

Reimagining and Improving Student Education (RISE)

Negotiated Rulemaking

Discussion Paper and Proposed Regulatory Text: Fixed Loan Repayment Plans Provisions

Session 1, September 29 – October 3, 2025

Discussion: William D. Ford Federal Direct Loan (Direct Loan) Program Amendments

Legislative Action: On July 4, 2025, President Trump signed the One Big Beautiful Bill Act (Pub. L. 119-21) (OBBB) into law. Among a wide array of provisions, the OBBB included statutory changes that affect Title 34 of the Code of Federal Regulations. The OBBB introduces significant reforms to federal student loan programs, with the aim to streamline loan repayment, reduce borrower burden, and enhance accountability.

Statutory citation: Section 455(d) of the Higher Education Act of 1965, as amended (HEA).

Regulatory citation: 34 CFR 685.208

Summary: The Department is proposing corresponding changes to the regulatory and statutory citations throughout this section as well as proposing to modify the regulatory text to reflect the following amendments under OBBB:

- Revise loan repayment plans available to borrowers with loans made on or after July 1, 2026
 - Borrowers who receive loans on or after July 1, 2026, will have access to a new, simplified income-based repayment plan called Repayment Assistance Plan (RAP)
 - Borrowers who receive loans before July 1, 2026, who do not receive new loans after June 30, 2026, will retain access to existing fixed payment repayment plans (which are discussed in a different discussion draft) and income-based repayment
- Modify the terms of the standard repayment plan for borrowers with loans made on or after July 1, 2026

- o The monthly payment amount shall be fixed and paid over a fixed repayment period
- o The repayment period shall be determined based upon the total outstanding principal of all the borrower's Direct Loans

Proposed amendatory text in redlines represents additions, edits, and paragraph restructuring in the following section:

Revise and republish § 685.208 in its entirety to read as follows:

§ 685.208 Fixed payment repayment plans.

* * * * *

(a) General.

Under a fixed payment repayment plan, the borrower's required monthly payment amount is determined based on the amount of the borrower's Direct Loans, the interest rates on the loans, and the repayment plan's maximum repayment period.

(b) Fixed Repayment Plans for Direct Loans Made Before July 1, 2026.

~~The repayment plans under this (b) shall only apply to Direct Loans made before July 1, 2026.~~

(1) Standard repayment plan for all Direct Subsidized Loan, Direct Unsubsidized Loan, and Direct PLUS Loan borrowers, regardless of when they entered repayment who entered repayment before July 1, 2026 and who have not received a Direct Loan on or after July 1, 2026, and for Direct Consolidation Loan borrowers who entered repayment before July 1, 2006 and have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full within ten years from the date the loan entered repayment by making fixed monthly payments.

(ii) A borrower's payments under this repayment plan are at least \$50 per month, except that a borrower's final payment may be less than \$50.

(iii) The number of payments or the fixed monthly repayment amount may be adjusted to reflect changes in the variable interest rate identified in § 685.202(a).

(iv) The repayment period for the repayment plan described in this paragraph (b) (1) does not include periods of authorized deferment or forbearance.

(2) Standard repayment plan for Direct Consolidation Loan borrowers entering repayment on or after July 1, 2006, and who have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making fixed monthly payments over a repayment period that varies with the total amount of the borrower's student loans, as described in paragraph ~~(j)~~ (b) (2) (iii) of this section.

(ii) A borrower's payments under this repayment plan are at least \$50 per month, except that a borrower's final payment may be less than \$50.

(iii) Repayment period under this paragraph (b) (2). If the total amount of the Direct Consolidation Loan and the borrower's other student loans, as defined in § 685.220(i), is-

(A) Less than \$7,500, the borrower must repay the Consolidation Loan within 10 years of entering repayment;

(B) Equal to or greater than \$7,500 but less than \$10,000, the borrower must repay the Consolidation Loan within 12 years of entering repayment;

(C) Equal to or greater than \$10,000 but less than \$20,000, the borrower must repay the Consolidation Loan within 15 years of entering repayment;

(D) Equal to or greater than \$20,000 but less than \$40,000, the borrower must repay the Consolidation Loan within 20 years of entering repayment;

(E) Equal to or greater than \$40,000 but less than \$60,000, the borrower must repay the Consolidation Loan within 25 years of entering repayment; and

(F) Equal to or greater than \$60,000, the borrower must repay the Consolidation Loan within 30 years of entering repayment.

(iv) The repayment period for the repayment plan described in this paragraph (b) (2) does not include periods of authorized deferment or forbearance.

(3) Extended repayment plan for all Direct Loan borrowers who entered repayment before July 1, 2006, and who have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making fixed monthly payments within an extended period of time that varies with the total amount of the borrower's loans, as described in paragraph ~~(i)~~ (b) (4) (iv) of this section.

(ii) A borrower makes fixed monthly payments of at least \$50, except that a borrower's final payment may be less than \$50.

(iii) The number of payments or the fixed monthly repayment amount may be adjusted to reflect changes in the variable interest rate identified in § 685.202(a).

(iv) Repayment period under this paragraph (b) (3). If the total amount of the borrower's Direct Loans is—

(A) Less than \$10,000, the borrower must repay the loans within 12 years of entering repayment;

(B) Greater than or equal to \$10,000 but less than \$20,000, the borrower must repay the loans within 15 years of entering repayment;

(C) Greater than or equal to \$20,000 but less than \$40,000, the borrower must repay the loans within 20 years of entering repayment;

(D) Greater than or equal to \$40,000 but less than \$60,000, the borrower must repay the loans within 25 years of entering repayment; and

(E) Greater than or equal to \$60,000, the borrower must repay the loans within 30 years of entering repayment.

(v) The repayment period for the repayment plan described in this paragraph (b) (3) does not include periods of authorized deferment or forbearance.

(4) Extended repayment plan for all Direct Loan borrowers entering repayment on or after July 1, 2006, and who have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a new borrower with more than \$30,000 in outstanding Direct Loans accumulated on or after October 7, 1998 must repay either a fixed annual or graduated repayment amount over a period not to exceed 25 years from the date the loan entered repayment. For this repayment plan, a new borrower is defined as an individual who has no outstanding principal or interest balance on a Direct Loan as of October 7, 1998, or on the date the borrower obtains a Direct Loan on or after October 7, 1998.

(ii) A borrower's payments under this plan are at least \$50 per month and will be more if necessary to repay the loan within the required time period.

(iii) The number of payments or the monthly repayment amount may be adjusted to reflect changes in the variable interest rate identified in § 685.202(a).

(iv) Repayment period under this paragraph (b) (4). If the total amount of the borrower's Direct Loans is—

(A) Less than \$10,000, the borrower must repay the loans within 12 years of entering repayment;

(B) Greater than or equal to \$10,000 but less than \$20,000, the borrower must repay the loans within 15 years of entering repayment;

(C) Greater than or equal to \$20,000 but less than \$40,000, the borrower must repay the loans within 20 years of entering repayment;

(D) Greater than or equal to \$40,000 but less than \$60,000, the borrower must repay the loans within 25 years of entering repayment; and

(E) Greater than or equal to \$60,000, the borrower must repay the loans within 30 years of entering repayment.

(v) The repayment period for the repayment plan described in this paragraph (b) (4) does not include periods of authorized deferment or forbearance.

(5) Graduated repayment plan for all Direct Loan borrowers who entered repayment before July 1, 2006, and who have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making payments at two or more levels within a period of time that varies with the total amount of the borrower's loans, as described in paragraph ~~(i)~~(b) (5) (iv) of this section.

(ii) The number of payments or the monthly repayment amount may be adjusted to reflect changes in the variable interest rate identified in § 685.202(a).

(iii) No scheduled payment under this repayment plan may be less than the amount of interest accrued on the loan between monthly payments, less than 50 percent of the payment amount that would be required under the standard repayment plan described in paragraph (b) (1) of this section, or more than 150 percent of the payment amount that would be required under the standard repayment plan described in paragraph (b) (1) of this section.

(iv) Repayment period under this paragraph (b) (5). If the total amount of the borrower's Direct Loans is—

(A) Less than \$10,000, the borrower must repay the loans within 12 years of entering repayment;

(B) Greater than or equal to \$10,000 but less than \$20,000, the borrower must repay the loans within 15 years of entering repayment;

(C) Greater than or equal to \$20,000 but less than \$40,000, the borrower must repay the loans within 20 years of entering repayment;

(D) Greater than or equal to \$40,000 but less than \$60,000, the borrower must repay the loans within 25 years of entering repayment; and

(E) Greater than or equal to \$60,000, the borrower must repay the loans within 30 years of entering repayment.

(v) The repayment period for the repayment plan described in this paragraph (b) (5) does not include periods of authorized deferment or forbearance.

(6) Graduated repayment plan for Direct Subsidized Loan, Direct Unsubsidized Loan, and Direct PLUS Loan borrowers entering repayment on or after July 1, 2006 and who have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making payments at two or more levels over a period of time not to exceed ten years from the date the loan entered repayment.

(ii) The number of payments or the monthly repayment amount may be adjusted to reflect changes in the variable interest rate identified in § 685.202(a).

(iii) A borrower's payments under this repayment plan may be less than \$50 per month. No single payment under this plan will be more than three times greater than any other payment.

(iv) The repayment period for the repayment plan described in this paragraph (b) (6) does not include periods of authorized deferment or forbearance.

(7) Graduated repayment plan for Direct Consolidation Loan borrowers entering repayment on or after July 1, 2006, and who have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making monthly payments that gradually increase in stages over the course of a repayment period that varies with the total amount of the borrower's student loans, as described in paragraph ~~(j)~~ (b) (7) (iii) of this section.

(ii) A borrower's payments under this repayment plan may be less than \$50 per month. No single payment under this plan will be more than three times greater than any other payment.

(iii) Repayment period under this paragraph (b) (7). If the total amount of the Direct Consolidation Loan and the borrower's other student loans, as defined in § 685.220(i), is—

(A) Less than \$7,500, the borrower must repay the Consolidation Loan within 10 years of entering repayment;

(B) Equal to or greater than \$7,500 but less than \$10,000, the borrower must repay the Consolidation Loan within 12 years of entering repayment;

(C) Equal to or greater than \$10,000 but less than \$20,000, the borrower must repay the Consolidation Loan within 15 years of entering repayment;

(D) Equal to or greater than \$20,000 but less than \$40,000, the borrower must repay the Consolidation Loan within 20 years of entering repayment;

(E) Equal to or greater than \$40,000 but less than \$60,000, the borrower must repay the Consolidation Loan within 25 years of entering repayment; and

(F) Equal to or greater than \$60,000, the borrower must repay the Consolidation Loan within 30 years of entering repayment.

(iv) The repayment period for the repayment plan described in this paragraph (b) (7) does not include periods of authorized deferment or forbearance.

(8) Tiered standard repayment plan for Direct Loan borrowers who received a Direct Loan before July 1, 2026 and also received a Direct Loan that was made on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making fixed monthly payments over a repayment period that varies with the total amount of the borrower's Direct Loans, as described in paragraph (b) (8) (ii) of this section.

(ii) Repayment period. Under this repayment plan, if the total amount of Direct Loans at the time the borrower is entering repayment, is—

(A) Less than \$25,000, the borrower must repay the Direct Loan within 10 years of entering repayment;

(B) Equal to or greater than \$25,000 but less than \$50,000, the borrower must repay the Direct Loan within 15 years of entering repayment;

(C) Equal to or greater than \$50,000 but less than \$100,000, the borrower must repay the Direct Loan within 20 years of entering repayment; and

(D) Equal to or greater than \$100,000, the borrower must repay the Direct Loan within 25 years of entering repayment.

(c) Fixed Repayment Plans for Direct Loans Made On or After July 1, 2026.

The fixed repayment plans under this paragraph (c) shall only apply to Direct Loans made on or after July 1, 2026.

(1) Tiered Standard repayment plan for Direct Loan borrowers entering repayment on or after July 1, 2026 and all borrowers who received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making fixed monthly payments over a

repayment period that varies with the total amount of the borrower's Direct Loans, as described in paragraph (c)(1)(ii) of this section.

(ii) *Repayment period.* Under this repayment plan, if the total amount of Direct Loans at the time the borrower is entering repayment, is—

(A) Less than \$25,000, the borrower must repay the Direct Loan within 10 years of entering repayment;

(B) Equal to or greater than \$25,000 but less than \$50,000, the borrower must repay the Direct Loan within 15 years of entering repayment;

(C) Equal to or greater than \$50,000 but less than \$100,000, the borrower must repay the Direct Loan within 20 years of entering repayment; and

(D) Equal to or greater than \$100,000, the borrower must repay the Direct Loan within 25 years of entering repayment.