this section, the Secretary grants forbearance with respect to payments that are overdue or would be due at the time the new calculated monthly payment amount is determined, if the new monthly payment amount is $0.00 or is less than the borrower’s previously calculated monthly payment amount. Interest that accrues during the portion of this forbearance period that covers payments that are overdue after the end of the prior annual payment period is not capitalized.

(2) Any payments that the borrower continued to make at the previously calculated payment amount after the end of the prior annual payment period and before the new monthly payment amount is calculated are considered to be qualifying payments for purposes of §685.219, provided that the payments otherwise meet the requirements described in §685.219(c)(1).

(G) If a borrower defaults and the Secretary designates the ICR plan for the borrower but the borrower fails to comply with the requirements in paragraph (b)(3)(vi)(A) of this section, the Secretary mails a notice to the borrower establishing a repayment schedule for the borrower.

(Approved by the Office of Management and Budget under control number 1845–0021)

(Authority: 20 U.S.C. 1087a et seq.)

(77 FR 66136, Nov. 1, 2012)

§ 685.210 Choice of repayment plan.

(a) Initial selection of a repayment plan. (1) Before a Direct Loan enters into repayment, the Secretary provides the borrower a description of the available repayment plans and requests the borrower to select one. A borrower may select a repayment plan before the loan enters repayment by notifying the Secretary of the borrower’s selection in writing.

(2) If a borrower does not select a repayment plan, the Secretary designates the standard repayment plan described in §685.208(b) or (c) for the borrower, as applicable.

(b) Changing repayment plans. (1) A borrower may change repayment plans at any time after the loan has entered repayment by notifying the Secretary. However, a borrower who is repaying a defaulted loan under an income-contingent repayment plan or the income-based repayment plan in accordance with §685.211(d)(3)(ii), or who is repaying a Direct Consolidation Loan under the income-contingent repayment plan or the income-based repayment plan in accordance with §685.220(d)(1)(i)(A)(3) may not change to another repayment plan unless—

(i) The borrower was required to and did make a payment under the income-contingent repayment plan or income-based repayment plan in each of the prior three months; or

(ii) The borrower was not required to make payments but made three reasonable and affordable payments in each of the prior three months; and

(iii) The borrower makes and the Secretary approves a request to change plans.

(2)(i) A borrower may not change to a repayment plan that has a maximum repayment period of less than the number of years the loan has already been in repayment, except that a borrower may change to either the income-contingent or income-based repayment plan at any time.

(ii) If a borrower changes plans, the repayment period is the period provided under the borrower’s new repayment plan, calculated from the date the loan initially entered repayment. However, if a borrower changes to the income-contingent repayment plan under §685.209(a), the income-contingent repayment plan under §685.209(b), or the income-based repayment plan under §685.221, the repayment period is calculated as described in §685.209(a)(6)(iii), §685.209(b)(3)(iii), or §685.221(f)(3), respectively.

(Authority: 20 U.S.C. 1087a et seq.)

(77 FR 66142, Nov. 1, 2012)

§ 685.211 Miscellaneous repayment provisions.

(a) Payment application and prepayment. (1) Except as provided for the income-contingent repayment plan under §685.209(a)(3) or the income-based repayment plan under §685.221(c)(1), the Secretary applies any payment first to any accrued charges and collection