



P.O. Box 24328  
Louisville, KY 40224-0328  
Phone: (800) 693-8220  
Fax: (502) 329-7077  
[www.studentloanpeople.com](http://www.studentloanpeople.com)

### **Economic Hardship Deferment Instructions**

You may be eligible for an Economic Hardship Deferment if you meet one of the four conditions listed under Section 2 of the following Economic Hardship Deferment Request Form. Refer to Section 6 for additional information regarding eligibility requirements.

Please complete Sections 1 and 2 and sign Section 3 of the deferment request form. Attach a copy of any documentation necessary to substantiate your request. Information about required documentation may be found in Section 6 of the form.

This deferment will only be granted in one-year increments with the exception of Condition 3 (Peace Corps Volunteer). At the end of each year, you will need to complete a new deferment request form to verify that you are eligible to remain in an economic hardship deferment status.

To avoid processing delays, please return the properly completed deferment request form by mail or fax. We will notify you when your deferment request has been processed.

If you have any questions regarding this deferment application or your student loans, please contact a servicing team member at the number provided. For your convenience, you may also visit our website at [www.studentloanpeople.com](http://www.studentloanpeople.com).

Sincerely,

Loan Servicing Center



**SECTION 4: INSTRUCTIONS FOR COMPLETING THE FORM**

Type or print using dark ink. Report dates as month-day-year (MM-DD-YYYY). For example, 'January 31, 2009' = '01-31-2009'. Include your name and social security number (SSN) on any documentation that you are required to submit with this form. If you need help completing this form, contact your loan holder.

Return the completed form and any required documentation to the address shown in Section 7.

**SECTION 5: DEFINITIONS**

■ **Capitalization** is the addition of unpaid interest to the principal balance of my loan. The principal balance of a loan increases when payments are postponed during periods of deferment or forbearance and unpaid interest is capitalized. As a result, more interest may accrue over the life of the loan, the monthly payment amount may be higher, or more payments may be required. The chart below provides estimates, for a \$15,000 unsubsidized loan balance at a 9% interest rate, of the monthly payments due following a 12-month deferment. It compares the effects of paying the interest as it accrues, capitalizing the interest at the end of the deferment, and capitalizing interest quarterly and at the end of the deferment. My actual loan interest cost will depend on my interest rate, length of the deferment, and frequency of capitalization. Paying interest during the period of deferment lowers the monthly payment by about \$18 and saves about \$772 over the lifetime of the loan, as depicted in the chart below.

Treatment of Interest Accrued During Deferment	Loan Amount	Capitalized Interest for 12 Months	Principal to Be Repaid	Monthly Payment	Number of Payments	Total Amount Repaid	Total Interest Paid
Interest is paid	\$15,000.00	\$0.00	\$15,000.00	\$190.01	120	\$24,151.64*	\$9,151.64
Interest is capitalized at the end of deferment	\$15,000.00	\$1,350.00	\$16,350.00	\$207.11	120	\$24,853.79	\$9,853.79
Interest is capitalized quarterly during deferment and at the end of deferment	\$15,000.00	\$1,396.25	\$16,396.25	\$207.70	120	\$24,924.09	\$9,924.09

\*Total amount repaid includes \$1,350 of interest paid during the 12-month period of deferment.

- A **deferment** is a period during which I am entitled to postpone repayment of the principal balance of my loan(s). The federal government pays the interest that accrues during an eligible deferment for all subsidized Federal Stafford Loans and for Federal Consolidation Loans for which the Consolidation Loan application was received by my loan holder (1) on or after January 1, 1993, but before August 10, 1993, (2) on or after August 10, 1993, if it includes *only* Federal Stafford Loans that were eligible for federal interest subsidy, or (3) on or after November 13, 1997, for that portion of the Consolidation Loan that paid a subsidized FFEL Program loan or a subsidized Federal Direct Loan. I am responsible for the interest that accrues during this period on all other FFEL Program loans.
- **Family size** is determined by counting (1) myself, (2) my spouse, (3) my children, including unborn children who will be born during the period covered by the deferment, if they receive more than half of their support from me, and (4) other people if, at the time I request this deferment, they live with me, receive more than half their support from me, and will continue to receive this support from me for the year that I certify my family size. Support includes money, gifts, loans, housing, food, clothes, car, medical and dental care, and payment of college costs.
- The **Federal Family Education Loan (FFEL) Program** includes Federal Stafford Loans (both subsidized and unsubsidized), Federal Supplemental Loans for Students (SLS), Federal PLUS Loans, Federal Consolidation Loans, Guaranteed Student Loans (GSL), Federal Insured Student Loans (FISL), and Auxiliary Loans to Assist Students (ALAS).
- The **Federal Perkins Loan (Perkins Loan) Program** includes Federal Perkins Loans, National Direct Student Loans (NDSL), and National Defense Student Loans (Defense Loan).
- **Forbearance** means permitting the temporary cessation of payments, allowing for an extension of time for making payments, or temporarily accepting smaller payments than previously scheduled. I am responsible for the interest that accrues on my loan(s) during a forbearance. If I do not pay the interest that accrues, the interest may be capitalized.
- **Full-time employment** is defined as working at least 30 hours per week in a position expected to last at least 3 consecutive months.
- The **holder** of my FFEL Program loan(s) may be a lender, guaranty agency, secondary market, or the U.S. Department of Education.
- **Monthly income** is either:
  - (1) the amount of my monthly income from employment and other sources before taxes and other deductions, or
  - (2) one-twelfth of the amount of my income reported as "adjusted gross income" on my most recently filed Federal Income Tax Return.
 I may choose either of these income amounts for the purpose of reporting my monthly income on this deferment request.
- The **William D. Ford Federal Direct Loan (Direct Loan) Program** includes Federal Direct Stafford/Ford (Direct Subsidized) Loans, Federal Direct Unsubsidized Stafford/Ford (Direct Unsubsidized) Loans, Federal Direct PLUS (Direct PLUS) Loans, and Federal Direct Consolidation (Direct Consolidation) Loans. These loans are known collectively as "Direct Loans."

**SECTION 6: ELIGIBILITY CRITERIA FOR ECONOMIC HARDSHIP DEFERMENT**

- If I had no outstanding balance on a FFEL Program loan as of the date I obtained a loan on or after July 1, 1993, I may defer repayment of my loan(s) during the period that I meet one of the economic hardship deferment conditions described in Section 2.
- If my economic hardship deferment eligibility is based on condition (1), as described in Section 2, I must provide my loan holder with documentation of the deferment that has been granted under the Direct Loan Program or the Federal Perkins Loan Program (for example, correspondence from my loan holder showing that I have been granted a deferment).
- If my economic hardship deferment eligibility is based on condition (2), as described in Section 2, I must provide my loan holder with documentation confirming that I am receiving or received payments under a federal or state public assistance program.
- If my economic hardship deferment eligibility is based on condition (3), as described in Section 2, I must provide my loan holder with documentation which certifies the beginning and anticipated ending dates of my service in the Peace Corps and which is signed and dated by an authorized Peace Corps official.
- If my economic hardship deferment eligibility is based on condition (4), as described in Section 2, I must provide my loan holder with documentation of my monthly income as defined in Section 5. If I am reporting monthly income from employment and other sources, I must provide documentation such as pay stubs. If I am reporting one-twelfth of my adjusted gross income, I must provide a copy of my most recently filed Federal Income Tax Return.
- If my economic hardship deferment eligibility is based on condition (4), I must use the applicable amount based on my family size and state as shown in the chart below. If I am not currently residing in the United States, I will use the amount for the 48 contiguous states and the District of Columbia.

Borrower's Family Size (See definition in Section 5)	These monthly amounts represent 150% of the poverty guideline		
	48 Contiguous States and District of Columbia	Alaska	Hawaii
1	\$1,353.75	\$1,691.25	\$1,557.50
2	1,821.25	2,276.25	2,095.00
3	2,288.75	2,861.25	2,632.50
4	2,756.25	3,446.25	3,170.00
For each additional person, add:	467.50	585.00	537.50

**SECTION 7: WHERE TO SEND THE COMPLETED DEFERMENT REQUEST**

Return the completed deferment request and any required documentation to:  
(If no address is shown, return to your loan holder.)

The Student Loan People  
P.O. Box 24328  
Louisville, KY 40224-0328  
Fax: (502) 329-7077

If you need help completing this form, call:  
(If no telephone number is shown, call your loan holder.)

1-800-693-8220

**SECTION 8: IMPORTANT NOTICES****Privacy Act Notice**

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authority for collecting the requested information from and about you is §421 et seq. of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1071 et seq.) and the authorities for collecting and using your Social Security Number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the Federal Family Education Loan Program (FFELP) and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the FFELP, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) becomes delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

**Paperwork Reduction Notice**

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0005. The time required to complete this information collection is estimated to average 0.16 hours (10 minutes) per response, including the time to review instructions, search existing data resources, gather and maintain the data needed, and complete and review the information collection. **If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to:**

U.S. Department of Education, Washington, DC 20202-4537

**If you have questions regarding the status of your individual submission of this form, write directly to the address shown in Section 7.**