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# FRESH START AND OTHER RECENT ED INITIATIVES

Presented by:  
Betsy Mayotte  
President  
The Institute of Student Advisors



# Talking Points

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- Background
- Latest on Biden/Harris Debt Relief
- PSLF/Income Driven Plan Waiver
- Fresh Start
- Resources

# Background

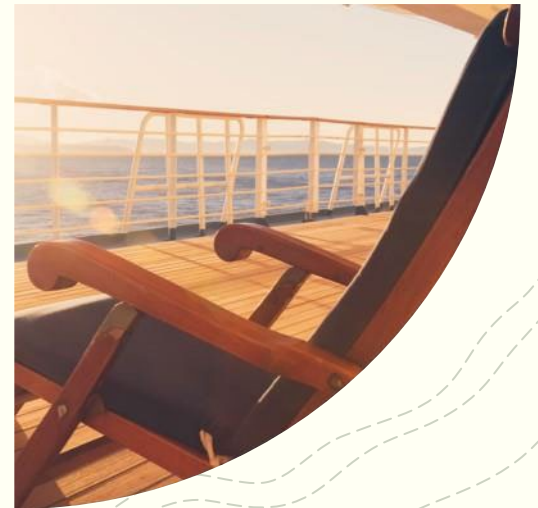
Why now for these waivers and initiatives?

Why are they only temporary?

Are they at risk for reversal?



# One-Time Student Loan Debt Relief



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## Basic Eligibility

- All Department of Education held loans
  - All Federal Direct Loans
    - Stafford
    - Graduate Plus
    - Parent Plus
    - Consolidation
  - ED held FFEL and Perkins loans
  - Defaulted loans
  - FFEL or Perkins consolidated or applied for consolidation prior to September 29<sup>th</sup>, 2022
- If the loan was eligible for the COVID pause, it's eligible for the debt relief



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# Income Requirements and Amounts

## Income Requirements

- Adjusted gross income (AGI) of no more than \$125K for years 2020 OR 2021 for a single borrower or married filing separately
- AGI of no more than \$250K for married filing jointly or head of household for years 2020 OR 2021
- Dependent students who were in school between July 1, 2021, and June 30, 2022 will be qualified based on parental income

## Amounts

- Up to \$10K for all eligible borrowers
- Up to \$20K for borrowers who received a Pell Grant at any time
  - Pell grants can be seen at [www.studentaid.gov](http://www.studentaid.gov) if awarded after 1994
- No refunds if you owe less than your forgiveness amount\*
- Eligibility is per borrower not per family

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# Application Basic Application



[www.studentaid.gov](http://www.studentaid.gov)

Paused due to court  
proceedings



8 million won't  
have to apply at  
all

Will receive an email  
and given the  
option to opt out



Deadline to apply  
is December 31,  
2023



Goal is to apply  
forgiveness  
before repayment  
restart for those  
that apply before  
mid-November



Email received  
once application  
submitted

## Student Loan Debt Relief Income Verification

 Action Required

# Verification

### You've Been Selected to Provide Your Income Information

To process your Federal Student Loan Debt Relief Application, we need to verify that your income meets the eligibility requirements for debt relief.

If you're a parent of dependent student who was enrolled in school between July 1, 2021 and June 30, 2022, your child's eligibility for debt relief is based on your income. Upload your income documentation so we can verify that you (the parent) meet the income requirements.

**The deadline to submit documentation is March 31, 2024.**

### Upload your Income Documentation

To verify your income, you need to upload ONE of the following documents:

- IRS Form 1040 (tax return) from 2020 or 2021
- IRS Tax Return Transcript from 2020 or 2021
- IRS Verification of Non-filing letter from 2020 or 2021 (if you didn't file federal taxes)

[Tips on locating your IRS documents >](#)

### Loan Debt Relief Application Details

Date Submitted

10/23/2022

Name

John A. Smith

Email

john.smith@email.com

Phone Number

(444) 444-4444

*This information reflects the details submitted in your Debt Relief Application or Parent Income Form and might not match the information in your [Account Settings](#).*

Upload Document



# Nebraska v. Biden

Filed	Sept. 29, 2022
Court	Federal District (E.D. Missouri)
Dismissed	Oct. 20, 2022
Number	4:22-cv-01040
Docket	<a href="#">LINK</a>
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Court	Federal Appeals (8th Cir.)
Filed	Oct. 20, 2022
Number	22-3179
Injunction	<b>GRANTED</b> (Oct. 21 & Nov. 14)
Docket	<a href="#">Justia</a> (free) <a href="#">PACER</a> (\$\$)
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Court	SCOTUS
Number	22-506 ( <i>Biden v. Nebraska</i> )
Cert Granted	Dec. 1, 2022
Oral Argument	TBD (Feb. 21 - Mar. 1)
Docket	<a href="#">LINK</a>





ONE TIME ONLY

# Income Driven Plan Waiver

One Time Adjustment on All  
ED Held Loans

## Eligible Loans

All federally held

Stafford

Graduate Plus

Parent Plus (for IDR portion only)

Includes consolidated FFEL and Perkins

Must consolidate by May 1, 2023\*

If it was eligible for the  
COVID pause, it's  
eligible for these  
waivers

## Traditional IDR Rules

- Payments are based on income and family size
- Must apply annually
- After 20/25 years on the plan balance is forgiven
- Consolidation resets forgiveness count
- Plans include:
  - “Old” Income Based Repayment (IBR)
  - “New” Income Based Repayment
  - Pay As Your Earn (PAYE)
  - Revised Pay As You Earn (REPAYE)
  - Income Contingent Repayment (ICR)

# IDR Waiver

- + Adjustment will give IDR credit to all payments regardless of payment plan
- + Unclear how far back they will go
- + Could result in immediate forgiveness if loans have been in repayment 20/25 years
- + Consolidation will NOT reset count
- + Consolidation of loans with different counts will receive highest count
- + These will count for PSLF other than for parent plus





# IDR/PSLF Waivers

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- The following are temporary exceptions through May 1, 2023:
  - Consolidation will not reset the forgiveness count
  - If the loans have different payment counts, the consolidation will be assigned the higher count
  - If the loan was consolidated more than once all prior periods of repayment status will be counted

## Timing

- + Some pieces will be implemented this fall
  - Specifically for borrowers who have enough payments to get forgiveness under either PSLF or the IDR waivers
- + Most adjustments won't occur until next summer
- + If you must consolidate you must do so before May 1, 2023 for the IDR waiver
- + No application – it will just happen





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# FRESH START

Relief for Defaulted Federal Loan Borrowers

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## **Most FFEL and DL Loans that Defaulted Prior to March 13, 2020**

Ends one year from the end of the payment pause

- Loans must have defaulted prior to the end of the pause
- Loans that defaulted during the pause will automatically be returned to good standing

Borrower requests from collection agency or by requesting new Title IV aid

Allows “rehab” for all borrowers, even if prior rehab used

- removes default from credit history
- places loan back in good standing in about 30 days

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Removes default line from credit report

No additional collection costs

Allows avenue to get out of default for borrowers with a single consolidation loans and prior rehab use

Borrowers eligible for new Title IV aid and various forgiveness programs, lower payment options, etc

FFEL loans remain FFEL loans



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# Opt-In Process

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## Borrowers Not In School

- Borrower notifies collection agency they are interested in Fresh Start
- GA/Agency attempts to collect info
- Loan is transferred to DMCS
- Borrower makes repayment arrangements
- Loan transferred to Nelnet

## Borrowers In School

- Borrower initiates Title IV aid application
- School collects and retains signed statement
- New aid disbursed
- Defaulted loans sent to Nelnet and put in an in-school status

*“I, [full name], understand that I am eligible for Title IV aid as a result of the Fresh Start initiative. As a Fresh Start-eligible borrower, I understand that, by accepting Title IV HEA federal student aid during the Fresh Start period, I am agreeing to have my defaulted loans transferred to a new loan servicer – the company that will manage my loan - which will result in continued Title IV, HEA federal student aid eligibility beyond the Fresh Start period. I understand that this transfer may not occur immediately and that I can contact the holder(s) of my defaulted loan(s) to request transfer sooner.”*

# Credit Bureau Reporting

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- Starting February 2023, all defaulted loans will be reported as “current” for the duration of the FS period
- If borrower utilizes FS, defaulted loan tradeline will be deleted and new one established by Nelnet
- If borrower does not utilize FS, loan will be reported in collections once FS period is over
- Exception: Loans with a First Delinquency Date (FDD) more than seven years old will have the tradeline deleted. It will not be reinstated regardless of whether the borrower does FS or not

# Collections

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For FS eligible loans, involuntary collections will cease until end of FS period

For loans that default after the payment pause, TOP will restart six months after the pause ends, but AWG will begin immediately

FFEL loans that defaulted during the pause will be put back in good standing

Borrowers that rehabbed during the pause will not have that rehab count against future rehabs

Borrowers in process of rehabbing to be told they do not need to make additional payments

# Upcoming Changes

Negotiated Rulemaking





# Public Service Loan Forgiveness

- Late and lump sum payments ok
- Eligible employment does not require full time status
  - 30 hours per week
  - Adjustments made for adjunct professors
- Counts periods of economic hardship, military and cancer treatment deferments
  - Must still be working eligible employment

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## Other Changes

### Borrower Costs and Benefits

- Most periods of interest capitalization eliminated
  - Out of school period and leaving PAYE period maintained
- Eliminates three-year monitoring period for disability discharge
- Changes Closed School Discharge to 180 days from 120 from school closure date

### Borrower Defense to Repayment

- Expands examples of misrepresentation
- Includes omissions of fact
- Includes aggressive admissions tactics
- Eliminates forced arbitration

## Studentaid.gov

PSLF Help Tool  
Loan Simulator tool  
Consolidation Application  
Basic Loan Information  
Sign up for debt relief application availability

## www.freestudentloanadvice.org

Plain English information about all thing's student loans  
Contact page to ask questions via email  
Partnership and service information  
Updates to programs  
Always free!

## Other Links

<https://studentaid.gov/debt-relief-announcement/one-time-cancellation>  
<https://studentaid.gov/announcements-events/idr-account-adjustment>  
<https://www.supremecourt.gov/search.aspx?filename=/docket/docketfiles/html/public/22-506.html>

# Resources