

MS 231 Volunteer Education Loans

Effective Date: 1/28/2013

Responsible Office: Volunteer and PSC Financial Services (CFO/VPS)

Supersedes: 09/03/04; MS 231, 1/30/97, 11/16/82; MS 212, 8/7/73

Issuance Memorandum

Issuance Memo 1/28/2013

Table of Contents

- 1.0 Purpose
 - 2.0 Authority
 - 3.0 Policy
 - 4.0 Roles and Responsibilities
 - 4.1 Volunteers
 - 4.2 Authorized Certifying Official
 - 4.3 Volunteer and PSC Financial Services Office
 - 5.0 Loan Deferment, Forbearance and Cancellation, and Forgiveness
 - 5.1 Student Loan Options
 - 5.2 Availability of Options
 - 6.0 Loan Repayment Arrangements
 - 7.0 Effective Date
-

Attachments

- | | |
|--------------|---|
| Attachment A | PC-2066 Certification of Eligibility for Deferment of Repayment of Student Loan Based on Service as a Peace Corps Volunteer |
| Attachment B | PC-2067 Certification of Eligibility for Student Loan Cancellation Based on Service as a Peace Corps Volunteer |
| Attachment C | OMB No. 1845-0110 Employment Certification for Public Service Loan Forgiveness |
-

1.0 Purpose

This Manual Section sets forth the limited role the Peace Corps plays with respect to the deferment, forbearance, or cancellation of Volunteers' student loans.

2.0 Authority

22 U.S.C. 2503 (b)

3.0 Policy

- (a) Peace Corps has no authority to grant a deferment of a Volunteer's student loan obligation, to permit forbearance of student loan, or to pay down, cancel, or forgive a Volunteer student loan obligation. Moreover, Peace Corps has no authority to determine if a Volunteer is eligible for a loan deferment, forbearance, cancellation, or forgiveness. A determination of a student loan deferment, forbearance, cancellation, or forgiveness is at the discretion of the lending institution or loan servicer and their respective student loan policies.
- (b) Peace Corps will cooperate with a Volunteer seeking a student loan modification or forgiveness by certifying the Volunteer's Peace Corps service.
- (c) Peace Corps will permit a Volunteer to apply to have a portion of the Volunteer's accrued readjustment allowance applied to repayment of the Volunteer's student loan.

4.0 Roles and Responsibilities

4.1 Volunteers

- (a) Volunteers are responsible for ensuring that their student loans are current and that principal and interest on the loans are paid in accordance with the terms of the loan. Volunteers are required to take appropriate action in dealing with their lending institutions (which may include a U.S. Government department or agency) and servicers to request and submit deferment, forbearance, cancellation, and forgiveness forms, and in learning the regulations concerning grace periods applicable to their particular type of loan.
- (b) If a Volunteer wants to apply a portion of the applicable accrued readjustment allowance to the payment of principal and interest on a student loan, the Volunteer is responsible for submitting a request pursuant to 4.4 of the Overseas Financial Management Handbook [LINK]. The accrued amount applied to the payment cannot exceed the single payment withdrawal limitation specified in MS 223 *Volunteer/Trainee Readjustment Allowance*.
- (c) All matters related to student loan deferment, loan repayment, cancellation, and/or forgiveness of loans are the Volunteer's sole responsibility. As such, Volunteers, or their designated Power of Attorney, should follow up directly with their lender(s) to determine the status of their loan deferment, forbearance, cancellation, and/or forgiveness request(s) in a timely manner. They are also responsible for contacting the Volunteer and PSC Financial Services Office to obtain the status of their request to apply a portion of their readjustment allowance to loan repayment.

4.2 Authorized Certifying Official

- (a) An Authorized Certifying Official is a Peace Corps employee who is authorized to execute the necessary forms and documentation required by a lending institution regarding a Volunteer's Peace Corps status for deferment, forbearance, cancellation, or forgiveness requests (see Attachments A, B and C).

- (b) Volunteers and/or their Powers-of-Attorney can request execution of certification forms or documentation from an Authorized Certifying Official in the Volunteer and PSC Financial Services Office. In addition, Volunteers may request execution of certification forms or documentation from the Staging Coordinator during the Volunteer's staging or the Country Director during Peace Corps service.
- (c) The Authorized Certifying Official is responsible for timely completion of the forms and documentation submitted by a Volunteer who is requesting deferment, forbearance, cancelation, or forgiveness of a student loan. If the Authorized Certifying Official has any questions about the forms, the Volunteer and PSC Financial Services Office should be consulted.

4.3 Volunteer and PSC Financial Services Office

The Volunteer and PSC Financial Services Office is responsible for processing any request by a Volunteer to have a portion of the Volunteer's accrued readjustment allowance sent to the lender(s) on behalf of the Volunteer.

5.0 Loan Deferment, Forbearance and Cancellation, and Forgiveness

5.1 Student Loan Options

Under various Federal and private or state student loans programs, there may be certain options available to Volunteers to modify their student loans. The modification options that may be available to Volunteers with student loan obligations include the following:

- (a) **Deferment** –a period of time during which repayment of principal of the student loan is temporarily delayed. Under certain circumstances, payment of interest on the loan may not be required.
- (b) **Forbearance** –the temporary tolling of the obligation to repay scheduled payments of principal of the student loan, but interest may continue to accrue.
- (c) **Cancellation**– nullifying the obligation to repay a designated portion of principal and interest on a student loan.
- (d) **Forgiveness** – a borrower employed in certain public service positions, including service as a Volunteer, who has made 120 payments on a Direct Loan (after Oct. 1, 2007), may be eligible to have the remaining balance of a student loan forgiven. Only payments made under certain repayment plans may be counted toward the required 120 payments. For more information, consult the web sites mentioned in 5.2.1.

5.2 Availability of Options

5.2.1 Federal Loan Programs

Volunteers with outstanding student loans may be able to modify their student loans under one or more of the Federal student loan programs discussed at <http://www.peacecorps.gov/learn/whyvol/finben/instructions/> and <http://www.studentaid.ed.gov>

v/repay-loans_. Volunteers are responsible to contact their lenders prior to their service to determine if their Federal student loans may be modified.

5.2.2 Private and State Loan Programs

Volunteers may have borrowed under different private and state sponsored student loan programs. In order to determine the options available to modify or forgive student loans under these programs, Volunteers must contact directly the lending institutions that extended the loans or is servicing them. Volunteers are responsible to contact their lenders prior to their service to determine if their private or state student loans are eligible for modification.

6.0 Loan Repayment Arrangements

After Peace Corps service or in the event of an early termination, it is the Volunteers' responsibility to contact their lenders to arrange repayment of loans that were deferred. They may also contact their lenders to determine if their circumstances qualify them for continued or new deferment or forbearance of loans under the applicable student loan program.

7.0 Effective Date

This Manual Section shall become effective on the date of issuance.