

Code of Federal Regulations

Title 34. Education

Subtitle B. Regulations of the Offices of the Department of Education

Chapter VI. Office of Postsecondary Education, Department of Education

Part 685. William D. Ford Federal Direct Loan Program (Refs & Annos)

Subpart B. Borrower Provisions

34 C.F.R. § 685.211

§ 685.211 Miscellaneous repayment provisions.

Effective: July 1, 2014

Currentness

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(d) Default—

~~(1) Acceleration. If a borrower defaults on a Direct Loan, the entire unpaid balance and accrued interest are immediately due and payable.~~

~~(12) Collection charges. If a borrower defaults on a Direct Loan, the Secretary assesses collection charges in accordance with § 685.202(e).~~

~~(32) Collection of a defaulted loan.~~

(i) The Secretary may take any action authorized by law to collect a defaulted Direct Loan including, but not limited to, filing a lawsuit against the borrower, reporting the default to nationwide consumer reporting agencies, requesting the Internal Revenue Service to offset the borrower's Federal income tax refund, and garnishing the borrower's wages. ~~Any amount collected per month though this section shall be determined by taking the lesser of the amount calculated under § 685.208 (b) or (c), § 685.209, or § 685.221.~~

(ii) ~~[New Pathway Out of Default]~~

~~(A) If a borrower defaults on a Direct Subsidized Loan, a Direct Unsubsidized Loan, a Direct Consolidation Loan, or a student Direct PLUS Loan, the Secretary may designate the income-contingent repayment plan or the income-based repayment plan for the borrower.~~

(B) A borrower in may request that the Secretary designate the income-contingent repayment plan or the income-based repayment plan to repay the borrower's defaulted Direct Loans. Upon making a payment under § 685.209 or § 685.221, the loan will not be considered in default and will no longer be subject to the penalties of default.