay.

MS. ABERNATHY: So it's on your screen and it will be --

MS. HOFFMAN: We'll get copies down the line when more changes are made? Okay.

MS. ABERNATHY: Right. It's exactly the same.

MS. HOFFMAN: Yeah. Yeah. Thank you.

MS. ABERNATHY: We're going to move on to 685.219. I think there was one other provision. We

just wanted to make sure that we go over these reg amendments and do a pulse check on them. That is the discussion paper that deals with miscellaneous loan repayment provisions. So 685.210, 685.211(a) and (d), 685.219, 685.220, 685.221. We went over this yesterday. I just want to make sure that you all -- so I think we did go over this and we got an all thumbs up during the pulse check yesterday. I just wanted to confirm that that is what you have as well, because I had it out.

MS. WEISMAN: We had one thumb to the side and the rest thumbs up.

MS. ABERNATHY: But we did go over this, so we're good. Okay. I needed just to confirm that. Thank you. Alright. Alright. We are moving on to a provision of this -- of the statute that deals with the schedule of reductions. Oh, I really thought we were going to get some more of like a reaction to that. You guys are so excited to see this. Oh, that was a little bit of a letdown. Well, maybe you'll get excited when you actually see it, right? Thanks. Ma'am? No, we're going to just show you the schedule of reductions formula. We have it in the reg text, and we'll show that -- just that part of the reg text. We want to go over the formula for schedule of reductions and have you take a look at it.

And --

MS. WEISMAN: Jeff?

MR. ANDRADE: Jenna, we added the formula. Right now the -- what we originally gave you referred to a schedule reductions published by the Secretary. So we made a slight modification of that and are referring to a particular mathematical formula which is derived -- which is -- yeah, which is derived from the statute. And so we had -- just had to wait and get a little bit of clearance on that one before we shared it with you guys.

MS. WEISMAN: Jenna?

MS. COLVIN: You're going to get very little comment from me on mathematical formulas.

MS. WEISMAN: Jenna, did you have another question? Go ahead.

MS. COLVIN: Is this from the document that was circulated this morning that has a mathematical formula? Is this from the document that was circulated this morning? Just that. Thank you.

MS. ABERNATHY: That's tiny. Can we -- I think we're going to let them enlarge that ever so slightly for us. Okay. Alright. That's a little better. Any chance you could take -- just for right now, take the highlight off of it?

MR. ANDRADE: (inaudible)

MS. ABERNATHY: Okay.

MR. ANDRADE: (inaudible)

MS. ABERNATHY: Alright, so, under (m), additional rules for loan limits, this is the condition that OBBB put in place for less than half-time enrollment. It is an additional annual loan limit. So not -- what we say here is less than full-time enrollment, notwithstanding any provision of 34 CFR part 682 or 685, for those that -- that's FFEL and Direct Loans in any case in which a student is enrolled in an eligible program at an institution on a less than full-time basis during any academic year, the amount of any Direct Loan that student may borrow for an academic year, or its equivalent, shall be reduced in direct proportion to the degree to which that student is not so enrolled on a full-time basis, rounded to the nearest whole percentage point as follows. We will be taking the number of hours enrolled for an academic year over the full-time hour load for program of study. That's a factor. And then you multiply that and - by 100 and you get the actual percentage. So what we see here is if you are a school that has at least 12 hours at full-time for a standard academic year, so it would be -- and you have -- say, for instance, you have your summer as a trailer, you have fall, spring, summer as your academic year. That academic

year has to be at least 24 hours to be considered full-time based on your definition at your institution. So if you have -- your definition of full-time is 15 hours, then it would be 30 hours. So we're taking 24 -- at least, because the regulatory definition of an academic year is at least 24 credit hours. So that's why we're, we're basing our formula on -- not the formula -- we're basing our -- my scenario here on at least 24 hours. So a student comes in and they take 12 hours in the fall, and they take 12 hours in the spring, they're -- they have 100%, 24 credit hours over the course of the academic year. Because even though we're saying this is an annual loan limit, we know that the award year and annual award year is equivalent to an academic year here. Right?

That's what we're saying. We always do that with our loan programs. So now you have a borrower who comes in and they're enrolled for 12 hours in the fall, and they're enrolled in 6 hours in the spring, but they enroll in summer for 6, the total credit hours for the academic year, because summer is a trailer, is 24. There is not a reduction. They are full-time. If a borrower comes in and they're 6 hours in the fall and then they take 12 hours in the spring, they take 6 hours in the summer, there's not a reduction. You get the idea here. 24 hours. If they just take 12 and 12, it's 24, they're full-time. If they

take six and you award based on intent to enroll -- and usually when you see a half-time student at six hours, you usually make sure that that second disbursement is already considered at the half-time hours, because usually if they're half-time in the fall, they're more than likely going to be half-time in the spring. So that is the equivalent of 12 hours. And then they come back in the summer and take nine hours. You would have to apply this formula because they're not full-time, because they're not up to 24 hours.

MS. WEISMAN: Alex Holt, and then Faisal.

MR. HOLT: I apologize in advance for this question, but it's probably worth clarifying. When the Department says rounded to the nearest whole percentage point, is your interpretation that below 0.5, that means you go down and then at or above 0.5, that means you go up?

MS. ABERNATHY: That is such a great question. We're going to take that --

MR. HOLT: Alright.

MS. ABERNATHY: -- make sure because we were.

MR. ANDRADE: That is rounding.

MS. ABERNATHY: It is rounding.

MR. HOLT: Yeah, I know it's rounding.
Yeah, I just wanted to make sure.

MR. ANDRADE: (inaudible)

MR. HOLT: Yeah. So yeah, so that is -
-

MS. ABERNATHY: I would not round it
up for the case that you could technically be over. You'd
be over the half-time step.

MR. HOLT: Then you round up, right.
Yeah. Yeah, I mean it doesn't actually matter. I just
feel badly for the financial aid administrator, so I
figured we'd ask and just make sure.

MS. ABERNATHY: We can count on you,
can't we? Thank you.

MS. WEISMAN: Faisal, and then Jenna.

MR. SULMAN: Okay, so say, for
example, a student, they're enrolled in 21 hours after
spring, summer, and -- spring, summer, and fall. Thank
you. So at that point, they're at 21 out of 24, which is
87.5%.

MS. ABERNATHY: I'm not doing that
(inaudible)

MR. SULMAN: So, okay, so for example,
they're just at 88% after the round. 88%, yeah. After
that, is -- 88% is the reduced annual loan limit

percentage. Now, for the following year, it's 88% of the full amount.

MS. WEISMAN: Tamy, can you use your microphone?

MS. ABERNATHY: I can. It is not the following year. This is for the year that they are in. This is an annual loan limit reduction based on less than full-time status. So it's in the year that you're in. So if you're -- your scenario is saying by the next year. No, it's not the next year. It's the year you're in.

MR. SULMAN: Okay. So they would get, in that case, 88% of the --

MS. ABERNATHY: Full-time status.

MR. SULMAN: Full-time status, yes.

MS. ABERNATHY: 88% of that. So in essence, they lose 12%. Is that what you're saying?

MR. SULMAN: Yeah. That part, I feel like the language should be adjusted to -- I feel like it -- because when you -- I get 88% here, but they lose 12%. So that, that, that (inaudible) or am I reading it funny?

MS. ABERNATHY: No, the formula is you're going to take the number of hours enrolled over the full-time hour load for that program. It's not for the program of study. It's -- go ahead, Jeff.

MR. ANDRADE: So let's take an easy

example of someone who is going 75% of what the full-time load is. You would multiply the 75% times the typical loan limit for someone at that year -- at that level of, of study for that particular year that they're in. You just multiply that by the loan amount. Yeah, so it should be pretty straightforward. We're just going to show you a chart at some point, gives you an example on the -- for an institution that's 12 credits. But again, the form is probably more important than a chart for the simple fact that different institutions use different types of credits and use -- have different definitions of what a full-time student takes.

MR. SULMAN: Thank you. I just read that backwards in my head.

MS. WEISMAN: Jenna?

MS. COLVIN: I know I said I wouldn't ask questions about math formulas, and I think I'm not. I think I'm asking a question about timing and how it can be applied in a semester before the end of the academic year. Because you need the full number of hours for the academic year to do the calculation.

MR. ANDRADE: Yes, it would be on the projected -- if you're doing it in the beginning, it's on the projected number of hours and across the year. And so if the student takes less than the projection, you would

do a, a reduction for the second disbursement of the loan amount, if that differs, yeah. But conceptually it's different than how things are done in Pell where you look at statuses per term, for example, this is looking at it over the entire academic year. And so it doesn't jump up and down like that.

MS. COLVIN: But just to follow, so a student enrolled full-time in the fall, six hours in the spring, they intend to enroll for six hours in the summer. How are you prorating in the spring? And do we really --?

MS. ABERNATHY: So, this is how -- if I were at the school, this is how I would have done it. Before I dispersed that second disbursement. I'm checking their enrollment in their six hours. They're not going to get that full-time six. They're not going to get that full-time 12 hours. They're only going to get six hours of their loan proceeds. If they choose to ask for money for this summer, they could get up to that additional six hours of loan funds. But if I'm at the school and I've awarded based on an intent to enroll and I've done 12 hours and I see 12 hours, or they come in in the fall and they take six, I'm reducing both fall and spring right there, going down to six. You can always increase it. This will cause -- I mean, let's be honest, it's going to

cause schools to look at things a little differently because you're used to building your award packages on intent to enroll. So you package the full amount that they can receive. You look at your enrollment and your, you know, all of the checks and balances that you're required to look at every time you disburse funds to a student, there's a whole series of things you must do, and you see that that is less than 12 hours, you're going to adjust that disbursement down right away. That way, you're already protected because they can get more. If they come in and they say, oh, I'm only going to be nine hours in the spring, and then I end up taking 15 and that -- and it balances out. And so you look at it from that perspective, you're going to have to look at enrollment, actual enrollment when they are getting that subsequent disbursement, if they are less than full-time. You're going to have to look at things.

MS. WEISMAN: Tamar?

MS. HOFFMAN: Thank you. To the Department's good point about how different schools have different loads that count as full-time, different structures, I'm wondering if you can clarify for us how this formula will apply in cases where students transfer between programs in the course of the same academic year?

MS. ABERNATHY: Well, that would be up

to the school to look at it, because it's not about a program. It's about hours of enrollment for the whole academic year.

MR. ANDRADE: But to your point, you're looking at the entire academic year. So if you weren't there in the fall, but only there in the spring, you're going to look at it over the entire academic year because of the -- the loan amount is for the -- is the loan amount of an -- of that academic year. Yeah.

MS. HOFFMAN: Sorry. So just to clarify. So let's say a student is enrolled in school A and they're actually taking over the limit for full-time. So instead of taking 12 hours, they're taking 16 hours. They then transfer schools. And because they're transferring, you know, they decide to take a slightly smaller load. But over the course of both, you know, you could see how it could average to be full-time, but across institutions and requirements. How does that --?

MS. ABERNATHY: I don't see that happening, because if they're going at the second school and they're taking a lesser course load, you're going to build that loan package on a lesser course load, not more. So they're only going to get up to -- so for instance, they're taking six hours instead of full-time.

MR. ANDRADE: (inaudible) schools.

MR. LALLO: Yeah, you transfer.

MS. ABERNATHY: Well, I mean if they transfer schools, you're -- you will have looked at that --

MR. ANDRADE: The remaining loan.

MS. ABERNATHY: Right. The remaining loan eligibility from the school that they're transferred from. So whatever loan they received, just like you do now when they transfer, you make sure that they didn't get more money than what they were supposed to get. So when you're getting ready to build that package, you're going to look to see what they had already received. And if they received the, you know, exactly one half of what an annual loan limit would be, the most you would be able to give them if they were full-time is half that loan anyway. It's no different than what you already do. The financial aid management systems that schools use on their campuses do this already, like this stuff is already done. What we're doing here is imposing an additional annual loan limit based on full-time study. So we all know, we don't want to say this out loud, but we do know that there are some students that immediately come in, they get the maximum loan money. The minute those funds hit their account, they either withdraw or they wait until after, you know, the census date. They

keep that money and they're done. They don't attend the classes. So I believe the way this bill has been structured is to have accountability all across the board to prevent students from getting excess loan debt when they're not trying to complete a course -- their program of study. This is encouraging these students to -- these students and these borrowers to fulfill their coursework, to get their credential, get their degree, get their certification. And so this is another way to put a layer of accountability on students to make sure they are earning the funds. And if you think of a credit or clock-hour school where they get -- they're considered full-time, they get their full-time money. They don't get another disbursement until they've completed all of that coursework and then they get another disbursement. So it's kind of like we're holding an accountability measure to make sure that students are not overborrowing and not fulfilling their degree.

MR. ANDRADE: I -- to your point, I think there's probably a couple of issues with regard to transfers. We do have some very robust policies around that. Let us take back and just overlay some scenarios on the transfers to see if there's anything quirky that comes up as a result of this. Okay. Thanks.

MS. WEISMAN: Alex Holt?

MR. HOLT: (inaudible) so I don't know if this is going to call the bat signal, but the Department already pro rates Pell Grants, and I guess I'm just wondering, like, is this really any different? How would this differ from Pell Grants?

MR. ANDRADE: Yeah, it's significantly different than, than Pell Grants. And that's coming from someone who sort of cut his teeth on the Pell Grant program. So first of all, the award level changes based on where you are in your program. Pell is sort of the same award across the board. The other part is you look at Pell, you know, by payment period. You don't --, this is an adjustment in the annual loan amount. So it goes up and down. So that's another significant difference. Because you're not - because in Pell, you're actually adjusting the award based on enrollment status. You're not adjusting sort of the cap for the year on that. So, it is -- it's different and -- but the big difference is on the -- you're not doing a -- it's not really a proration by term because we have a concept and we deliberately did not get into using the term proration because there's a concept of proration for the loan programs, which happens after sort of this stage in the process, which is you make an adjustment based on the length of the program vis a vis the academic year. And so

there is -- so if you have a program that's shorter than an academic year, you make an adjustment at the end of the process to the or. So, this is a -- this is one based on the number of credits a student is taking relative to the number of credits required for the academic year.

MR. HOLT: And so part of this -- maybe I'm just going to confuse myself even more, but it seems like part of the -- statutorily they're talking about an annual loan limit. And so you have to calculate it annually as opposed to per term. Okay.

MR. ANDRADE: So right now, without this, you have the potential of a student can go part of the -- yeah, can go part of the year and still get a full award if they have the costs.

MS. WEISMAN: Faisal, then Jenna, and then Scott.

MR. SULMAN: This is probably just a scenario for you guys to take back most likely. So I'm thinking -- so, for example, you have an out-of-state student, you know, and -- so you have an out-of-state student that does not have the ability to take classes over the summer like in -- on -- in -- at the campus, so they have the full intention of taking 12 hours during the spring and the fall, right? Say, for example, they -- I don't know, finish up the spring semester and they have

an extended circumstance, maybe a third of the way through after the drop period has already passed, they have to drop a class. So they are now from 12 hours to 9.

MS. ABERNATHY: And you said on the spring semester?

MR. SULMAN: Yeah.

MS. ABERNATHY: After they've completed the fall?

MR. SULMAN: After they completed the fall.

MS. ABERNATHY: And the fall was, what, full-time 12?

MR. SULMAN: Full-time 12, yes.

MS. ABERNATHY: Okay.

MR. SULMAN: So you went from full 12 to full 12 and then 9. How would the formula factor in something like that?

MR. ANDRADE: So they drop down in status after they received their disbursement?

MR. SULMAN: They drop down in status after they received their second disbursement, but they didn't drop it just for the sake of dropping it, they dropped it because of, you know.

MR. ANDRADE: The fact is they dropped it, yeah.

MS. ABERNATHY: That's subject to an annual loan limit.

MR. LALLO: There's no language in the statute built in to create carve-outs for withdrawals for specific purposes. It's just based entirely on credit hours.

MS. ABERNATHY: So -- and this is where a school is going to have to look at their policies, their practices, and their procedures around second disbursements and making sure that this annual loan limit requirement is reviewed so that you stay in line with the regulations.

MR. SULMAN: But does not necessarily shift -- I mean, it's not the fault of the institution in that case, though, wouldn't it? It wouldn't -- wouldn't it be the fault of the --?

MS. ABERNATHY: Isn't it always the institution that confirms eligibility for those loans upon disbursement? This is a requirement. It's always an institutional -- an institution's responsibility when they are disbursing funds. So, for instance, if you want to disperse those funds and that student was not six hours and you gave that student money, that would be an inadvertent payment on the burden of the school. We're not saying you've given an inadvertent overpayment or an

inadvertent payment, but it is your responsibility prior to you dispersing those funds to make sure and to make sure that this particular provision may cause you to have to look at your practices on your campus to make sure that you're in line with the statutory requirements.

MR. ANDRADE: I mean, that's not a new concept. I mean, you have students who drop, say, less than half-time. You have students who drop out completely. So there's -- you know, that -- this doesn't add anything new to that.

MS. ABERNATHY: Who was the person that asked us to take something back? I'm sorry, I cannot even remember the transfer. Tamar, would you please just email negregfacilitator@ed.gov so that we have a record of your request? Just -- and all you really need to say is transfer students and how is that going to work for schedule of reductions for transfer students. And that way we'll have a record of it. And then we can, you know, do our little huddle and come back with some answers.

MS. HOFFMAN: (inaudible)

MS. WEISMAN: Jenna?

MS. COLVIN: I believe there's a proposal submitted to measure at the point of disbursement. Yep.

MS. ABERNATHY: When was that?

MS. COLVIN: Ten minutes ago.

MS. ABERNATHY: Well, good thing, because I didn't have it, and I was getting a little worried.

MS. COLVIN: And I think there's a --

MS. ABERNATHY: We'll have to look at that.

MS. COLVIN: Of course. I'm just flagging it.

MS. ABERNATHY: Yep.

MS. COLVIN: And then the question, there's a follow or subsequent question about whether the -- about the return of funds, if they were dispersed at a time when the student was eligible, but then they dropped.

MS. ABERNATHY: Go ahead and submit that one as well, and we'll do that in the same huddle.

MS. WEISMAN: Scott?

MR. KEMP: Well, and I think it's somewhat related to Jenna's, but in the scenario -- you took, you took down the chart. But I think I remember it. So if full-time status is 24 credits; 12 credits in the fall, 12 credits in the spring, the student does the 12 credits in the fall. They get the full amount for that. So the \$10,250, you know, for that loan limit. They come

back in January, they've had, you know, a medical issue and they can only go six credits. So based on the formula that you put up there, they're now for the whole year, they're now 18 credits, and thus would be only eligible for 75% of the \$20,500. For the annual loan limit. Okay. So -- okay, let me back up a bit. If they came in and did nine credits in the fall, nine credits in the spring, by the formula, they'd be at 18 credits, 75%, and you'd only, you'd only award 75% of the loan limit in the fall, 75% in the spring. Okay. If they start full-time for some reason not planned, they have to do half-time in the spring. I guess my question is, are you just essentially going to only offer -- like, are you going to claw back the loan money that they've already gotten from the fall to make up for now they should have only gotten 75% in the fall, 75% in the spring. Because you're basing this based on the whole year, but you're asking amounts to be awarded before the second half of the year happens.

MS. ABERNATHY: I'm a little confused. I need you to restate your scenario for me because as I heard you say, they enrolled nine hours and they weren't full-time.

MR. KEMP: Okay, so --

MS. ABERNATHY: So they're full-time fall, spring.

MR. KEMP: If under the formula, if they intended and it was on their -- in their path that they could only do -- full-time is 12, they could only do nine in the fall, nine in the spring, by the formula, they would only get 75% of the loan limit, and half of the 75% would be awarded in the fall, half in the spring. Clear cut. If their intent is to do 12 credits in the fall, 12 credits in the spring, 100%, but they come back in January, they can only do six.

MS. ABERNATHY: Okay.

MR. KEMP: For whatever reason. By the math of -- by the whole year math calculation, you've now awarded them too much in the fall of money that they've already received.

MS. ABERNATHY: No, you have not, because you're only -- so I don't know how you all award things, but when, when we're at a school, they're not going to get more for taking more credit hours in the fall, right? They're still going to get that half annual disbursement at the, at the full-time status. Right? They get that half. They come back and they're nine hours. So that is they're going to get -- they're not getting a full-time award, they're going to get the three-quarter time award for that spring semester.

MR. KEMP: Right. But what, but what -

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MS. ABERNATHY: How would (inaudible)

MR. KEMP: What I'm now suggesting is based on if 24 credits is considered full-time based on an annual year calculation, and they only do 18 because they do less in the fall. In theory, the amount that they borrowed in the fall should have been reduced to 75%.

MS. ABERNATHY: No, it should not.

MR. KEMP: Okay.

MS. ABERNATHY: This is an annual loan limit.

MR. KEMP: Is anybody else following me?

MS. ABERNATHY: If you are in -- so look at it in terms of total hours, right. The second disbursement would be reduced and that would -- wait a minute -- that would take care of -- so if they were 12 hours, it's no different than if that student had dropped down to half-time. He enrolled in half-time status before the loan funds were reduced. You weren't going to go back and take his fall award away, would you? No, because he's eligible for half of that already. He was full-time. So he's eligible for that. Now you're going to go to the spring semester. So it is an annual award limit. You're going to look at what they did for the fall. So an

instance like this, maybe they took 15 hours in the fall. They're still only going to half the disbursement that they're supposed to get if they were full-time and full-time. Right? We're not giving them three more credit hours more in the fall. So then we would look -- that 15 hours, you're only required to do the 12. You got the three extra for the spring. So you take nine, but you got the three extras from the Fall. So now you're full-time.

MR. KEMP: I think I need to write up the scenario. Unless you can explain it better from a practical standpoint of how the financial aid office works.

MS. ABERNATHY: But you would look at this -- so --

MR. KEMP: (inaudible)

MS. ABERNATHY: (inaudible) financial aid, how my financial aid office worked ten years ago, but it still pretty much works the same way, is when I'm looking at awarding a loan. I do it based on intent. I check enrollment, they are at least full-time. They're going to get that half award like they're supposed to. I haven't prorated their loan to give them more based on the hours that they have taken in the fall. I have given them half of their scheduled award because that is what they -- that is what our practices and our office

(inaudible) exactly what we are going to do. And, you know, there are disbursement rules around what they can get. You have to make sure that there's, you know, equal disbursement and things like that. So you get half the award of the annual award.

MR. KEMP: Right.

MS. ABERNATHY: You come in spring if they are not enrolled full-time, then you look at that, and at that time, you say, okay, how many hours did they take in the fall? They took 15. That's three over our normal, so we're taking 24 times -- minus 15. The remainder of that is the -- how you would look at the formula and figure in the number of hours they took versus the number of hours that's considered to be full-time basically. That gives you the percentage, you times it by 100. That's -- I mean that gives you the factor. You times it by 100, you get the percentage, then you see how much are they allowed to get in the spring to keep. And you either reduce it, or if they're okay, then you know they're okay.

MR. KEMP: But no clawback on it. So -

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MS. ABERNATHY: You haven't given them the money yet. So why would there be a clawback?

MR. KEMP: Okay. So let's say they

did, you know, did the full 12 credits in the fall and they only come back and do three and don't qualify for any. Well, now they're a part-time student or by the whole year they're at the 50%. Am I --? No?

MR. HOLT: It might be worth just submitting.

MR. KEMP: Just writing it. Okay. I'll submit.

MR. ANDRADE: Yeah. So, conceptually what you're, what you're doing is you have the annual loan, you make it scheduled. If the student status changes, you make an adjustment in the annual loan amount, and then you adjust the second disbursement to conform to the new annual loan amount.

MR. KEMP: Okay. So, whatever would have been reduced -- like, again, in the scenario, nine credits in the fall, nine in the spring, whatever the 75% in the fall, they got that 25% for the half. So now in the spring, that 25%, you have to take back the amount they're eligible for the spring because they're now half-time -- or the loan, the eligibility, the amount that they can borrow.

MS. ABERNATHY: Reducing --

MR. KEMP: The amount that they can borrow.

MS. ABERNATHY: You're reducing their -- based on the annual loan limit.

MR. KEMP: Right. Okay. Let me -- yeah, I'll try to put together a scenario.

MR. ANDRADE: Yeah. And that's why this is different than, than Pell. Because you're adjusting that annual limit. You're not -- it's not an adjustment in the award. You're adjusting the annual limit downward. And then you're conforming the second disbursement to that revised limit.

MS. WEISMAN: Jenna?

MS. COLVIN: I'm going to try. I think that my example is actually going to flip the scenario where you're half-time in the fall and you're full-time in the spring. Does that mean you only get 75% in the spring while you're attending full-time?

MS. ABERNATHY: In this case, if you built your award package based on intent to enroll, right, so you saw the six hours, you built the award package on six and six, they come in and they take nine, you would actually look at probably giving them their three hours more as a 75% -- as being a three-quarter time student in spring. And then if they came back in the summer and did the rest of it would be 100%. So if you're building your award package based on intent to enroll

like everyone does for loans, and you build it on six, you're going to bring -- more than likely, you build the second semester on six as well. You don't -- you know, if the student comes back and tells you I'm taking nine, then you would look at that. You would do the calculation to make sure that that student received 75% of that award for that semester, because they're not certainly going to be over because they were only six hours in the fall anyway.

MS. COLVIN: (inaudible) take 12.

MS. WEISMAN: Jenna, can you use your microphone?

MS. COLVIN: Sorry, but if they take 12 so that they're full-time, are they getting 75% because their annual number is 75% of full-time?

MS. ABERNATHY: If at the end of the two terms, they are less than full-time, they would get whatever that formula percentage was. So I don't know if it's 75% or whatever, 62%, whatever that formula percentage gives you, that percentage of money that they're allowed to retain, right, if they're not allowed to get 100% and they're not full-time, so they can't, you got to figure it out. You've got to reduce their award. If they've already received 12 hours of full-time half a semester award, then you're going to have to look at it.

If you've only given them six hours of money -- okay, so you know that they were eligible. Theoretically, if they had taken full-time, they would have been eligible for the full half of an annual loan limit if they had all other eligibility criteria met. So that's what they would have received already.

MS. COLVIN: But if it's not being done on a semester basis, when they show up, and they only take six. You're supposed to only give them six, right?

MS. ABERNATHY: Well, that's what I would have done on an award at a school.

MS. COLVIN: Okay.

MS. ABERNATHY: I mean, I can't speak for what every school does with that. But and then, of course, you know, you're looking at undergraduate versus, you know -- and so you at the school level have to figure out for those programs, here's what full-time is for undergraduate. Here's what full-time is for master's. Here's what's full-time. You know, I guess now there's master's and professional. But you know what I mean. You've got to figure out -- it's the institution's practice already in place and fitting this in one more annual loan limit so that you adjust accordingly.

MS. COLVIN: Okay. If we don't

understand that, we'll submit a question on it. My follow -- unrelated, is there a schedule or formula for non-standard semesters?

MS. ABERNATHY: We do have a little chart on that, do we not, Michael?

MR. ANDRADE: Nonstandard terms.

MS. ABERNATHY: Do we have a chart on the nonstandard? Hold that thought while we're thinking. I'm trying to pull my cobwebs out. It's been a minute since I looked at it. Yeah, Michael, there is one on the chart. If we could pull that chart up for the -- okay, they're working on it. Stay tuned. Can you go up so I can see the title of this one? Okay. Perfect. Thank you. Jenna, here's the chart. They're going to pull it down. We're going to read the top part of that. Okay. Want me to read it? Programs offered in nonstandard terms. An annual award schedule of reductions. Graduate equals 40 quarter hours, full-time per academic year. For programs offered in nonstandard terms, full-time enrollment for programs offered in nonstandard terms is defined by multiplying the number of weeks in each term by the number of credit hours in an academic year, then dividing by the number of weeks in an academic year. The full-time enrollment number is then used as the denominator for determining enrollment status. For example, an

institution has a program that consists of four eight-week terms and defines the academic year as 40 quarter hours and 32 weeks of instructional time. The institution determines that full-time enrollment is ten credit hours per term, eight weeks per term times 48 weeks per term, times 40 credit hours, divided by 32 weeks of instruction. And then you get the chart that is based on the chart of the enrollment status relative to ten credit hours per term.

MS. COLVIN: Thank you. I'm not going to ask -- share a hypothetical for one of the institutions in my state that is not in my system but operates on a five-quarter system. I'm going to leave that one alone.

MS. ABERNATHY: Thank you, Jenna, we really appreciate that.

MS. COLVIN: Yep.

MR. ANDRADE: Also, it all rolls up to 100%. So, I mean, we just gotta -- we just go --

MS. COLVIN: (inaudible). I'm just kidding.

MS. ABERNATHY: Jenna, don't say those things to us, please.

MS. COLVIN: Sorry. It's a long-standing joke for Georgians. So if a student is

registered for full-time intent, you're anticipating full-time status, they show up, they are intending to complete the semester, the second semester. You disperse. They leave. What is the status of return to funds? And is that one you said you'd take back, or is --?

MS. ABERNATHY: It is.

MS. COLVIN: Okay. Thank you.

MS. WEISMAN: Alex Holt, who's waited very patiently. Thank you.

MR. HOLT: It's been riveting. So there are two loan limits, things going on from the OBBB Bill. So one is that schools can sort of unilaterally reduce their loan limits. And then this is a formula. And I'm wondering if they interact?

MS. ABERNATHY: No. For -- well, for a program, right, so any student in a program so they're not just going to like --

MR. HOLT: Yeah, I get it.

MS. ABERNATHY: (inaudible) a program. Okay. Well, that program's full-time status would be what it is.

MR. HOLT: Yep.

MS. ABERNATHY: And they would have to use the annual loan limit to apply to that program.

MR. HOLT: Okay. So, --

MS. ABERNATHY: If they've already -- so basically what they've done is they've already reduced that loan money based on that program because that's what they -- that's what they're allowed to do.

MR. HOLT: So my -- so if they reduce it from -- let's use graduate. So if they reduce it from \$20,500 to \$10,000, then is the percent -- is the denominator basically -- or the numerator, I don't remember, is it based on \$10,000 now?

MR. ANDRADE: The reduced loan limit is the reduced loan limit. And then this is an adjustment to whatever that loan limit is.

MR. HOLT: Right.

MR. ANDRADE: So if you have an institution that has a loan limit of \$10,000 for that particular program, and the student goes half-time, student gets 50% of that award.

MR. HOLT: Okay.

MR. ANDRADE: So it's -- again, it's always an adjustment to the loan limit.

MR. HOLT: Got it.

MS. WEISMAN: I see no other cards. It is 2:35. Would you be interested in a break?

MS. ABERNATHY: We would. Thank you.

MS. WEISMAN: We'll come back at 2:45.

Thank you. Welcome back from break, everyone. We have no cards up, so I'm going to turn it over to Eric Hardy from the Department.

MR. HARDY: (inaudible). Okay. Linnea, you can go ahead and pull up those charts whenever it's convenient. Hey, there. So when we were doing our initial analysis of OB3, we put together borrower eligibility charts just to kind of get us started as we were developing our system requirements, our potential system requirements. You know, we weren't trying to predict what's going to happen out of neg reg. So just want to make that clear. We started looking at potential requirements. So I'm going to share these charts with you guys. And hopefully, this will help kind of start to sink in what borrower eligibility -- borrower and loan eligibility is potentially going to look like. I personally think this is probably the second most difficult concept within the OB3, loan portion of OB3. This and the principal matching kind of start to my head a little bit. So that said, we're going to go ahead and jump in. So we have five charts. These are not designed -- these are designed to be point in time. So we're not looking at borrower had this set of loans and takes out a new loan. What does that mean? No, it's -- we're only looking at what was borrower's state at any given time.

So we're not going to look at triggers and things like that. So the first example, and let me just explain real quick. When you see any column with two letters, that indicates it's two loans. Maybe three loans. So if you look just quickly at the second row, you can see the one, the four columns on the right have, have YY or NY. So the blue between each of those columns is the same loan. And the Y across each of those columns is the same loan in those instances. That's why they're blue versus purple. So yeah, so this is a borrower, this is a borrower that only has FFEL loans. So the first columns on the left are kind of setting up the scenario. So the idea is, does this borrower have an accepted Parent PLUS Loan? So first column, that is -- or I'm sorry, first row, that is all this borrower has. They have an accepted Parent PLUS Loan. So this particular borrower would only be eligible for the current or legacy traditional plans. Haven't quite landed on the right word there yet. So -- and then of course, the -- you know, it's an accepted loan, so it's not eligible for IBR new standard, which is actually going to be called Tiered Standard, or for RAP. Second, second row. This borrower has an accepted Parent PLUS Loan and then also has a sub and unsub loan. Again, we're only talking FFEL Loans. So this borrower, both of those loans would be ineligible for all of the various legacy

plans. The, the accepted loan obviously would not be eligible for IBR for Tiered Standard or for RAP. However, that sub or unsub loan would be eligible for IBR, Tiered Standard, and for RAP. So it starts to -- now you can start to see the patterns repeating here. Next column. This borrower is -- only has a consolidated Parent PLUS Loan. So they -- again, an accepted loan. The only plans that this borrower is eligible for are all of the traditional plans. So this borrower is not eligible for IBR, Tiered Standard, or for RAP. Next column, you can see -- or I'm sorry, row. I keep saying that. It's another consolidated Parent PLUS Loan, another accepted loan. But now this borrower has also sub and unsub. Not very different than what happened if it was a non -- a regular Parent PLUS Loan that had not been consolidated. So again, you can see both of those loans would be eligible for the traditional plans. But only the sub and unsub would be eligible for IBR. And then of course none of the -- these are all FFEL Loans, and so none of the loans would be eligible for Tiered Standard or for RAP. I can keep going through this, but I think you're starting to see. We're just kind of looking at these various scenarios and really once you start just grouping the combination of accepted loans with non-accepted loans is where you start getting the differences there. And it

gets more fun when we get to factor in pre and post July 2026 loans. Alright, let's take a look at the next chart, please.

MS. WEISMAN: Eric, before we move on, we have a question from Faisal. I'm sorry, Tamar first.

MR. SULMAN: First, just two questions. One -- well, comment first. I know we haven't really touched or really spoken on student veterans/related issues on that, but how would, I guess, like, non-degree programs or certification programs fit into this schema?

MR. HARDY: I'm sorry I missed the --

MR. SULMAN: Non-degree programs or non-certification. Yeah, non-degree programs and certifications fit?

MR. HARDY: Non-degree programs.

MS. ABERNATHY: Non-degree.

MR. SULMAN: And second question would be, how would, I guess, military personnel who are limited in their ability to take a full course load because they're called on active duty or reserves?

MR. HARDY: Yeah, I don't think any of those factors come into play in determining plan eligibility. Of course, they come into play for loan eligibility, but for plan -- for which plan those loans,

once the borrower has them, they don't really come into play.

MS. WEISMAN: Tamar?

MS. HOFFMAN: Thank you. And thank you, Eric, for taking the time to walk us through this. I really appreciate it. I just wanted to make sure that I'm understanding something quickly. So you're saying that consolidated FFEL Parent PLUS Loans -- so not Direct Consolidated Parent -- just FFEL Consolidated Parent PLUS is not eligible for IBR even if it's consolidated prior to 2026? That's -- am I understanding that correctly?

MS. ABERNATHY: That's not what you're saying. You're not talking about consolidation.

MR. HARDY: No, I think that she's right. I think there might be a typo. If you look on the, the third row, we have the consolidated Parent PLUS only, we're saying that loan is not eligible for IBR. And once we change the, the requirements for PFH, they will be eligible for IBR.

MS. ABERNATHY: Right.

MR. HARDY: So yep, that's a good flag. There is a typo on the chart. So, thank you.

MS. ABERNATHY: I just thought she was saying don't (inaudible) Direct Loan.

MR. HARDY: Just regular consolidated

IBR.

MS. ABERNATHY: Yeah.

MR. HARDY: Alright. Thanks, Linnea. Whenever -- alright. So this borrower only has Direct Loans, and all the loans are pre-July 1, 2026. So again, you can see starting on the left we're looking at Parent PLUS Loan. We're looking at a Consolidated Parent PLUS Loan. And we are looking at whether or not the borrower has a Direct Loan. Again, all of these loans are before July 1, 2026. So that Parent PLUS Loan that has not been consolidated, the only plan that's eligible -- only plans that that loan is eligible for are the traditional or legacy plans. So that'd be, you know, ten-year standard, extended graduated, all those fun ones. Second row borrower has a Parent PLUS and then also has a Direct Loan that predates July 1, 2026. Let's just say it's an unsub. So both of those loans would be eligible for the legacy or traditional plans. The Parent PLUS Loan would not be eligible for IBR, but the sub and unsub would be eligible for IBR. Neither loan is eligible for Tiered Standard. So in order to qualify for Tiered Standard, you have to have at least one loan disbursed after July 1, 2026. And only the sub and unsub loans would be eligible for RAP. Linnea, can you scroll down just a little bit so we can see the number two? So just wanted to make this

note here that if RAP is the selected plan, then all of the eligible loans for RAP have to also be on RAP. So we can see on number two or on row number two, the, the Parent PLUS Loan is not an eligible loan. So that's why we're saying that Parent Plus is no. But we also would just want to make sure that we're noting on the why that the -- that if the borrower had other loans, they would all have to be under RAP, if the sub or unsub is under RAP. That become -- it comes becomes more important when we start looking at more convoluted scenarios. Yeah, I'm not sure that -- I don't think we're necessarily going to -- I don't know that we're going to get into every convoluted scenario, but it's -- hopefully we're not getting the convoluted scenario. Imagine writing business requirements off of all of this, so.

MS. ABERNATHY: (inaudible) we call the Bat signal.

MR. HARDY: So third row, this borrower only has a Consolidated Parent PLUS Loan. Thank goodness there's not a typo on this one. So this Consolidated Parent PLUS Loan, of course, will be eligible for the traditional plans, will also be eligible for IBR. Would not be eligible for Tiered Standard because they don't have one of those loans after July 1, 2026, and Consolidated Parent Plus loans are not eligible

for RAP. Fourth row, Consolidated Parent Plus and an unsub. This is not going to look much different than the second row, right? Both the Consolidated Parent Plus and the regular Parent Plus are both accepted loans. So as we move across, you can easily see the traditional plans plus IBR for that loan. And then, of course, we're making our note that in order to access IBR that consolidated Parent PLUS first has to have access to ICR. Let's go ahead and jump down to the second to last row. So this is a fun borrower that has all three of these loan types. So we can see they have an Unconsolidated Parent PLUS, a Consolidated Parent PLUS, and a sub or unsub. Looking across here, obviously, all of these loans would be eligible for the traditional plans because they were disbursed before July 1, 2026. The Parent Plus loan itself would not be eligible for IBR, but the Consolidated Parent Plus, as well as the sub and unsub, would be eligible for IBR. None of these loans would be eligible for Tiered Standard again, because they're all before July 1, 2026. And looking at the last column, only the sub or unsub loan would be eligible for RAP. So hopefully this starts to kind of gel how we're looking at eligibility. And I promise you, it took about ten of us putting our heads together to come up with these charts. It was not a small task. Should I pause for any questions

before we move on?

MS. WEISMAN: Tamar?

MS. HOFFMAN: Thank you. I would just like to confirm, so if somebody has a FFEL Loan, like, you know, from the, the old days, and then they take out a new Parent PLUS Loan, for example, post 2026, that their old FFEL Loan could still be an IBR, even if the Parent PLUS Loan is not eligible.

MR. HARDY: They can be, yes.

MS. HOFFMAN: Okay.

MR. HARDY: Alright. Can you scroll us to the next chart? So we're going to keep building here. So now we're looking at borrower has DL only. But now all the loans are first disbursed on or after July 1, 2026. Again, you're going to start to see like the usual patterns start to come here. Except for now, we're going to bring RAP and Tiered Standard -- or Tiered Standard will definitely be in the mix. And of course, now RAP as well. So again, Parent PLUS, row number one is an Unconsolidated Parent PLUS, just a regular Parent PLUS dispersed on or after July 1, 2026. So it is not going to be eligible for any of the traditional plans. It's a Parent PLUS Loan, so it's not eligible for IBR. It's first disbursed on or after July 1, 2026. So it is -- does have access to Tiered Standard. And of course, it

does not have access to RAP. Second one, now we're looking at an unconsolidated or a regular Parent PLUS, along with sub or unsub that was first disbursed after July 1, 2026. Again, none of them are going to be, are going to be eligible for the legacy plans or for IBR. Both of them will be eligible for Tiered Standard, and only the sub or unsub would be eligible for RAP. Pretty straightforward. And so we'll start to see the third row, right. This is just a Consolidated Parent PLUS, which is also an accepted loan. So same eligibility as a regular Parent PLUS. They really only have access to Tiered Standard. The next row, Consolidated Parent PLUS with a sub or unsub. Again, none of these loans have access to the, to the traditional plans. Both of these would have access to the Tiered Standard. And again, only the sub or unsub would have access to RAP. And then let's look at the second to last column where this borrower has all three. I think these are really kind of the ones that drive -- really drive home what that eligibility really looks like. Again, none of these loans would be eligible for the legacy plans or for IDR since they're all disbursed on or after July 1, 2026. All of the loans would be eligible for Tiered Standard. And again, now we have to note here that if a borrower does elect to pay under Tiered Standard, that all the eligible loans have

to be paid under Tiered Standard. Let me say that a little differently. If the borrower elects to pay a sub or unsub under Tiered Standard, then all of the eligible loans have to also be paid under Tiered Standard. Obviously, the, the PLUS nor the Consolidated Parent PLUS would have access. I'm sorry. They would have access. I was thinking RAP. I got one column ahead of myself. So, yeah, certainly they're on RAP. They would not have access to the RAP Plan, but the PLUS Loan or, I'm sorry, the sub or unsub would. Again, kind of straightforward since we're only looking at borrower with loans on or after July 1, 2026. So let's take a look at a little more complicated scenario. And there's only five of these charts. So we're halfway through. And if you want to know the tiers that several of us have went through, putting this together, the first time I sat down and one of my colleagues walked me through it, we had planned 30 minutes just to do a quick breeze through. Yeah, it was 2.5 hours. Alright. So definitely much more complicated scenarios. Here, again, we're only looking at a borrower with DL. We didn't need to throw in FFEL here. However, this time, the borrower has a mix of both pre-July 1, 2026 loans and post-July 1, 2026 loans. Or on or after July 1, 2026, rather. So in the first two columns, right, we're indicating that this borrower has a Parent PLUS

Loan that is before July 1, 2026. Then, if we move -- and that's the purpose of having the pre in the second column. And then if we move to the -- I'd call that orange, maybe, we're looking at a sub or unsub. That is on or after July 1, 2026. So again, we're looking at a mix here. The Parent PLUS is before, the sub or unsub is after. Right. So these are -- and just a reminder that these are Direct Loans. So here, we're looking at whether or not the, the loan is eligible for current traditional -- or the -- any of the legacy plans or the traditional plans, rather. The answer there is no. Right? Does that make sense? On IBR, the answer here is going to be no, right? Parent PLUS Loans do not qualify for IBR borrower has the sub or on subs after July 1, 2026, so that's a no. Tiered Standard, both of these loans are going to be eligible for Tiered Standard, right? The Parent PLUS Loan itself would be eligible for Tiered -- would not be eligible for Tiered Standard except for the borrower has that sub or unsub disbursed on or after July 1, 2026. So that brings the Parent PLUS Loan only into Tiered Standard. It was a trick question when I asked you if it made sense on the legacy traditional plans. Right? Because this is really where it starts to get different, where that Parent PLUS Loan, if the borrower had not received a new DL on or after July 1, 2026, the Parent

PLUS Loan would have been eligible for the traditional plans. But because the borrower got that new loan, that old loan no longer is eligible. And then of course, the newer loans are also eligible for RAP. The Parent PLUS Loan is not eligible for RAP. So, second line, now we're looking at a Parent PLUS delivered or disbursed on or after July 1, 2026. This time, the sub or unsub is before July 1, 2026. So if we look at the legacy plans, anytime there's a loan disbursed on or after July 1, 2026, we start to lose access to those legacy plans. It is an Unconsolidated Parent PLUS, so it's not eligible for IBR. The pre-July 1, 2026 loans are not eligible for IBR. So looking at the next column, right, so now we're talking Tiered Standard. So both of the -- both of the loans will be eligible for Tiered Standard, right? They got that -- even though the, the sub or unsub is disbursed before July 1, 2026, that disbursement on the consol qualifies them into the Tiered Standard plan. And then of course, RAP and -- we would only have the sub or unsub and RAP, and not the Parent PLUS. Let's take a look at the third column. Right, third column is likely not going to be very different than the column above, maybe. So we're looking at a Parent PLUS Loan disbursed on or before July 1, 2026. And now we're looking at a consolidated Parent PLUS Loan disbursed after July 1, 2026. And now we're

also looking at a sub or unsub disbursed before July 1, 2026. So really, to just to wrap up here, right, this, this borrower, the only loan that's dispersed on or after July 1, 2026, is the accepted consolidation loan. So any disbursement on or after July 1, 2026 is going to eliminate the access to the, the legacy traditional plans. None of these loans are going to be eligible for IBR. All of the loans are going to be eligible for Tiered Standard. Only the sub or unsub is going to be eligible for RAP. I'm going to pause because I suspect there's a question there, right?

MS. WEISMAN: We have a couple questions. We have Alex Ricci and then Tamar.

MR. RICCI: Tamar can go first.

MR. HARDY: Can you scroll down to --?

MS. HOFFMAN: Thanks again for walking us through this. I just wanted to make sure that I'm understanding, just because there's a lot going on here. For the FFEL, so for the Consolidated Parent PLUS Loans, in this chart, there's no distinction between Direct Consolidated Parent PLUS and FFEL Consolidated Parent PLUS.

MR. HARDY: I'm sorry. This is -- I believe it was all DL only.

MS. HOFFMAN: Okay. So I just wanted

to confirm on the first chart, when I had asked, I think that you shared and let me know if there was a misunderstanding here, that FFEL Consolidated Parent PLUS is eligible for IBR. Correct?

MR. HARDY: Yes.

MS. HOFFMAN: Even though they could not first enroll in ICR.

MR. HARDY: They would have to have first enrolled in ICR. And --

MS. HOFFMAN: FFEL Loans can't enroll in ICR. Right?

MR. HARDY: Oh, that's true. That's why it was no. The chart was accurate to begin with.

MS. ABERNATHY: Good job, Eric.

MS. HOFFMAN: So, just to confirm. So people who have FFEL Consolidated Parent PLUS Loans are not going to have access to any kind of Income Driven Repayment --

MR. HARDY: It's just like --

MS. HOFFMAN: (inaudible)

MR. HARDY: It's just like today.

MS. HOFFMAN: Okay.

MS. ABERNATHY: There's no change to that. That's how it is now.

MR. HARDY: Yeah.

MS. WEISMAN: Alex Ricci?

MR. RICCI: This is really helpful.

This is what I was trying to do before negotiated rulemaking, and I couldn't come up with all these examples. So I just wanted to start by saying thank you. This is really helpful, I think, for all the negotiators to walk through these examples, so as we continue to try and build towards consensus and understand what precisely we're all talking about. Because I found it so helpful, I'm wondering, is this going to get posted online once it gets cleaned up? Because I know, like it's Tiered Standard, not new standard. What's the Department's thoughts and feelings on sharing this? I know it's a working document.

MS. ABERNATHY: I'm not sure that we would share this the exact way it looks right now because we, number one, we would have to get that vetted and these were more of operational discussions, but we could look to figuring out what would -- how we would present this information in a non -- in something that we had not already provided to our servicers for potential consideration after negotiation. So we can take that back. We'll definitely look at that. I think if we were to post this online that people would absolutely lose it because it's really complicated. But what we could do is

--

MR. RICCI: Servicers agree.

MR. LALLO: I also think that you guys have been in the room for four days now and so you have a sizable amount of background for going through this. To Tamy's point, if we just put this online and people haven't been, you know, digging through this or they're not, you know, very invested in like the minutia of the statute and regs, it's very easy to get lost and overwhelmed. And the last thing we want to do is confuse borrowers, members of the community. So we want to be careful of that front.

MS. ABERNATHY: We will look -- I'm sorry, Jeff, go ahead.

MR. ANDRADE: It doesn't come -- the charts don't come with Eric.

MS. ABERNATHY: Just Eric. No, but we can take that back and look to see if something like this is helpful. I would imagine as we get past negotiated rulemaking and we start looking at our NPMR and pushing that kind of information out, that we would definitely be able to do something of this nature around that so that there is clarity, but most likely not before we have published an official notice of proposed rulemaking.

MR. RICCI: That feels understandable.

Thank you.

MS. WEISMAN: Tamar?

MS. HOFFMAN: Thank you. Sorry, just to go back to the FFEL Consolidated Parent PLUS, just because this is actually -- I know this might sound like minutia, but this is an issue that we see all the time. So what if you have a borrower who's FFEL Parent PLUS double-consolidated and are currently enrolled in IBR? Because this is something that we do see. Is there a way to account for that?

MR. HARDY: We're not going to take away IBR. We're not going to take away IBR from those borrowers. But there will not be any new enrollment for double-consols into IBR. OB3 closes what we call the double-consolidation loophole.

MS. HOFFMAN: Okay. Thank you.

MS. WEISMAN: Alex Holt?

MR. HOLT: What if after we're done with this, you just start on page one and show it for 10 seconds on each page?

MS. ABERNATHY: No.

MR. HARDY: So let's stay on that same row. When the -- again, point out the footnotes on that third row here where we're seeing that we are giving the borrower access to Tiered Standard, that first footnote

of Tiered Standard is selected, all eligible loans have to be repaid under that same plan. Right? So this is the catch here, right? If they want one of their loans on Tiered Standard, all of the loans have to go on Tiered Standard. And then let's take a look at the second footnote. Linnea, can you scroll just -- I think there might be a little bit -- oh, yeah, there is a little bit more. If RAP is selected, all eligible loans must be on the same plan, and any accepted loans are paid separately under Tiered Standard. Pretty much the same thing we've been saying all along. Alright. So let's scroll back up to that third row, if you will, Linnea. Thank you very much. So now you can certainly see we are saying that all of the loans are eligible for Tiered Standard, and only the sub or unsubs are eligible for RAP, noted, noted by that yellow Y in the RAP column on the third row. So looking at the fourth row, right, we're looking now at a Parent PLUS Loan that's disbursed on or after July 1, 2026, a Consolidated Parent PLUS Loan, or even could be a double-consol that is disbursed after July 1, 2026. And now the sub or unsubs are before July 1, 2026, right? Got a loan disbursed after July 1, 2026. So that's the great, the great divide. So none of the loans are eligible for any of the legacy plans, nor are they eligible for IBR.

MS. ABERNATHY: Tiered Standard and

RAP.

MR. HARDY: Yep. So this borrower is limited now to Tiered Standard for all of their loans and RAP only for their sub and on sub. But remember, get into Tiered Standard on one of those accepted loans, now they have to be Tiered Standard on the sub and unsub. Alright? And I think, again, you can see that the scenarios really start to repeat themselves here when we're just looking at different mix of pre and post with the loan types. I'm happy to walk through each of these rows individually as we've gotten to these more -- and this really is the most complicated one we're going to have.

MS. WEISMAN: We have a question from Jenna.

MS. COLVIN: More a comment. I just wanted to thank you for what you've done and observe that I really like the tie and shirt with the red and white and blue on brand.

MR. HARDY: Yes, ma'am. You know, I knew what I was doing today.

MS. ABERNATHY: (inaudible) every day.

MR. HARDY: No. And I mean, and all frankness, there was an army of people behind me that came up with this. It was definitely not me. I was not the brain behind this. My, my very good friend Travis

Sturluson was, and he's amazing. He's my teammate. And between he and Ashley, I just couldn't be in better hands. So, would you guys like me to keep going through each of these rows, or should we just move on? I think we're really getting the concept. Yeah. It's just, you know, once you start seeing one accepted loan, it's really kind of the same. I'm sorry? (inaudible) Yeah. Exactly. Right? Alright. Let's go ahead and move down to the, the last chart. Thankfully, this one's a lot easier. So this is -- this borrower only has Parent PLUS and accepted loans. So this one's pretty straightforward because it's all accepted loans. The only plan -- only plans available to these borrowers are Tiered Standard. These are the last of my five charts. Or this is the last of my five charts.

MS. WEISMAN: I think everybody is relieved to see this chart, Eric. The cards are just flying up, as you can see.

MS. ABERNATHY: Y'all asked.

MR. HARDY: (inaudible)

MS. ABERNATHY: And now you know why I say, excuse me. Eric, could you come up here, please?

MR. HARDY: Yeah. This is definitely the deep end of the pool. No doubt.

MS. ABERNATHY: (inaudible) taking

pictures. Can you turn the screen off, please?

MR. HARDY: And we are going to build this into the decision tree within Studentaid.gov so borrowers are not going to have to try to figure out what they qualify for. We will look at all of the borrower's loan history, and we'll be able to, to let the borrower apply for the appropriate plan. We also -- and this is just a note, one of the other things that we're planning on doing again, once we know the complete outcome of neg reg, but in all likelihood, we are going to create one common repayment plan application instead of having a separate IDR application with the other plans. And what that will allow us to do is sort of what came up on the first or second day, where we want to make sure that we're informing borrowers that are PSLF borrowers not to go into Tiered Standard, since we'll have the entire repayment selection on a single form that will allow us to, to direct those borrowers direct -- directly. That's our current thinking.

MS. WEISMAN: Andy?

MR. VAUGHN: Eric, what will be the timeline for publishing on the Ed website, a similar chart to that, maybe an FAQ, and other documents? We were told earlier this week that the final regulation could be as late as late spring of next year. Do we have to wait

until that date? I ask because many of the graduate programs and professional programs, doctoral-level programs are already enrolling now for the fall of '26. I know of hundreds of students already in the pipeline to do so. And I'm afraid that the longer we wait to publish the final communication on everything that we're doing this week will greatly impact universities. And at a time when they really can't afford to miss enrollment by 20 or 30%. If students don't have a concrete idea of what their financial packages are as late as the spring, I think we're going to see one heck of a rough ride next fall for hundreds of universities.

MR. HARDY: Not to pass the buck, but I'm going to pass the buck. Certainly, I'm not going to publish anything on our website that the policy team sitting up here has not already signed off on. So in all likelihood, we're not going to put information on our website that has not been finalized through neg reg, or once we have a final rule. However, I don't know if you guys have noticed, we do have a page on studentaid.gov. If you scroll down to the bottom to the announcements section, you'll see we talk about OBBBA announcement. We have set up a page there that does have the relevant information that we can share. So right now we're only speaking to the items that we're self-enacting. So

specifically, the changes to IBR and then some of the changes to FAFSA. But as, as we can give updates to the borrowing community, they will be on that site. And unlike other times, we are trying to do our best to date tag when we add new information.

MS. WEISMAN: Jeff, did you have something to add?

MR. ANDRADE: Yeah. I just wanted to put this in context. I mean, Congress did give us a very accelerated time frame in terms of implementation. So we're going to pursue on that. But as we reach certain decision points, we will do our best to provide information out to the community as we move forward.

MS. WEISMAN: I see no other cards at this time.

MS. ABERNATHY: From your standpoint, is there anything you would like Eric to cover right now that will not blow your mind any further than it already has?

MS. ABERNATHY: Annmarie?

MS. WEISMAN: Alex Holt?

MR. HOLT: I submitted questions related to interest and principal subsidy, so I don't know if he's -- if you were going to cover that or?

MS. ABERNATHY: Let's look at those.

We have the time. Yes, Eric. Stay seated. This is why I love Eric because we work so well together. And he always rescues me when there's questions I know I will not --

MR. HARDY: And I just say yes, ma'am.

MS. ABERNATHY: Alright. So the first question. Say that the borrower is required to make a \$20 scheduled payment for that month and accrues \$30 in interest. If the borrower makes a \$20 on-time payment that would lead the Secretary to forgive the remaining \$10 in interest under RAP -- oh, that would lead the Secretary to forgive the remaining \$10 in interest under RAP. But say instead that the borrower makes a \$30 payment, even though he is only required to make a \$20 payment. Would the additional \$10 be applied to interest, thus meaning the Secretary forgives no interest? Or would the additional \$10 be treated as a prepayment? We love these. And thus, the Secretary would forgive \$10 in interest, and the extra \$10 in payment would reduce the outstanding principal by \$10? Or would the extra \$10 go toward the next month's scheduled payment, leaving the borrower's interest and principal subsidies unaffected by the prepayment?

MR. HARDY: I don't think this one's actually that difficult. At least this part of it. So the payment application rules have not changed, right? The

first amount of any payment made is going to go to interest, second to fees and whatnot, and third to principal. Yeah. So that's not going to necessarily -- like that application is not necessarily going to be part of the prepayment. We wouldn't actually consider this a prepayment. We consider this an overpayment. So typically when we think prepayments or lump sum payments in -- at least in our Federal servicing processing world, we are looking at satisfying future due dates. So once anytime a payment is received and all of the interest is covered, the remaining always goes to principal. If there's enough remaining that would cover future monthly payment amounts, right, that as each due date is satisfied, that is how -- even though it's a principal-only payment, we're going to satisfy those future monthly, monthly due dates. We're not going to apply any interest or principles -- principal-matching or interest subsidy until the future date comes to fruition.

MS. ABERNATHY: (inaudible)

MR. HARDY: We -- and slap my hand if I go too far here. We are currently looking at how we can equitably apply both the principal and the interest matching to borrowers that make -- that pay ahead and satisfy future due dates, as well as to borrowers that are just making their regular monthly payment amount. So

we're still working on that. It is also really important to remember that this is based upon a full on-time payment. So the borrower does have to make -- we will likely have some tolerance there what that looks like.

MS. ABERNATHY: I just want to remind everybody that under the provisions in the statute that this is under distressed borrowers, too. And so we want to make sure that as we're navigating through these scenarios, that we're just being really careful because we haven't fleshed out every little piece of it yet. So these are still hypothetical, and we're still in the process of navigating through all of this.

MR. HOLT: So thank you for that. I think just to sort of summarize, as I thought, you can't avoid statute. It has to be applied to interest first. It's a little bit confusing once you get like -- I mean, these are really edge cases now, but once you get like three months' worth of prepayments, what are you supposed to do? You're working on it. But you know, again, these are really edge cases.

MR. HARDY: So yeah, I don't know that they are super edgy in many circumstances. You know, especially borrowers that make their monthly payment amount, but then their employers giving them matching. Right? We see typically those come in for a year. Same

with AmeriCorps, those sorts of programs. So it's not edge case for us at all, really. But again, we are -- we're looking at how we can do it equitably. And it might be -- and, you know, just -- we're still kind of pumping through it, but maybe it's like we do a projection if the borrower had just made a regular monthly payment amount, we kind of set what that would have been based upon a 12-year -- looking at a 12-year term. And then that's -- even if they're satisfying additional principal or additional interest, that's still what they're eligible for, potentially. Again, these are all just kind of ideas that we're trying to work through on how to make that equitable.

MR. HOLT: Yeah, I mean, I'll just state, you know, I don't envy you, so I'll just state a concern, and then you guys can figure it out. But basically, you can imagine a situation where somebody owes \$10,000 and they luckily enough have \$10,000, but they figured out that if they make 120 prepayments or something -- of course, that's not possible to go past a year anyway, according to RAP, so, okay, so maybe that's just how you solve that problem. Okay.

MR. HARDY: Even if they've hit the -- I might say this wrong. Even if they hit the eligible amount in RAP -- did I say that the right way? What would

have been the PFH --

MS. WEISMAN: Eric, can you point the microphone a little closer to you? Thank you.

MR. HARDY: Yep. Thank you. So even if they hit the, the cap on RAP, we are still going -- we would still only look at that in 12-month increments because we are required -- even if they're at that level, the law requires us to recertify them, especially if they have -- well, we're required absolutely if they have consent. We're not required if they don't have consent. But we want to maintain equity for those borrowers and would treat them the same.

MR. LALLO: I think it's also important to remember that these are provisions for distressed borrowers. So the odds that, you know, you have somebody on the extreme edge case who's capable of making 120 prepayments is relatively slim. I mean, earlier we were talking about, you know, borrowers who struggle to make \$5 payments. This is kind of in that same world. We don't really expect these to be hugely, you know, taken advantage of in terms of prepayments. They'll still be edge cases, but for the most part, it should work itself out with the limits that have been imposed already.

MR. HARDY: Yeah. And the principal-

matching, I just want to make sure -- I had this in earlier versions of -- as we were doing our analysis of the bill, we've -- we had some mistakes in my team. So the, the way it works is, just to kind of put it in plain language, actually -- I actually have a really like --

MR. HOLT: Yeah, I don't know if you want to read this scenario or not. I don't know if these scenarios are helpful for people to hear. Probably not. You don't have to if you don't want to.

MS. ABERNATHY: Up to you.

MR. HARDY: No, it's just words. I want to make sure I use the same words. Alright. So borrower does not satisfy at least \$50 in principal in a given month, the first step is to choose the lesser of \$50 or the amount, the total amount paid, the monthly payment amount. From that result, you subtract the total amount applied to principal. It got a little confusing with the -- do you first subtract and then choose the lower of the two? So we just wanted to make it super clear that first you're picking either \$50 -- the lesser of \$50 or the monthly payment amount, and then subtracting the difference that's applied to principal, and the leftover is the principal matching.

MR. HOLT: (inaudible) maybe just so I can follow?

MR. HARDY: Sure. So let's say the monthly payment amount is \$30. There's \$10 in principal and \$20 in interest. Borrower makes that on-time payment. \$20, of course, goes to interest. \$10 goes to principal. So first we're going to choose the lesser of \$50 or the total amount paid. So \$30 is obviously less than 50. And then subtract the amount that went to principal, which gives us \$20 in principal-matching. Borrower, you know, got \$10.

MR. HOLT: You're saying the borrower pays \$10 and you're going to get \$20 in principal-matching?

MR. HARDY: The borrower paid \$30.

MR. HOLT: They paid \$10 in principal and you're going to give them \$20? \$20. So the Secretary is going to give ten.

MS. ABERNATHY: Yes.

MR. HARDY: I'm sorry?

MR. HOLT: The Secretary is going to give -- no, the Secretary is going to give \$20.

MR. HARDY: Yes.

MS. ABERNATHY: No, because you said -

-

MR. HARDY: A \$30 payment, so it's first the lesser of the two, which is \$30 --

MR. HOLT: So I think we might need to -- I'm -- I am almost certain this is not the intent of the law. So if -- like, we'll have to read this text really carefully. And if you're right, then you're right. But the intent of the law was definitely for the Secretary to match the principal payment. So if you're saying that your reading is allowing them -- is that the Secretary is doubling the principal payment --

MR. HARDY: That's just in this scenario that it's a double.

MR. HOLT: It should never happen.

MR. HARDY: No?

MR. HOLT: No.

MR. HARDY: Yeah. He's right.

MR. HOLT: So let's go back to it, maybe. Does that sound okay?

MS. ABERNATHY: We will take that one back and take a look at that just to make sure.

MR. HOLT: Total -- because the total principal payment would be \$20, just to be clear. So --

MR. HARDY: Sorry, I thought it was the other way around.

MS. WEISMAN: Eric, if you could use your microphone.

MR. HOLT: You're saying that --

MR. HARDY: Did I say it backwards? The -- in my scenario, the borrower had \$20 in interest and \$10 in principal.

MR. HOLT: Right. And so the total principal payment should be \$20, which means that the Secretary is matching \$10.

MR. HARDY: I will let my policy (inaudible)

MS. ABERNATHY: Oh, no.

MR. HARDY: Alright. That's my reading.

MS. ABERNATHY: So the statutory language is quite specific, right? It is -- I can't read this because I don't have my glasses on. Outstanding principal balance by less than \$50, the Secretary reduces such total outstanding principal of the, of the borrower by the amount that is equal to the lesser of \$50, or the monthly payment made minus the amount of the monthly payment that is applied to such total outstanding principal. So, if in Eric's scenario, there was a \$30 payment, right, it's less than \$50. No, go ahead. What were you thinking?

MR. HOLT: I'm sorry, where should I pull up the, the language that I should be looking at so that I can track exactly what you're going to say?

Because the \$50 should not be related to the payments.
The \$50 is related to --

MS. ABERNATHY: The lesser of \$50 or,
right? 150 or the monthly payment minus the amount of the
--

MR. HOLT: So can you just direct me
to --?

MS. ABERNATHY: Yeah, let's put this
up on the screen.

MR. HOLT: Okay.

MR. LALLO: It's 455 (q).

MS. ABERNATHY: Can you guys pull up
the statutory language in 455(q), please?

MR. HOLT: Q2.

MS. ABERNATHY: Q2.

MR. HOLT: So, I can just talk you
through. Okay. So if the borrower's monthly payment
applied in paragraph (f)(5) romanette one of this section
reduces the amount, the outstanding principal by less
than \$50, reduces the outstanding principal balance by
less than \$50. That is not their payment. That is asking,
does it reduce their outstanding principal balance by
more than \$50? The Secretary reduces such total
outstanding principal of (inaudible) so just -- we've
already -- I'm already telling you the first thing I

disagree with. It is not whether they made a \$50 payment, it is whether they reduced the principal balance (inaudible). Okay (inaudible). So the Secretary reduces such total outstanding principal of the borrower by amount that is equal to the lesser of \$50 (inaudible). So, the lesser of \$50. This first part means that if the principal balance is reduced by more than \$50, there's nothing. Okay. Or (inaudible) that would be \$30 in your scenario, minus the amount of the monthly payment that is applied to such total outstanding principal balance, the amount of the monthly payment that is applied to such -- minus the amount of the monthly payment -- right. Okay. Minus the amount of the monthly payment that is applied to such total outstanding principal balance. That number is ten. That number is ten. So that is the -- that is what the Secretary is reducing. He is reduce -- he or she - she, right now, is reducing such total outstanding principal balance of the borrower. Right? Am I right here? Somebody, like -- literally he's right here, like he knows the answer. That guy wrote it.

MS. ABERNATHY: We should have a -- we need to do a caucus real quick. A five-minute caucus. Just the Department, and Jeff, who else do you want and - - Jeff just says we want to take a break.

MS. WEISMAN: How long would you like

for your break?

MS. ABERNATHY: Oh, wait, it's almost 4:00?

MS. WEISMAN: It's 3:46.

MS. ABERNATHY: Oh, Jesus.

MR. HOLT: I mean, we can talk about it tomorrow. Like, you guys want to figure it out after the formal session?

MS. ABERNATHY: We're not going to talk about this the rest of today, because I do have one regulatory provision that I would really like to get through in the last ten minutes or however many minutes we have. I need to confirm -- Annmarie, I was going through -- first of all, Eric, thank you so much. We appreciate. Annmarie, can we please confer on our notes for the provisions for which we have taken a pulse check on?

MS. WEISMAN: We have taken a pulse check on 685.211.

MS. ABERNATHY: Correct.

MS. WEISMAN: 219. 221. And then today, 208, 674.39, 685.405.

MS. ABERNATHY: That's 682.

MS. WEISMAN: Sorry, 682. And then we have 204 and 205.

MS. ABERNATHY: Yes. So I'm showing that yesterday we did 685.210. I'm not sure what happened on 685.220 yesterday and 685.221.

MS. WEISMAN: We did 221 yesterday.

MS. ABERNATHY: Right. And so did -- do you have anything for -- we also did 685.215. Are we waiting -- not waiting. We're waiting to do that one. So 685.220.

MS. WEISMAN: We did not do 220.

MS. ABERNATHY: Okay. So that's where we're going to go right now because that's what I thought. If we could pull up 685.220, please, on the screen. This is the miscellaneous loan repayment provisions and Public Service Loan Forgiveness section. Can you go to 685.220 for me? Okay. So the reg text here you see in red is we've added paragraph (a) before July 1, 2028. We've added an "or" and we've added paragraph (b) on or about July 1, 2028, the borrower has a Federal Consolidation Loan that is in default or has been submitted to the guarantee agency by the lender for the default aversion and, and the borrower wants to consolidate the Federal Consolidation Loan into the Direct Loan program for the purpose of obtaining the Income Based Repayment Plan or Repayment Assistance Plan. And then we change (h) (1) for a Direct Consolidation Loan

made before July 1, 2026. We removed the (a), we removed -- or we capitalized -- uncapitalized (a), removed for a Direct Consolidation Loan, add paragraph (2) for Direct Consolidation Loan made on or after July 1, 2026. A borrower may choose the tiered Standard repayment Plan or the Repayment Assistance Plan in accordance with sections 685.208, 685.209 and may change repayment plans in accordance with Section 685.210(b). There's more. We have updated cross-references in romanette one, romanette two, three romanette one. Is that the rest -- is -- did we finish everything? That's it. Okay.

MS. WEISMAN: So we'd like to take a pulse check on 685.220, consolidation. If I can see thumbs. I'm sorry, we have two questions first. I apologize. Andy first, and then Scott. I'm sorry, that's Jenna's card.

MS. COLVIN: Sorry. I had in my notes for this one that you were taking it back on the word made in number one versus signed and submitted. Did you come back and tell us that made is what was required in the statute?

MS. ABERNATHY: No, go.

MR. LALLO: Yeah. We, we looked at this one, I believe. So I think we ultimately decided that made here definitely means dispersed. Yeah, on or

after. But thank you for reminding me. I forgot we had looked at that one. That was early in the week, so. Does that make sense or?

MS. COLVIN: So made means dispersed. But we're saying made?

MR. LALLO: Yeah. Made, but yeah, it's dispersed because that's when the loan itself is made, right? It's actually given out, so.

MS. WEISMAN: Tamar?

MS. HOFFMAN: I have a follow-up question about that. As it stands right now, when borrowers submit consolidation applications, they sign the promissory note at the time of submission. And there's a section on the loan consolidation application that says that within, I think it's 120 days, you can still add more loans to the consolidation, which I think complicates the definition you're providing of what made means because dispersal could actually have more than one date. Could you speak to that a little bit, please?

MR. LALLO: Yeah, to the extent that that's true, I mean, you know, the loans are made as they're dispersed, right? You have a master promissory note or a consolidation loan, it could get a little finicky there. I know we've had some operational discussions there, and we may have to have Eric come back

and explain the nuances of the consolidation loan. Generally speaking, the statute and then our regs as well, track loans and when they're made. But, Eric, is there any nuance with the consolidation loans that you want to offer here?

MR. HARDY: So the -- oh, Eric FSA. The, the original disbursement date is the date that the funds are disbursed to the lender or to the servicer. The -- if a borrower-- and they have up to 180 days to do what we call an add-on, and, any add-on would be treated as a new disbursement, so that -- those become second, third, fourth disbursements. We don't backdate it to the original disbursement date or the borrower would essentially be charged interest twice. You know, once for -- while they were still -- the loan was still at the lender, and then once on the consol. So it's dispersed at a future date, not a prior date. So the loan is made when it's originally dispersed, and then additional disbursements can occur, just like it would on a sub or unsub.

MS. ABERNATHY: Thank you. And we did confirm the statutory language says made on or after.

MS. WEISMAN: Okay. Are we ready for the pulse check? Alright, we're going to check then on 685.220, consolidation, if I can see thumbs. Okay, I see

a sideways thumb from Scott, from Alex -- oh, no, from Scott and from Tamar. Did I miss any? Okay. Tamy, and then Jenna.

MS. ABERNATHY: Let Jenna go first.

MS. WEISMAN: Okay, Jenna.

MS. COLVIN: I was just going to ask for the sideways thumbs, if you wanted to share, I would like to understand your sideways.

MR. LALLO: I think I have -- we have the same concern, but would you mind voicing it?

MS. HOFFMAN: Yes. I think the concern is that there's so much that's outside of the control of borrowers in terms of designating the date that a loan is made as the date of dispersal, as opposed to the date at which the application and note are signed. Because we know that there are many delays in servicing and that it's completely conceivable that somebody would submit a loan consolidation application in February and that they might not get a dispersal until August.

MS. ABERNATHY: The statute is extremely specific, and it says -- we can't change the statutory language, so we're locked into that. But I believe, if I'm not mistaken, Eric had already said that in situations where there's extensive delays, they do look at those circumstances and make concessions for

those. Eric, did you say something about when an application is received and it's not processed?

MR. HARDY: I did not, we -- I did not. We have a contingency plan that if we need to plan for some sort of one-off situation, we can evaluate a one off situation. But a -- using a rule that's outside of the --

MS. ABERNATHY: No, we would not do that.

MR. HARDY: It's not something that we have considered in our solution.

MS. ABERNATHY: Thank you.

MS. WEISMAN: Tamar?

MS. HOFFMAN: Thank you. I just wanted to thank Eric for sharing that. I think that's really helpful. And to the extent that more information around that could be provided, I think that that would help us understand, you know, what is possible as we move through the rulemaking so that perhaps we can reach consensus with more information. Thank you.

MS. ABERNATHY: I think we can just say thanks everybody for a great day. We look forward to seeing you again tomorrow. My takeaways for this evening is to prepare. So my -- by my calculation, we'll need to go through the loan limits, which is Section 685.102,

685.200, 685.201, 685.203. And we need to provide you 685.209, and then we will circle back on 685.215. So I suspect that we will have a very -- another very intense day tomorrow with getting through the rest of these regulatory provisions. Thank you guys for all your hard work. We appreciate it.

MS. WEISMAN: Thanks, everyone. We'll reconvene tomorrow morning at 9:00 a.m.