

Reimagining and Improving Student Education (RISE)
Negotiated Rulemaking Session 2, November 3 – 7, 2025

#13 Proposed Draft Regulations

Section 685.211 Miscellaneous Payment Provisions

Amend § 685.211 by revising paragraphs (a), (d), and (f) to read as follows:

§ 685.211 Miscellaneous payment provisions

(a) * * *

(1) * * *

(i) Except as provided for the Income-Based Repayment plan or Repayment Assistance Plan in paragraph (a)(1)(ii) of this section, the Secretary applies any payment in the following order:

(A) Accrued charges and collection costs.

(B) Outstanding interest.

(C) Outstanding principal.

(ii) The Secretary applies any payment made under the Income-Based Repayment plan or the Repayment Assistance Plan in the following order:

(A) Accrued interest.

(B) Collection costs and late charges.

~~(C) Late charges.~~

~~(C)~~ Loan principal.

* * * * *

(d) * * *

(3) * * *

(ii) If a borrower defaults on a Direct Subsidized Loan, a Direct Unsubsidized Loan, a Direct Consolidation Loan that is not an excepted consolidation loan as defined in § 685.209, or a student Direct PLUS Loan, the Secretary may designate the ~~income-contingent repayment~~ Repayment Assistance Plan or the income-based repayment plan for the borrower.

* * * * *

(f) * * *

(1) * * *

(i) Minimum Payment Amounts.

(A) Before July 1, 2027, ~~T~~the Secretary initially considers the borrower's reasonable and affordable payment amount to be an amount equal to the minimum payment required under the IBR plan, except that if this amount is less than \$5, the borrower's monthly payment is \$5.

(B) Beginning on and after July 1, 2027, the Secretary initially considers the borrower's reasonable and affordable payment amount to be an amount equal to the minimum payment required under the IBR plan, except that if this amount is less than \$10, the borrower's monthly payment is \$10.

* * *

(11) * * *

(iii) (A) Before July 1, 2027, ~~A~~a borrower may only obtain the benefit of a suspension of administrative wage garnishment while also attempting to rehabilitate a defaulted loan once.

(B) On or after July 1, 2027, a borrower may only obtain the benefit of a suspension of administrative wage garnishment while also

attempting to rehabilitate a defaulted loan a maximum of twice per loan.

(12) (i) Effective for any defaulted Direct Loan that is rehabilitated on or after August 14, 2008, and before July 1, 2027, the borrower cannot rehabilitate the loan again if the loan returns to default status following the rehabilitation.

(ii) Effective for any defaulted Direct Loan on or after July 1, 2027, the borrower may not rehabilitate the loan again if the loan returns to default status following the second rehabilitation.