

# Public Service Loan Forgiveness – and more

Presenter: Lane Thompson – student loan ombuds  
Division of Financial Regulation



Department of Consumer  
and Business Services

# Division of Financial Regulation

- 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](https://dfr.oregon.gov)
- Phone: 888-877-4894
- Email: [DFR.bankingproducthelp@dcbs.oregon.gov](mailto: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

[Division of Financial Regulation : Student loan Frequently Asked Questions \(FAQ\) : Student Loan Help : State of Oregon](#)

# 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

PERSONAL FINANCE

## Untangling Student Loan Forgiveness: Who Qualifies For Three Complicated Programs For Public Service Workers

Adam S. Minsky Senior Contributor @

*I'm an attorney focused on helping student loan borrowers.*

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Feb 8, 2022, 09:48am EST





# 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](https://studentaid.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](https://studentaid.gov) and use the tools there
- Commercially owned FFEL: really depends on your situation, servicer or ombuds can help



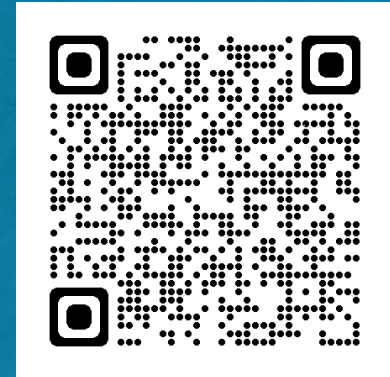
# Questions? Thoughts? Action steps?

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Pronouns: she/they

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