Pubic Service Loan Forgiveness
– and more

Presenter: Lane Thompson – student loan ombuds
Division of Financial Regulation
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- State chartered banks and credit unions
- Check cashing
- Debt management services
- Financial & investment advisors
- Insurance industry
- Mortgage industry
- Money transmitters

- Pawnshops
- Payday and title lenders
- Securities
- Collections agencies
- Consumer finance (<$50k)
- Student loans
Division of Financial Regulation insurance industry

- Auto
- Homeowners and renters
- Travel
- Pet
- Health
- Long term care
- Life and annuities
- Business
What else does the Division of Financial Regulation do?

- Assist with general questions
- Provide clarity and advice
- Verify licensing and complaint history
- Manage specific complaints
- In 2021, advocates helped 13,405 Oregon consumers and resolved 3,652 complaints
- Website: dfr.oregon.gov
- Phone: 888-877-4894
- Email: DFR.bankingproducthelp@dcbs.oregon.gov
What does a student loan ombuds do?

- Receive, review, attempt to resolve complaints
- Track and provide feedback on implementation of rules and laws
- Borrower education – website, outreach, rights and responsibilities
Public Service Loan Forgiveness (PLSF)

General program (in all promissory notes since 2007):

- Qualifying loans – Direct Loans
- Qualifying payments – on time payments while on income driven repayment
- Qualifying employer – public or 501(c)3, full time
- 120 payments – can count for PSLF or TEACH
- Entire balance forgiven after 120th payment
Temporary Expansion of PSLF (TEPSLF)

Until the money runs out:

- Qualifying loans – direct Loans
- Qualifying payments – full, on-time payments while on many plans
- Qualifying employer – public or 501(c)3, full time
- 120 payments – can count only for PSLF or TEACH, not both
Temporary waiver

Until October 31, 2022:

• All federally owned loans – some may have needed to be consolidated first
• All payments – all payment plans, late and partial payments, forbearance
• Qualifying employer – could be past employment
• PSLF months and TEACH months can be counted simultaneously
The waiver worked!

• Since October 2021, more than 342,000 borrowers have been forgiven of over $23 billion

• Compared to 1,565 borrowers who had been forgiven of less than $100 million by January 1, 2020

Stay tuned

• Negotiated rulemaking process happened, comment period is closed, new rules to take effect in July 2023
Other considerations for PSLF

• When to consolidate
• Overlap with other programs
• More changes are coming
• No tax implications in Oregon, or federally
Biden one-time cancellation – ON HOLD

- Annual income below $125,000 (individual) or $250,000 (head of house)
- Up to $20,000 of loans cancelled for borrowers who ever received a Pell Grant
- Up to $10,000 canceled for borrowers who did not qualify for Pell
- *Tainted loan warning: beware of mixing Federal Loans owned by private companies or colleges with loans owned by the U.S. Department of Education in a consolidation
How to access

• Automatic (with opt out) for some people

• Everyone who may be eligible should complete application: Debt Relief | Application | Federal Student Aid

• Perkins and commercial FFEL loans may not be eligible

• Cancellation does not have tax implications federally, or in Oregon (some other states do)

*Relief currently on hold*
Other types of forgiveness/cancellation/discharge

• Total disability
  ▪ Automation: veterans and SSA
  ▪ Death

• Unpaid refund – school didn’t return funds to ED

• Borrower Defense
  ▪ Group discharge

• Closed School, false certification, forgery
Teacher Loan Forgiveness (TLF)

- Most FFEL and Direct Loans
- Low income, elementary, and secondary school
- Math, science, special ed teachers eligible for up to $17,500 in forgiveness
  - Other teachers eligible for up to $5,000
- Cannot count time toward TLF and PSLF simultaneously (15 years in order to get both)
How to access

• Veterans and people who receive social security disability income may be automated
• Most need to apply, on student aid.gov
• Don’t refinance with a private company
• Servicer and ED are usually involved – one servicer for each type of cancellation
  ▪ Nelnet = disability discharge
  ▪ MOHELA = PSLF
Parent Plus, Perkins and commercial FFEL – the exceptions to all rules

- Not owned by ED, can’t be canceled by ED
- Federally guaranteed – great deal for the lenders!
- Perkins: call the school, they might cancel them
- Parent Plus: do not receive many benefits, can be consolidated
- Commercial FFEL: landscape in flux, can be consolidated with some risks
- Ways to learn more: Repayment Plans | Federal Student Aid, or log in to the loan simulator
How to address

- Perkins: start with the school, they were the lender and have discretion

- Parent Plus: login to studentaid.gov and use the tools there

- Commercially owned FFEL: really depends on your situation, servicer or ombuds can help
Questions? Thoughts? Action steps?

Lane Thompson
Student loan ombuds
Pronouns: she/they

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Consumer Hotline
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