

STUDENT LOAN RELIEF

Cancellation, discharges, and
other relief for borrowers





National
Consumer Law
Center

We're here today
to discuss ways
to help borrowers
with student loan
debt

CANCELLATION



On August 24, 2022, President Biden announced widespread student debt cancellation.

- \$10,000 in federal student debt reduction, or \$20,000 if you ever received a Pell Grant.
- If you made less than \$125,000, or \$250,000 if you are married filing jointly or a head of household, in either 2020 or 2021, you are eligible (for current dependent students, this is based on parents' income).
- Most federal student loans issued before June 30, 2022 are eligible. However, private student loans and commercial FFEL and Perkins loans are not eligible for cancellation.



President Biden's one-time debt cancellation

- The application was available online and by mail. It should take about 3 minutes to complete on your phone or computer.
- What you'll need to do:
 - Enter Name, SSN, DOB, Phone Number, & Email
 - Click to certify that your income fell below the \$125/\$250k caps
 - Click to certify that you request relief and that you understand you may be asked for proof of income
- The deadline to apply is **December 31, 2023**.



A high-angle, wide shot of a massive crowd of people, likely at a political rally or large-scale event. The crowd is densely packed and extends far into the background. Many individuals are wearing white t-shirts, and several people are holding small blue flags. The overall atmosphere appears to be one of a significant public gathering.

**26 MILLION BORROWERS
HAVE ALREADY APPLIED**

An elephant is standing in a courtroom, surrounded by rows of empty chairs. The scene is dimly lit, with light coming from large windows on the left. The text "LAWSUITS CHALLENGING DEBT RELIEF" is overlaid in large white letters across the center of the image.

LAWSUITS CHALLENGING DEBT RELIEF

DEBT RELIEF BLOCKED

AS OF
11/15/22

On November 10, 2022, a district court in Texas issued an order overturning the one-time student loan cancellation. And on November 14, 2022, the 8th Circuit issued an additional order in a separate case temporarily blocking the cancellation program.



Student Loan Debt Relief Is Blocked

Courts have issued orders blocking our student debt relief program. As a result, at this time, we are not accepting applications. We are seeking to overturn those orders. If you've already applied, we'll hold your application. [Subscribe and check back here for updates.](#) We will post information as soon as further updates are available.



What does this mean for borrowers?

From the Department of Education: "Courts have issued orders blocking our student debt relief program. As a result, at this time, we are not accepting applications. We are seeking to overturn those orders. If you've already applied, we'll hold your application. [Subscribe and check back here for updates](#). We will post information as soon as further updates are available."



WAITING FOR COURT DECISIONS





In the meantime, borrowers are scheduled to enter repayment beginning January 1, 2023. There has been no announcement from the White House yet as to whether the payment pause will be extended again beyond January 2023.

Borrowers need to be prepared for repayments to resume.

**Other borrower relief
is available now, and
more relief is coming
soon!**

Other kinds of student loan debt relief

- Cancellation & Discharge Programs:
 - Public Service Loan Forgiveness (PSLF)
 - Total and Permanent Disability Discharge (TPD)
 - Borrower Defense
 - Closed School Discharge
 - False Certification
- Income-Driven Repayment (IDR)
 - Allows borrowers to make payments based on their income
 - Remaining balances are canceled after 20-25 years (depending on the repayment plan)
- Forbearances & Deferments
 - Last resort options



IDR ACCOUNT ADJUSTMENT

One-time adjustment to qualifying payments for Direct and FFEL loans to count towards IDR cancellation. This will impact millions of borrowers!

What counts:

- Any repayment status (regardless of payment, loan, plan)
- Credit for time in repayment before consolidation
- Forbearance (12 consecutive, 36 cumulative, “other”)
 - Borrowers can submit complaint to FSA ombudsman on studentaid.gov for shorter time periods
- Deferment prior to 2013

Notes:

- **Commercial FFEL must consolidate before May 1, 2023 (but must be careful because of exclusion from cancellation!)**
- Recount predicted to be complete by July 1, 2023

IDR ACCOUNT ADJUSTMENT

THE PLANS

- IBR (FFELP and Direct Loans)
 - 15% of discretionary income and cancellation after 25 years
- REPAYE (Direct Loans only)
 - 10% of discretionary income and cancellation after 20 or 25 years
- PAYE/New IBR (New Direct Loan borrowers only)
 - 10% of discretionary income and cancellation after 20 years
- ICR (Direct Loan only)
 - 20% of discretionary income and cancellation after 25 years
 - Only plan available for Parent PLUS (must consolidate first)

*A new IDR plan (5% of discretionary income) is expected to be announced soon, but no further details are yet available

PUBLIC SERVICE LOAN FORGIVENESS

MILLIONS
QUALIFY!

Four Basic Requirements:

- Qualifying Employment
- 120 Qualifying Payments
- Qualifying Loans
- Qualifying Repayment Plan

The IDR adjustment will help those who did not timely apply for the PSLF waiver get closer to the number (and may even reach the number) of qualifying payments for PSLF relief.

BORROWER DEFENSE

The Department has announced that it will automatically provide full relief to borrowers that have outstanding debt and attended these schools.

Date Relief Was Announced	School	Dates of Attendance Included
April 28, 2022	Marinello School of Beauty	2009 until closure
June 1, 2022	Schools owned by Corinthian Colleges (Heald, Everest, WyoTech)	1994 until closure
August 16, 2022	ITT Tech	2005 until closure
August 30, 2022	Westwood College	2002 until closure

- Loans included: Direct, FFEL, Parent PLUS, Department-Held Perkins Loans, and loans in default
- Relief includes: Full discharge, deletion of adverse credit history, restoration of Title IV eligibility, and Department-held loans will receive refunds of payments made
- Note: borrowers who paid off their loans from these schools are excluded from relief.

BORROWER DEFENSE FOR INDIVIDUALS

Borrowers who had a Borrower Defense application pending as of June 22, 2022 or received a denial between 2019 and 2020 are class members in the lawsuit Sweet v. Cardona (formerly Sweet v. DeVos) being litigated by the Project on Predatory Student Lending

We are awaiting a final settlement in that case. If the judge grants final approval:

- Borrowers who attended one of 150 schools will get a full relief
- All other borrowers' applications will be adjudicated in 3 years or less (specific timeline in the settlement) and If ED fails to meet this deadline, borrowers will receive full relief

Full relief= discharge, refund on amounts paid, deletion of adverse credit history, restored eligibility for Title IV aid

Note: under the proposed settlement, borrowers who apply after June 22, 2022 but before final approval will also be subject to an adjudication timeline.

OTHER ADMINISTRATIVE RELIEF

LOOK
FOR

“My school closed down before I could finish my program/I withdrew shortly before my school closed down”

→ **Borrower might be eligible for a closed school discharge.**

“I am disabled and cannot maintain employment”

→ **Borrower might be eligible for a total and permanent disability discharge.**

studentaid.gov

“I didn’t have a GED or high school diploma when I received federal student aid”

→ **Borrower might be eligible for a false certification discharge**

Questions?



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