

To: RISE Rulemaking Committee  
From: Tamar Hoffman, Ashley Naporlee (representing legal aid, civil rights, and consumer rights)  
Date: October 10, 2025

**Memo: Proposal to Clarify “Applicable Amount” in 34 CFR 685.215 for Accuracy and Consistency with OBBB**

This proposal dovetails with the proposal submitted by the loan servicer constituency negotiators to clarify the meaning of “applicable amount” in 34 CFR 682.215.

**1) Clarifying 34 CFR 682.215 (b)(5) & (6).**

Following the loan servicer constituency’s proposal that was submitted on October 10, 2025, we request that the Department implement the loan servicer constituency’s proposal, but that in the provisions 34 CFR 682.215 (b)(5) & (6), that the words “reverts to” be replaced with “exceeds,” and read as follows (loan constituency suggestions in yellow, ours in green):

(5) Except as provided in paragraph (b)(4) of this section, accrued interest is capitalized at the time the borrower chooses to leave the income-based repayment plan or when the applicable amount exceeds the maximum amount calculated under d(1)(i).

(6) If the borrower's monthly payment amount is not sufficient to pay any principal due, the payment of that principal is postponed until the borrower chooses to leave the income-based repayment plan or when the applicable amount exceeds the maximum amount calculated under d(1)(i).

This minor proposed edit will help clarify that the applicable amount itself never "reverts," but that the actual payment amount that goes from the "applicable amount" to the standard amount when the applicable amount exceeds the maximum amount.

**2) Clarifying 682.215(b)(1).**

We also propose the following minor edit to 682.215(b)(1) to clarify that borrowers enrolled in IBR will have a ceiling payment that is the lesser of (1) 15% of their adjusted gross income that exceeds 150% of the federal poverty line divided by twelve, or (2) their payment amount in the FFEL standard plan based on a 10-year repayment period using the amount of the borrower’s eligible loans outstanding at the time that the borrower started paying under the income-based repayment plan. This edit ensures that the regulations do not inadvertently set the ceiling payment at the amount of 15% of a borrower’s adjusted gross income that exceeds 150% of the federal poverty line divided by twelve from the time that the borrower entered the IBR plan. The Department’s proposed language is in red, and our proposed language is highlighted in yellow.

(1) ~~For the Income-Based Repayment plan, A borrower may elect the income-based repayment plan only if the borrower has a partial financial hardship to have their aggregate monthly payment recalculated to not exceed the applicable amount when the borrower initially enters the plan.~~ The borrower's aggregate monthly loan payments are limited to

the lesser of the amount the borrower would have paid under the FFEL standard plan based on a 10-year repayment period using the amount of the borrower's eligible loans outstanding at the time the borrower began repaying under the income-based repayment plan and ~~no more than~~ 15 percent of the amount by which the borrower's AGI exceeds 150 percent of the poverty line income applicable to the borrower's family size, divided by 12. The loan holder adjusts the calculated monthly payment if—